

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

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

STANFORD INTERNATIONAL BANK, LTD., ET AL.,

Defendants.

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Case No.: 3-09-CV-0298-N

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**RECEIVER’S MOTION FOR APPROVAL OF SIXTH INTERIM FEE APPLICATION  
AND BRIEF IN SUPPORT**

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**RECEIVER'S MOTION FOR APPROVAL OF SIXTH INTERIM FEE APPLICATION  
AND BRIEF IN SUPPORT**

Ralph S. Janvey, the Court-appointed Receiver in this action, seeks the Court's approval to pay invoices for interim fees and expenses of \$3,161,041.28<sup>1</sup> to the professional firms that rendered services on behalf of the Receivership Estate for two months from January 1, 2010 to February 28, 2010. Submitted herewith is a proposed order reflecting the agreement of the SEC, Examiner and Receiver that, with respect to the above-referenced fees and expenses of \$3,161,041.28, the time spent, services performed, hourly rates charged, and expenses incurred by the Receiver and his retained professionals during the time periods covered by this Application were reasonable and necessary for the Receiver to perform his Court-ordered duties.

The firms providing these services have continued to discount their fees by at least 20% each (representing an overall reduction of \$949,951.71 for this period) for the benefit of the Stanford investors and other claimants. The work records submitted in support of this application enable the Court to evaluate the tasks performed, and those records are supplemented by the detailed descriptions contained in this application. This application and its supporting evidence demonstrate the necessity for the professionals' services and the reasonableness of their fees and expenses for a case of this complexity, novelty, and difficulty.

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<sup>1</sup> The professional firms' discounted fees and expenses for this period total \$3,951,301.58. At the hearing on September 10, 2009, the Court approved the Receiver's first and second fee applications, subject to a 20% hold back. The Court advised the Receiver that it would impose this 20% hold back on future fee applications, and that, at a future date, when the results obtained for the Estate are more certain, the Receiver will be permitted to reapply for the amount held back, which for this application is \$790,260.30.

**REQUEST FOR APPROVAL OF FEES INCURRED FROM  
JANUARY 1, 2010 TO FEBRUARY 28, 2010**

The Amended Order Appointing Receiver directs and authorizes the Receiver to retain and compensate professionals in connection with the administration of the Receivership Estate:

[T]he Receiver is specifically directed and authorized to perform the following acts and duties:

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Enter into such agreements in connection with the administration of the Receivership Estate, including, but not limited to, the employment of such managers, agents, custodians, consultants, investigators, attorneys, and accountants as Receiver judges necessary to perform the duties set forth in this Order and to compensate them from the Receivership Assets.

Amended Order Appointing Receiver (Doc. 157) ¶ 5(h).

The Order further directs the Receiver to “[f]ile with this Court requests for approval of reasonable fees to be paid to the Receiver and any person or any entity retained by him and interim and final accountings for any reasonable expenses incurred and paid.” *Id.* ¶ 5(m). Accordingly, the Receiver files this Motion and requests that the Court approve the fees and expenses billed by the retained professionals for work during the period from January 1, 2010 to February 28, 2010.

**A. Significant Accomplishments during the Period Covered by the Application.**

The Receiver has previously briefed the legal standards for evaluating the reasonableness and necessity of professional fees and expenses.<sup>2</sup> This application seeks an

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<sup>2</sup> Courts examining a request for fees and expenses incurred by a receiver must determine whether the time spent, services performed, expenses incurred, and hourly rates charged are reasonable and necessary under the factors set forth by the Fifth Circuit. *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714, 717-19 (5th Cir. 1974). These factors are: (1) the time and labor required for the litigation; (2) the novelty and complication of the issues; (3) the skill required to properly litigate the issues; (4) whether the attorney was precluded from other employment by the acceptance of this case; (5) the attorney’s

award of professional fees and expenses for months 11 and 12 of the Receivership. Because of the knowledge possessed by the professionals, groundwork laid in previous months, and systems put in place by the Receiver, much was accomplished in this period. The Receiver's team negotiated the sales of a yacht, aircraft, and several private equity investments. The equity sales will bring more than \$5 million into the Estate. The Receiver filed complaints against hundreds of former Stanford employees and "net winner" investors, seeking the return of hundreds of millions in fraudulent transfers. So far, settlements with investors have netted more than \$3 million to the Estate. The Receiver also filed a complaint seeking the return of over \$1.6 million in political contributions made by the Stanford Defendants and related entities.

Months of negotiations on two continents culminated in a contract to sell Stanford Bank Panama and Stanford Panama brokerage operations, which closed on March 31, 2010, yielding proceeds to the Estate of over \$13 million.

Ernst & Young replaced Vantis in Canada and was appointed as the Canadian interim receiver, to work in cooperation with the U.S. Receiver. Thus, the Receiver was able to secure and analyze for the first time SIBL data that had been spirited to Antigua and deleted from Canadian servers. Ernst & Young also successfully obtained over \$435,000 in sales and use tax refunds from the state of Florida.

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customary fee; (6) whether the fee is fixed or contingent; (7) whether the client or the circumstances imposed time limitations; (8) the amount involved and the results obtained; (9) the experience, reputation, and ability of the attorney; (10) the "undesirability" of the case; (11) the nature and length of the attorney-client relationship; and (12) awards in similar cases. *Id.* at 717-19. In applying these factors, "the district court must explain the findings and the reasons upon which the award is based. However, it is not required to address fully each of the 12 factors." *Curtis v. Bill Hanna Ford, Inc.*, 822 F.2d 549, 552 (5th Cir. 1987) (citation omitted). *See also SEC v. W.L. Moody & Co., Bankers (Unincorporated)*, 374 F. Supp. 465, 480 (S.D. Tex. 1974), *aff'd*, *SEC v. W.L. Moody & Co.*, 519 F.2d 1087 (5th Cir. 1975); *SEC v. Megafund Corp.*, Civil Action No. 3:05-CV-1328-L, 2008 WL 2839998, at \*2 (N.D. Tex. June 24, 2008); *SEC v. Fifth Ave. Coach Lines, Inc.*, 364 F. Supp. 1220, 1222 (S.D.N.Y. 1973).

The Receiver's litigation costs also include the fees and expenses for substantial work devoted to the review and production of evidence and preparation of testimony for a hearing, which was scheduled for January but ultimately cancelled by agreement of the parties, on the Antigua Liquidator's chapter 15 petition.

Week after week, the Receiver and his team have accomplished more—in terms of liquidating assets on favorable terms in a difficult economy, bringing money into the Estate, and terminating business operations and their costs—with fewer resources and at drastically reduced expense. The Court should approve payment of their reasonable and necessary professional fees and expenses.

**B. This Application and Its Supporting Evidence Establish That the Fees and Expenses Are Reasonable and Necessary in Light of the Extraordinary Complexity and Difficulties of This Case and in Light of the Accomplishments of the Receiver.**

The Receiver requests approval of fees and expenses for the 13 firms that have rendered services to the Estate during the period from January 1, 2010 to February 28, 2010. Each firm has voluntarily accepted substantial reductions in the customary rates that they regularly charge other clients, as well as the rates they understood they would receive at the outset of this engagement. *See Johnson*, 488 F.2d at 717-19 (both fee quoted to client and customary fee are factors for court to consider in calculating fee award). As a result, the fees charged by the firms to the Receivership Estate have been reduced by at least 20% each for a total discount of \$949,951.71 for this period. The total voluntary discount of charges during the life of the Receivership is now well over \$11 million.

This application and its supporting evidence establish that the time spent, services performed, hourly rates charged, and expenses incurred were reasonable and necessary, and indeed essential, for the Receiver to perform his Court-ordered duties. As set forth in extensive detail in this application and the Receiver's prior briefing on professional fees and expenses,

each of these professional firms was selected because it possesses special expertise required to fulfill the Court's orders. *See Johnson*, 488 F.2d at 718. In response to prior objections by the SEC and Examiner, and because the exigent circumstances of the first few months no longer exist, the professional firms have instituted billing conventions that permit them to calculate the amount of time devoted to particular issues.<sup>3</sup>

Beginning September 1, the professional invoices reflect the amount of time each professional devoted to a particular task on a given day. These work records, along with the summaries contained in this application, are the best evidence available to aid the Court in evaluating the Receiver's work.

**1. KRAGE & JANVEY L.L.P.**

During the period covered by this application, the Receiver and other professionals at Krage & Janvey addressed day-to-day operational and administrative needs of the Estate, as well as strategic decisions to maximize assets and reduce claims against the Estate. The Receiver and other members of his firm directed, supervised, and coordinated the activities of team members in the fulfillment of his Court-ordered duties. Their services fall into the following categories and the percentages indicate the approximate proportion of total fees related to each category.

(1) Estate Administration (32%): Krage & Janvey managed the Receiver's efforts to minimize and estimate the costs of Stanford's operations and professional fees and expenses. Krage & Janvey professionals also attended to state and federal tax returns; Pershing

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<sup>3</sup> The major categories of activities or issues covered by this application, in the aggregate for all firms, are the following, with the approximate percentage of billings to each category: SEC civil enforcement action (23%); fraudulent-transfer litigation against investors (22%); other general Receivership matters (i.e. accounting, banking, cash management, coins and bullion) (20%); fraudulent-transfer litigation against brokers and former employees (12%); brokerage and trust (6%); other third party litigation and document production (5%); tax matters (5%); cross border matters (4%); and Latin American matters (3%).

indemnity issues; correspondence with the Examiner, the SEC, investors, and coin claimants; the coin and bullion release process; SIPC coverage issues; broker-dealer compliance issues; real property issues including taxes, insurance, bills, theft, weather damage, leases, and utilities; and budgeting and accounts payable.

(2) Litigation supervision (26%): Krage & Janvey receives all pleadings filed in the cases filed in this Court and select pleadings from related cases filed in other U.S. jurisdictions. The Receiver reviews every pleading drafted on behalf of the Receivership and provides substantive input prior to filing. Litigation on the following subjects, among others, warranted attention from Krage & Janvey during this period: briefing regarding a new amended order appointing the Receiver; claims against third parties who hold Estate funds or assets, including Christopher Aitken and Stephen Thacker, Ben Barnes, the Ben Barnes Group, Dillon Gage, and certain political committees; the sale of yachts and a Hawker aircraft; the sale of Stanford Bank Panama and the release of Panamanian assets in Switzerland; bankruptcy issues; and claims against former employees, including settlement of those claims and the release of former-employee accounts.

(3) Foreign litigation supervision (18%): Krage & Janvey continued to exercise significant oversight of foreign litigation by directing the actions of foreign counsel, reviewing and editing briefs and proposed orders, and executing affidavits. During this period, several issues required the Receiver's attention, including the Canadian court's recognition order; coordination with the Canadian Interim Receiver; communications with Vantis representatives regarding Antiguan proceedings and the Chapter 15 proceedings; the asset freeze and Stanford Bank in Panama; and recognition issues in Switzerland and the U.K.

(4) Communications (13%): Krage & Janvey drafted, reviewed and approved materials for the Receivership website and press releases on various subjects, and it responded to inquiries from claimants and media requests from Reuters, the Associated Press, Bloomberg, CNBC, the Miami Herald, the Houston Chronicle, the British Guardian, the Wall Street Journal, and National Public Radio.

(5) Preservation and liquidation of assets (10%): Krage & Janvey has been responsible for the supervision and ultimate decision-making, subject to Court approval, regarding the preservation and disposition of property owned and leased by the Estate. In this period, the following matters required attention: personal and real property in St. Croix; tax issues for various real properties; proposed private equity transactions (including The Ultimate Gift, Spring Creek Ranch, SSM III, Elandia, and Senesco); the sale of Stanford Bank Panama, and its accounts in Switzerland; and the sale of the Hawker aircraft and two yachts owned by the Estate.

(6) Claims analysis (<1%): Krage & Janvey worked with the Receiver's outside counsel to develop a strategy regarding coin and bullion claims and the delivery protocol for same.

The fees charged by Krage & Janvey include all compensation being paid for Mr. Janvey's services as the Receiver as well as for the services of the firm's lawyers during the applicable period. Invoices for Krage & Janvey's services for the period from January 1, 2010 to February 28, 2010 are attached as Exhibit A, Appdx. 1-57. The Receiver requests approval of payment to Krage & Janvey for \$51,592 in fees and \$321.01 in expenses.

## **2. BAKER BOTTS L.L.P.**

Baker Botts continued in its role as lead counsel to the Receiver, advising on day-to-day operations of the Estate, as well as strategic decisions to maximize assets and reduce

claims against the Estate. Baker Botts' services fall into the following categories and the percentages indicate the approximate proportion of total fees related to each category.<sup>4</sup>

(1) Litigation (*SEC v. Stanford International Bank, Ltd.*) (28%): As the Receiver's lead trial counsel, Baker Botts has primary responsibility for representing the Receiver and entities in Receivership in litigation arising from the subject matter of the SEC's civil action.<sup>5</sup> During the period covered by this application, there were 89 filings with the Court in the SEC's case, and 166 filings with the Court in the '724 case (involving claims by the Receiver against Stanford investors and former employees).<sup>6</sup> Specific filings that required attention from Baker Botts include show cause motions concerning Beki Reeves-Stanford and Randi Stanford; the coin and bullion order; motions to compel production; reply briefing regarding the Hawker aircraft sale; briefing regarding the sale of private equity investments (including The Ultimate Gift, Spring Creek Ranch, and SSM); briefing on the sale of Panamanian assets and Stanford Bank Panama; briefing on bankruptcy and the injunction against involuntary bankruptcy filings; briefing regarding a new order appointing the Receiver; motions to intervene and for other relief filed by Lloyd's of London; various other motions to intervene; and the sale of the vessels Sea Eagle and Little Eagle.

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<sup>4</sup> Certain time entries of Kevin Sadler, David Arlington, and Russell Lewis appear in the Baker Botts invoices under the SEC Litigation and General Litigation matters, but where such time entries have related to a litigation component of otherwise non-litigation related matters (such as real estate, coin and bullion, or private equity), the value for such time entries has been included in the categories for such other matters, rather than in the litigation-related categories, for purposes of calculating the percentages listed in this section.

<sup>5</sup> A significant portion of the litigation initiated by Baker Botts on the Receiver's behalf is fraudulent transfer litigation. In April 2010, the Receiver agreed to settle one of his largest fraudulent transfer claims for \$4.4 million.

<sup>6</sup> Beginning February 1, 2010, Baker Botts began tracking (1) the broker litigation, and (2) the investor litigation, as separate matters, and those categories are reflected on the invoices. For January, Baker Botts has estimated its billings to those categories.

The Receiver also filed a new complaint against certain political committees which received contributions from the Stanford Defendants and related entities. *See* No. 10-346, Doc. 1. The complaint seeks the return of more than \$1.6 million to the Estate.

(2) Broker Litigation (23%): In December, Baker Botts attorneys filed the Receiver's Second Amended Complaint Against Former Stanford Employees, (No. 09-724, Doc. 156). Pursuant to these claims, the Receiver is seeking to recover, for the benefit of defrauded investors and other Stanford creditors, more than \$218 million fraudulently transferred to former employees. Baker Botts attorneys analyzed the compensation structure for former Stanford employees and identified categories of compensation with a connection to CD sales, including Loans, SIBL CD Commissions, SIBL Quarterly Bonuses, Performance Appreciation Rights Plan ("PARS") Payments, Branch Managing Director Quarterly Compensation, and Severance Payments. The substantial majority of these payments came from investor proceeds, and in many cases, these payments were made to incentivize the sale of fraudulent SIBL CDs. It is thus both legally and equitably appropriate that the payments be returned to Estate for the benefit of the Stanford fraud victims.

Beginning in December, the former-employee defendants began filing dozens of answers, motions to dismiss, motions to compel arbitration, and counter-claims, each of which was reviewed and analyzed in detail by Baker Botts in collaboration with the Receiver, in preparation for the Receiver's responsive pleadings due in February 2010. Relying on this analysis, on February 16, 2010, Baker Botts filed the Receiver's Response to Certain Former Stanford Employees' Motions to Compel Arbitration and to Dismiss (No. 09-724, Doc. 316).

(3) Investor Litigation (7%): In December, Baker Botts filed the Receiver's First Amended Complaint Against Certain Stanford Investors (No. 09-724, Doc. 128). Baker Botts

also filed two similar complaints against other investors, first on February 23, 2010 (No. 10-366, Doc. 1), and second on March 1, 2010 (No. 10-415, Doc. 1). The investigative work underlying these complaints was in progress throughout the period covered by this application.

In addition, Baker Botts has devoted significant attention to settling claims against investors who received SIBL proceeds in excess of the amount they invested (so-called “net winners”). To date, more than \$3 million in funds have been returned to the Estate in settlements with net winners. Each such settlement involves discussions with the net-winner investor or the investor’s counsel, drafting the necessary agreements and pleadings to settle and release the Receiver’s claims, and ensuring receipt of the investor’s settlement payment.

(4) Real Estate (6%): The Estate owns and leases a significant amount of commercial and residential real property throughout the United States. Baker Botts attorneys have had primary responsibility for analyzing legal documents to establish ownership and identify the terms of mortgages and leases, evaluating these properties, advising the Receiver of their most advantageous disposition, and drafting instruments or court papers to effectuate the Receiver’s instructions. Specifically, Baker Botts’ real estate attorneys have (1) negotiated a proposed stipulation with Wells Fargo regarding sale procedures for the 5050 Westheimer property and the loan payoff amount for that property; (2) negotiated with the Miami-Dade County Tax Collector regarding 2009 personal property taxes for furniture, fixtures and equipment that were located in the Stanford offices at 210 S. Biscayne Blvd. in Miami and application of the 2008 personal property tax refund thereto; (3) coordinated the sale of steel and trailers located on former ground lease with Virgin Islands Port Authority; (4) drafted and negotiated a listing agreement with Esslinger Wooten Maxwell Inc. for the sale of 20 Casuarina, Coral Gables, Florida; (5) attended to the closing of the Tanglewood residence; (6) coordinated

with CB Richard Ellis to determine strategy and structuring for sales of real property in accordance with real property sale procedures order, and researched various related issues; (7) reviewed and negotiated service contracts with various consultants for surveys, environmental reports and property condition reports for the real property; (8) drafted and negotiated reimbursement agreement for Spring Creek Ranch Club and Trail Partners property taxes; and (9) coordinated payment of property taxes, insurance and maintenance.

(5) Document Production (5%): Baker Botts worked with the Receiver and his team to provide various state and federal authorities—including the SEC, the Department of Justice, the U.S. Attorney for the Southern District of Texas, the FBI, and the IRS—with information and documents in connection with their investigations of the Defendants and as required under paragraph 5(k) of the Amended Order Appointing Receiver. (*See* Doc. 157.)

In addition, Baker Botts coordinated the Receiver's responses to investigations conducted by the U.S. Attorney for the Southern District of Florida, the United States Department of Labor, and FINRA. In responding to these various requests, Baker Botts participated in numerous telephone conferences with governmental and regulatory agency representatives; coordinated with FTI and other members of the Receiver's team to identify the records requested; identified and gathered relevant documentation and information; and prepared documents for production.

(6) Brokerage & Trust (4%): During the months of January and February, Baker Botts attorneys with expertise in the operation of brokerage and trust companies, fiduciary account issues, and FINRA rules and guidance continued much of the same type of work performed during prior months. As in prior months, Baker Botts attorneys collaborated with the Receiver and other professionals to continue executing previously developed account release and

transfer protocols for Stanford Group Company (“SGC”) brokerage accounts and Stanford Trust Company (“STC”) accounts other than IRAs. Many of the remaining accounts hold non-cash assets and have insufficient documentation to determine proper title. This lack of documentation has required attorneys to investigate ownership of such assets and determine the correct manner in which to transfer or distribute such assets to the correct entity or individual.

Baker Botts continued to assist with the transfer or distribution of released individual retirement accounts (“IRAs”) and trust accounts. Attorneys have continued to resolve issues attendant to obtaining the appointment of successor trustees to trust accounts for which the documentation or governing instruments provided insufficient direction, making judicial action possible or necessary, in jurisdictions including Louisiana, Connecticut, Florida, and Texas. This work has required attorneys to review the governing instruments pertaining to each account, including trust agreements and related amendments; wills and other testamentary documents; and judicial petitions, orders, and other pleadings. In many cases, Baker Botts attorneys were required to analyze the requirements of applicable state law (jurisdictions have included Louisiana, North Carolina, Florida, Connecticut, and Texas) as it pertains to the foregoing documentation. In connection with securing successor trustees and transferring trust accounts, Baker Botts attorneys have had considerable communication with the family members interested in particular trusts, their legal counsel (when applicable), and the proposed successor fiduciaries seeking appointment. Baker Botts attorneys have continued to assist with the transfer or distribution of released IRAs, with particular attention to those IRAs holding assets with title issues and, in many instances, little supporting documentation. This process has also included working with account owners and proposed banks or other financial institutions who have been reviewing the IRAs to determine if they will accept the IRA in a custodian-to-custodian transfer,

with related attention to the documentation requests as well as to the tax notice and withholding obligations attendant to particular accounts.

In addition, Baker Botts attorneys advised Receivership representatives regarding compliance with FINRA disclosure obligations related to written customer complaints and litigation filed against former Stanford brokers and employees. Baker Botts attorneys also assisted with the preparation of Uniform Registration Forms. Baker Botts attorneys also communicated with, and responded to requests from, the Louisiana Department of Justice in connection with regulatory and investigatory proceedings in Louisiana. Baker Botts attorneys also continued to supplement document production in response to prior document requests as additional information has become available.

(7) Coin & Bullion Operations (3%): Baker Botts prepared materials necessary for release of coins and bullion upon approval by the Court, facilitated the release of coins and bullion to customers, and reviewed and responded to customer inquiries regarding the status of their coin and bullion claims. Baker Botts also took depositions in connection with a coin-related dispute with Dillon Gage.

(8) U.K. Litigation (3%): During January and February, attorneys with Baker Botts and barristers with the 3-4 South Square Chambers reviewed and analyzed the Court of Appeal's draft decision, which consisted of opinions by three different judges, totaling 118 pages. Baker Botts attorneys also reviewed and commented on a draft application, prepared by the Receiver's UK barristers at 3-4 South Square, to the Court of Appeal for leave to appeal to the UK Supreme Court, with supporting brief, and coordinated with the 3-4 South Square barristers regarding strategy.

(9) Private Equity (3%): The Stanford entities had private equity investments in 40 different ventures as diverse as travel services, health care software, precious metals, antiques, and children's toys. Baker Botts continued to work with the Receiver and his team to review and respond to legal issues related to these holdings. This work included the evaluation of rights and responsibilities with respect thereto; communications with portfolio companies and counsel regarding the status of investments; evaluation of various investment holdings for potential sale to third parties; and review and negotiation of offers from third parties to purchase certain private equity holdings. Baker Botts assisted the Receiver in (1) selling the Estate's interest in Senesco, which resulted in proceeds to the Estate of \$1.8 million; (2) negotiating and executing agreements to sell the Estate's interests in Dallas Gold & Silver Exchange for the purchase price of \$3.6 million; (3) negotiating the sale of the Receivership Estate's interest in CardioDx; and (4) preparing motions to obtain this Court's approval of executed purchase agreements to sell the Receiver's interests in ACON, USFR, The Ultimate Gift, Spring Creek and SSM III.

(10) Canada Litigation (3%): Baker Botts attorneys coordinated and directed the activities of the Osler law firm, the Receiver's counsel in Canada, including ongoing court proceedings in Ontario and Quebec. Osler's activities are set forth in detail *infra* at § B(11). Baker Botts also worked with FTI on tracing the flow of Stanford funds in the various Canadian bank accounts, and prepared for and attended (by phone) a meeting with the Ontario Attorney General in connection with same.

(11) Third-party Litigation (2%): The Receiver, the Stanford Defendants, and the entities under Receivership and their agents are also parties to litigation other than the SEC's main case. Baker Botts has primary responsibility for such litigation filed since February 2009.

More than 50 cases have been filed in state and federal courts in violation of the Order and Amended Order Appointing Receiver. Several of those cases have now been consolidated in the Northern District by the Judicial Panel on Multidistrict Litigation. Several new cases have also been filed, and other pending cases required attention because (1) plaintiffs filed amended complaints, (2) plaintiffs refused or otherwise failed to seek an agreed stay, or (3) the court order staying the case requires the parties to file regular status reports. Early in the Receivership, many parties filed lawsuits because they were unaware of this Court's litigation injunction, and upon notice, most plaintiffs readily agreed to a stay. Most plaintiffs who have recently filed suits have done so with full knowledge of this Court's injunction, and several plaintiffs appear determined to violate the injunction by actively prosecuting their cases. Every such suit requires the expenditure of Estate resources to enforce this Court's orders.

(12) Labor & Employment (2%): During January and February 2010, Baker Botts' labor and employment lawyers spent the bulk of their time on matters related to the termination of Stanford's 401(k) plan, including the preparation of Form 5310 (Application for Determination for Terminating Plan) and the review and preparation of communications to participants regarding the termination of the plan. Baker Botts also advised human resources personnel with respect to (i) employment claims filed in California, (ii) employment taxes and withholding issues regarding certain severance payments, and (iii) the impact of the termination of the medical plan on related third-party litigation involving former participants. Finally, Baker Botts responded to queries from the Department of Labor's Wage and Hour Division regarding the settlement of back wages claims.

(13) Receivership Corporate (2%): As day-to-day legal counsel to the Receiver, Baker Botts has assisted the Receiver in coordinating efforts of other members of his team,

including Strategic Capital Corporation, FTI Consulting, Ernst & Young, Financial Industry Technical Services, and several law firms. Baker Botts attorneys participated in frequent meetings and telephone calls with the Receiver and other members of his team, including Stanford personnel, regarding legal issues facing the Receivership Estate. Baker Botts attorneys have been called upon to address a number of issues regarding the winding down of Stanford's remaining operations. As part of this effort, Baker Botts attorneys participated in calls with Stanford customers, former employees, creditors and other parties with claims against the Receivership Estate, regarding requests for information from the Receiver, the status of claims, and other issues. Baker Botts attorneys reviewed findings and analysis regarding the operation of the Receivership, recommended courses of action regarding same, and reviewed correspondence to the Receiver and coordinated responses thereto.

Baker Botts attorneys assisted with the daily operations of the Receivership by reviewing and coordinating the payment of expenses and other obligations of the Receiver as well as pre-Receivership obligations of Stanford entities. Baker Botts attorneys also reviewed issues surrounding the termination and liquidation of the Stanford Political Action Committee. Baker Botts has continued to review strategies for reducing costs and monetizing assets, including assisting in the wind down of the Receivership Estate's remaining operations. As part of this effort, Baker Botts attorneys reviewed issues surrounding the consolidation of various Stanford legal entities prior to year-end to reduce operating costs and simplify the Estate's operational structure.

Baker Botts has reviewed and analyzed offers to purchase various Estate assets and has worked with other members of the Receiver's team to develop protocols for liquidating

Receivership Estate assets. As part of this effort, Baker Botts has reviewed issues regarding the sale of cars, yachts, boats and other personal property owned by the Estate.

(14) Several areas of Estate operations are ongoing, but require less time and attention as they are stable and/or winding down. These areas include: Tax (1%) (Baker Botts attended to tax-related document issues and discovery requests (including the John Doe summons served on the Receiver) and provided tax-related research and advice to the litigation team concerning the sale of the Hawker aircraft, sales tax issues, and other issues); Latin America (1%) (Baker Botts worked with other firms in preparing for the sale of Stanford Bank Panama and the refusal of Société Générale to recognize the Panamanian Banking Superintendent and his appointees); (Antiguan Litigation (1%) (Baker Botts attorneys coordinated and oversaw the work of Roberts & Co. and 3-4 South Square in Antigua, on matters including litigation brought by others seeking to obtain lands or the monetary value of lands that have been pursued by the Antiguan government, Fundora's dismissal and simultaneous filing of a new trial court action to remove Vantis as SIBL's liquidator, and proposed settlements with the Antiguan Liquidators); Cross Border Receivership Matters (1%) (Baker Botts attorneys evaluated and counseled the Receiver regarding a settlement proposal received from the Antiguan Liquidators); Aviation (<1%) (Baker Botts attorneys negotiated and finalized the sale of the last remaining Stanford aircraft, resulting in proceeds of over \$184,000 to the Estate and elimination of significant recurring costs); Disclosure & Communications (<1%) (Baker Botts assisted the Receiver and his team in responding to media inquiries and preparing updates to the Receiver's website); Claims Management (<1%) (Baker Botts assisted the Receiver and his team in reviewing legal issues related to claims of customers, former employees, vendors and landlords); Cash Management (<1%) (Baker Botts assisted the Receiver and his team in

reviewing legal issues related to ownership of cash and obligation to pay certain liabilities of the Receivership); Banking (<1%) (Baker Botts attended to Paradigm Fund's possible liquidation, find sweeps at Trustmark Bank, tracing of funds formerly at Chase Bank, the Caribbean Sun certificate of deposit, and a proposed settlement with the Eastern Caribbean Central Bank); Switzerland (<1%) (Baker Botts coordinated the activities of the Altenburger firm on issues including responding to document and information requests from FINMA, the Swiss agency working on the competing requests for recognition); Insurance (<<1%); Examiner Matters (<<1%); and Liquidation of Assets (<<1%).

Invoices for Baker Botts' services for the period from January 1, 2010 to February 28, 2010 are attached as Exhibit B, Appdx. 58-308. The Receiver requests approval of payment to Baker Botts for \$1,245,858.72 in fees and \$43,082.18 in expenses.

### **3. THOMPSON & KNIGHT LLP**

Thompson & Knight LLP continued to provide legal expertise, advice, and representation to the Receiver in areas such as pre- and post-Receivership litigation, insurance coverage and policy interpretation, asset recovery, negotiation with and representation before governmental and regulatory agencies, and the sale of assets and winding up of Stanford activity in Latin America. Additionally, Thompson & Knight provided support to the Receiver in response to issues related to the federal criminal prosecution in Florida of former Stanford employees T. Raffanello and B. Perraud. Thompson & Knight's services fall into the following categories:

(1) Latin American Matters (60%): Thompson & Knight continues to serve as the Receiver's primary counsel with regard to governmental and regulatory representation and winding up of Stanford activities throughout Mexico, Venezuela, Ecuador, Panama, Peru, Guatemala, and Colombia.

(a) Mexico (26%): During this period, Thompson & Knight attorneys continued representation of the Receiver and the estate before government and regulatory agencies and in court in Mexico regarding corporate organization, labor, employment, and tax issues, and regarding vendor reimbursement, account freezes, and the re-establishment of accounts to facilitate the winding up of activities in all of Stanford's former offices in Mexico. Thompson & Knight attorneys continued to represent the estate in court and before the Mexican Labor Board in actions brought against it by individual former employees and contract employees, and continued to manage salary and payroll issues pertinent to liquidation and winding up. Thompson & Knight attorneys continued to coordinate, prepare, and manage the transition of information to the SEC and to the Mexican government and regulatory agencies, including the CNBV, regarding the appointment and installation of the liquidator for all of the Stanford Mexican entities. In addition, Thompson & Knight attorneys have prepared and continue to prepare all of the corporate resolutions, shareholders' meeting minutes, and proxies necessary to facilitate the liquidator's appointment. Thompson & Knight attorneys also continue to work with the liquidator to prepare and execute a plan of liquidation.

Thompson & Knight attorneys attended to inquiries from, and communicated with, Mexican Antigua CD holders and their counsel regarding the claims process and other matters. Thompson & Knight attorneys attended to issues resulting from the resignation of Directors of several Stanford entities and the separation of several employees of the various entities, including the withdrawal of all attendant powers of attorney and proper termination of the employment relationships under Mexican employment law. Thompson & Knight attorneys also continued to represent the Receiver in negotiations regarding insurance coverage pertaining

to the defense of employment claims brought by former employees of, and contractors to, Stanford's Mexican entities.

(b) Panama (26%): Thompson & Knight attorneys continued to facilitate the sale of Stanford Bank Panama and the Panamanian brokerage business, negotiating, amending, and revising the asset purchase agreement and acting as liaison between the estate, Panama's Banking Superintendant, the Panamanian Bank Re-Organizer, various other regulatory and governmental authorities, and potential purchasers. Thompson & Knight attorneys continued communication with Swiss counsel and officials regarding Swiss court rulings and regarding release of Stanford Bank Panama funds in Switzerland. Thompson & Knight attorneys continued communication with the Examiner, the SEC and the IRS regarding the proposed sale. Thompson & Knight attorneys responded to inquiries regarding the release of Stanford Bank Panama's Swiss accounts; communicated with and reviewed Swiss counsel's draft of submissions to Swiss FINMA; and communicated with Swiss counsel regarding requests for additional information necessary for the Swiss court hearing pertaining to recognition of Stanford Bank Panama funds held by Stanford Group Banking and also regarding a reply to objections filed to the sale of the Bank.

Thompson & Knight attorneys researched and prepared the response to Stanford's opposition to the Motion for sale of the Panamanian Bank and prepared the Reply to R. Allen Stanford's Response to Receiver's Motion to Approve the Sale of Assets in Panama City. Thompson & Knight attorneys also acted as liaison between the Receiver and the Panamanian Bank Re-Organizer regarding the settlement agreement with Stanford Group Private Banking.

Thompson & Knight attorneys also negotiated, amended and revised settlement and escrow agreements regarding Desca Holdings LLC's purchase of its outstanding loan with

Stanford Bank Panama, attended to issues arising out of the negotiation for settlement with eLandia and revision of the proposed eLandia settlement agreement, and communicated with local counsel and the Banking Regulator regarding strategy to proceed with closing the Bank.

(c) Other Latin America (8%): Thompson & Knight attorneys communicated with Peruvian securities regulators regarding the release from regulation of Stanford entities, regarding the proposal to sell Stanford's Peruvian brokerage business, and regarding customer accounts and proposed resolutions for the approval of the Receiver and stockholders. In addition, Thompson & Knight attorneys attended to insurance issues involving Stanford's Peruvian entities and oversaw issues regarding liquidation of the Stanford entities in Peru and Ecuador.

Thompson & Knight attorneys continued to oversee and manage lawsuits filed against the Stanford entities in Venezuela, real estate offers received, issues related to insurance applicable to Venezuelan entities, and issues related to the seizure of the Venezuelan bank.

(2) Pre-Receivership litigation (39%): Thompson & Knight attorneys have continued to oversee the handling of litigation pending against the estate at the time the Receivership was instituted, have assumed responsibility for litigation instituted against the estate involving pre-receivership claims, and have maintained communication with all twenty-two outside counsels regarding issues arising in these matters. In addition, Thompson & Knight attorneys have responded on behalf of the Receiver to numerous production requests from third parties.

Thompson & Knight attorneys continued to advise the Receiver regarding numerous issues arising out of the federal criminal prosecution of two former Stanford employees in Florida, including regarding several subpoena requests for production of attorney

e-mail files and computer hardware, the preparation of documents for in camera review, and requests for protective orders from the Defendants. Thompson & Knight attorneys also counseled the Receiver regarding privilege issues in the criminal prosecution, and conducted an extensive privilege review and document production related to numerous subpoenas, DOJ, and third-party discovery requests. Thompson & Knight attorneys acted as liaison between the Receiver and the Department of Justice regarding discovery and production issues. Thompson & Knight attorneys also strategized with, and advised the Receiver regarding, trial subpoenas issued to Thompson & Knight attorneys in the criminal prosecution for testimony dealing with the initial closure of Stanford's Ft. Lauderdale office. Thompson & Knight attorneys complied with the subpoena by appearing and providing testimony at the trial of Raffanello and Perraud.

Thompson & Knight attorneys continued to oversee the settlement of the Stanford University trademark lawsuit, to oversee the withdrawal of all trademarks owned by Stanford Financial Group Company worldwide, and to manage issues related to Stanford copyrights. Thompson & Knight attorneys continue to manage litigation regarding the Stanford Condominiums and to attend to final issues regarding locating and securing all property of the estate.

(3) Insurance (1%): Thompson & Knight has had primary responsibility for the analysis of existing insurance coverage for all Stanford entities and continues to counsel the Receiver on issues related to this coverage. Thompson & Knight attorneys with expertise in insurance law continue to provide considerable guidance to the Receiver related to the estate's interest in the proceeds of Stanford's D&O, political risk, and other insurance policies. Thompson & Knight attorneys continue to provide guidance to the Receiver regarding policy interpretation, regarding the arbitration of claims under the Venezuelan policy, and regarding

coverage issues, including those pertaining to the defense of claims filed in Mexican courts by former Stanford employees and contractors.

Invoices for Thompson & Knight's services for the period from January 1, 2010 to February 28, 2010 are attached as Exhibit C, Appdx. 309-354. The Receiver requests approval of payment to Thompson & Knight for \$106,906.52 in fees and \$3,629.49 in expenses.

#### **4. FTI CONSULTING**

FTI is a global business advisory firm comprised of professionals such as forensic accountants, electronic evidence specialists, litigation support consultants, expert data analysts, and interim management consultants. Since the inception of the Stanford engagement, FTI has provided services to the Estate such as forensic accounting and asset tracing, electronic evidence acquisition, electronic evidence processing and review, complex data analysis, litigation support, interim management and operational support. FTI has also assisted the Receiver by responding to numerous governmental and regulatory requests for information including the SEC, the U.S. Department of Justice, the FBI, the U.S. Postal Service, and the IRS to name a few.

During this period, FTI continued to provide forensic investigation, accounting, financial, and technological support services to the Receivership. FTI has assigned a core team of dedicated professionals to maximize efficiency and to minimize expenses to the Estate, and it has reduced its team relative to prior periods. For all services performed, FTI makes every effort to provide the work at the lowest possible billing rate, while still providing senior level review to ensure completeness and accuracy in its work product. FTI's services fall into the following categories and the percentages indicate the approximate proportion of total fees related to each category. Many of the specific tasks described below were relevant to more than one category.

(1) Fraudulent transfer litigation analysis (50%): Claims against Stanford investors, former Stanford employees, and other parties holding assets traceable to the Estate

represent one of the largest potential sources of recovery available to the thousands of defrauded Stanford investors. FTI has been instrumental in assisting the Receiver and his team in investigating and pursuing these claims.

(a) Investor Claims (46%): FTI continued to gather and reconcile data from SIBL records, SGC records, bank records, documentation submitted by investors, and other information available to the Receivership to provide a comprehensive analysis of the flow of funds in and out of SIBL CD accounts. FTI also continued to analyze and classify payments representing the redemption of purported principal versus payments of purported interest and to identify those investors who received returns in excess of their investment (“net winners”). This analysis involved numerous types of transactions and SIBL accounts including: Express accounts, Performance accounts, Premium accounts, CD accounts, Index Linked CD accounts, and Loan accounts. The analysis also required the development of a methodology for assessing the treatment of each distinct transaction as well as the treatment of related accounts. During this period, FTI analyzed over 650 investor groups. Although this process has been in place for some time, during January and February, FTI personnel continued to refine and adjust the process of tagging and coding the thousands of transactions to make it as efficient as possible. A brief overview of the main steps of the process is as follows: First, FTI groups together all SIBL accounts related by family, inter-account transfer, or other connections. Second, FTI categorizes (or “tags”) each entry in the SIBL database for that group of accounts as a deposit, withdrawal, transfer, interest payment, or other category. Third, FTI runs a query developed by FTI technical experts to identify “net winner” investor groups based on the tagged transactions. Finally, FTI reviews the results of each query and performs several logic checks to ensure that the results

accurately represent the amount of total and net proceeds received by the SIBL accountholder group based upon the available information.

Based on this analysis, Baker Botts filed a First Amended Complaint Against Investors on December 7, 2009 (No. 09-724, Doc. 128), and two complaints under new case numbers, the first on February 23, 2010 (No. 10-366, Doc. 1), and the second on March 1, 2010 (No. 10-415, Doc. 1). This analysis is necessarily complicated, but it is essential to the Receiver's fraudulent transfer claims. FTI's analysis has enabled the Receiver to reach settlements with numerous "net winner" investors, which to date have brought \$3 million into the Estate for the benefit of claimants.

(b) Former Employee Claims (4%): FTI also assisted with the Receiver's investigation of relief defendant and fraudulent transfer claims against former Stanford financial advisors and other former employees. Pursuant to these claims, the Receiver is seeking to recover, for the benefit of defrauded investors and other Stanford creditors, more than \$218 million fraudulently transferred to former employees. A full review of the classes of these former employees' CD compensation—Loans, SIBL CD Commissions, SIBL Quarterly Bonuses, Performance Appreciation Rights Plan ("PARS") Payments, Branch Managing Director Quarterly Compensation, and Severance Payments—required FTI to comprehensively review all compensation and payroll records available to the Receivership, as well as numerous accounting records. For some of the bonuses paid to former employees (many received more than one type of bonus), the analysis required FTI to review and test monthly and quarterly compensation calculations prepared by the various Stanford entities and to develop a method of determining what portion of the compensation related to SIBL CDs. The analysis also required the development of a process to verify that the funds were paid to the employees. The Receiver

relied on FTI's analysis in filing his Second Amended Complaint Against Former Stanford Employees on December 18, 2009 (No. 09-724, Doc. 156). FTI also analyzed, using the same methodology discussed above, the CD proceeds received by former Stanford employees who owned their own SIBL CDs, and the Receiver has requested leave of Court to assert claims to recover those proceeds (*see* No. 09-724, Doc. 340).

(2) General litigation (20%): FTI conducted extensive research and analysis to support declarations and briefs filed in the Chapter 15 litigation (No. 09-721), in which the Antiguan liquidators sought recognition of the Antiguan insolvency proceedings as a foreign main proceeding under the Bankruptcy Code. FTI helped the Receiver and his team prepare for the planned evidentiary hearing set for January 21, 2010 in which the Antiguan liquidators, the Receiver, the Examiner, and the SEC would present evidence regarding the location of SIBL's "center of main interest," as defined by the Bankruptcy Code. (*See* Doc. 53.)

FTI also conducted extensive research and analysis to support international proceedings in Canada and other jurisdictions, including determining the source and destination of funds entering and exiting the bank accounts that various Stanford entities maintained in Canada, and researching SIBL accountholders with Canadian mailing addresses.

FTI also undertook a comprehensive review of all vendor payments from the Stanford entities, for consideration by counsel for potential claims by the Estate. For each vendor payment, FTI reviewed the available supporting documentation to understand the purpose of the payments and the relationship the company had with the Stanford entities.

FTI identified contributions totaling over \$2.6 million made to approximately 87 individuals and 8 organizations over a nine-year period. FTI's analysis was instrumental in supporting the Receiver's claims seeking the return to the Estate of political contributions made

by the Stanford Defendants and related entities prior to the Receivership. Also, the Receiver used this information in connection with his complaint seeking the recovery of over \$9.8 million fraudulently transferred to Wealth Management Services, Ltd, an entity associated with former Stanford employee David Nanes. The Receiver also used this information in connection with the Randi Stanford litigation which resulted in the confirmation that the condominium Ms. Stanford resided in is an Estate asset.

Finally, FTI also analyzed documents and financial information stored on computer servers in Montreal, Canada, to which the Receiver previously lacked access, including reconstruction of customer account information and SIBL accounting information.<sup>7</sup> Even after the data was retrieved, obtaining useful financial information was difficult because of the complex server architecture employed by Stanford, consisting of dozens of redundant virtual servers. FTI's investigation narrowed the scope of the virtual servers requiring analysis by removing duplicates and excluding servers based on other criteria. FTI also analyzed Stanford electronic and hard copy documents for use as evidence and assisted with the preparation of declarations for filing in litigation in the U.S., Canada, and the U.K., and FTI was instrumental in searching for documents responsive to third-party subpoenas directed at Stanford entities.

(3) Government document production (11%): FTI responded to various requests from regulators and government entities, including the SEC, the IRS, and FINRA, for documents, data, and electronic evidence. One such request was a time-sensitive request from the SEC and FINRA, which related to collecting exchange server, email, and calendar data from the Assentor system that captured information from Stanford brokers and employees. During a

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<sup>7</sup> A portion of this analysis was performed in conjunction with Blue Finity, a third party vendor that specializes in JBase and Temenos. FTI's January invoice reflects \$1,600 in charges from Blue Finity.

six-day span, FTI collected and prepared for production data from 76 FINRA-priority custodians and over 100GB of total data.

(4) Cash management (6%): FTI continued to supervise and assist with the transfer of bank and investment account balances to the Receivership's control and possession. FTI performed daily treasury procedures, prepared cashflow/forecasting models, and assisted in the accounting function. As part of this effort, FTI prepared, reviewed, and tracked all disbursements related to the daily operating expense incurred by the Receivership and its various assets, including normal course of business accounts payable and payroll payments. The Receivership's accounting functions were supported by assisting with cash reconciliations and journal entry support, and review of monthly balance sheets for the Stanford entities. FTI has assisted with the transition of the Receivership's accounting platform from the larger and more expensive Oracle system to the smaller and more efficient Peachtree system. FTI also managed the distribution of stipulated funds of former clients held in escrow by the Receivership. Time incurred under this category also includes the monitoring and management of all Receivership assets, not just those traditionally defined as "cash."

(5) Receivership Administration (5%): FTI assisted with numerous Receivership operations procedures, including attention to employee retention; management of Receivership staff; and the transition of the Receivership's accounting platform from Oracle to the smaller, more cost-effective Peachtree system.

(6) FTI also performed work in the following categories: Claims Management (2%) (FTI documented, reviewed, and researched vendor, investor, and employee claims filed against the Estate; this work is preliminary to developing a comprehensive claims process for Court approval and ultimately to processing and evaluating all submitted claims); International

Litigation (2%) (FTI assisted the Receiver's settlement negotiations with the Antiguan Liquidators, and assisted the Receiver's Canadian counsel with matters before the Ontario Attorney General's office); Accounting (2%); Labor & Employment (<1%); and Coins & Bullion (<1%).

Invoices for FTI's services for the period from January 1, 2010 to February 28, 2010 are attached as Exhibit D, Appdx. 355-636. The Receiver requests approval of payment to FTI for \$1,235,783.04 in fees and \$50,294.15 in expenses.

#### **5. ERNST & YOUNG**

Ernst & Young ("EY") is an international accounting and professional services firm providing investigative support and tax services to the Receiver. EY's work product has permitted the Receiver to assert his jurisdiction over many far-flung and diverse corporate entities that are owned and/or controlled by the Defendants and has also provided a road-map for tracing Estate assets around the world. EY's work has had a direct impact on the recovery of assets for the Receivership Estate.

EY's team is comprised of the forensic and tax professionals with the skill and expertise required to conduct the investigation, compile financial statements, review corporate documents and assemble ownership information, and prepare tax returns for the Stanford entities, both domestic and foreign. EY's team of professionals has been tasked to the Stanford engagement since the inception of the Receivership, thereby avoiding the cost of bringing new personnel up to speed. In order to maintain the base knowledge gained and provide the Receiver with the quality of support expected, EY personnel have been required to travel from their home locations to both the Stanford headquarters in Houston and to the Receiver's offices in Dallas to secure and review data. Despite its reduced team size, EY forensics consultants have worked diligently to respond to inquiries from the SEC attorneys, regulators, and interested parties, and

to provide guidance and oversight for the remaining Stanford operational staff. EY has performed its work with fewer people than in previous periods, has never added unnecessary resources, and has continued to release personnel as soon as their primary functions have been completed.

EY's services fall into the following categories, with percentages indicating the approximate proportion of total fees related to each category.

(1) Sales and Use Tax refunds (30%): EY worked with a Texas auditor to handle final paperwork on Texas refunds and received checks in March for approximately \$285,000. EY also worked through the appeals process for Florida refunds, including preparing for and attending meetings with Florida officials in Tallahassee to discuss refund claims, and gathered additional documentation to support the claims at the request of Florida auditors. In April, Florida authorities agreed to all three sales and use tax refund claims, resulting in proceeds of \$437,543 to the Estate.

EY also handled notice responses and filing of approximately 50 delinquent and current sales tax reports for various states. Additionally, EY filed final documents in all states but Texas and Florida to eliminate the continuing compliance need and expense.

(2) Tax consulting (30%): EY reviewed and consulted regarding state apportionment factors, reviewed investments held in Stanford Venture Capital Holdings to determine fair market value as it impacts Mississippi and Tennessee state returns, and discussed valuations with Baker Botts and reviewed appraisers' information. EY also reviewed and consulted on property tax renditions to determine payment obligations and to consult with the Receiver on tax obligations. EY also researched the minimization of the Texas Margin Tax for Stanford Group Company and responded to the Texas Margin tax auditor's request to review

four years of franchise tax returns. Finally, EY met with Stanford personnel to review all fixed assets by company and by state to obtain information to respond to property tax renditions.

(3) State tax return preparation and analysis (20%): EY prepared approximately fifteen federal extensions and approximately fifty state extensions and estimates of tax liability, worked with Stanford personnel to start gathering 2009 tax information, reviewed 2009 1099s and K-1's, and reviewed and completed 2008 federal returns for Caribbean Sun Airlines and RAS LLC.

(4) Administration of tax department matters (17%): EY processed and responded to IRS and other tax jurisdiction tax notices, reviewed IRS correspondence and discussed issues related thereto with the Receiver and Baker Botts, and consulted with the Receiver, Baker Botts, and Stanford personnel to resolve approximately fifty tax notices. EY also undertook a review of all state filings to file final returns and dissolve entities to minimize compliance requirements and payment of minimum taxes.

(5) Advisory (3%): EY reviewed financial statements for the domestic Stanford entities and recommended entities for potential consolidation, and attended to issues raised by the potential bankruptcy filings.

Invoices for EY's professional services for the period from January 1, 2010 to February 28, 2010 are attached as Exhibit E, Appdx. 637-662. The Receiver requests approval of payment to EY for \$122,455.20 in fees.

**6. FINANCIAL INDUSTRY TECHNICAL SERVICES, INC.**

Financial Industry Technical Services, Inc. ("FITS") professionals have continued to oversee and supervise the day-to-day activities of the brokerage business, which has required FITS personnel to be physically on-site at Stanford headquarters in Houston. The FITS professionals on this project have expert knowledge in broker-dealer, registered investment

advisor, and trust and clearing firm management and operations, and they have firsthand experience in all aspects of Pershing's clearance systems and operations. FITS has operated with the minimum amount of FITS personnel by leveraging the skills of the remaining Stanford employees to reduce costs to the Receivership. FITS' "real world" experience made this possible, and its efforts have directly resulted in the identification and recovery of a significant amount of assets for the Receivership. FITS has maintained a core team of senior personnel on-site throughout the project and available locally seven days a week and twenty-four hours a day, as needed, without substitutions or relocation of staff.

FITS professionals have continued to perform the day-to-day tasks required to continue the operations and ultimate wind-down of the Stanford Trust Company ("STC"), as well as to assess, research, analyze, and organize STC's books and records. At the inception of the Receivership, STC's records were disorganized and, in many cases, missing. Only one STC employee has been available to assist the Receiver's team (from a remote location). Every inquiry related to trust operations and customer account issues (identification and release) has to be processed by FITS. This includes: answering all customer questions (phone and e-mail), tracking and processing all transactions through the SEI processing system, researching and analyzing requests from legal and FTI regarding customer accounts, reconciling bank accounts, identifying cash flows, reviewing all customer accounts to ensure interest is posted correctly, closing accounts on the SEI system, liquidating proprietary account holdings, providing support for all court motions, interfacing with regulators, and preparing and processing 2009 year-end tax documents for customer accounts.

FITS supported the Receiver's litigation and document production efforts by analyzing records related to employee pay structure, including commissions, forgivable loans,

and PARS payments; creating daily reports of customer / non-customer SGC & SEI accounts held and released by the Receiver; and providing information responsive to requests from the Examiner, former financial advisors, and government agencies (including the SEC, FINRA, the Department of Justice, the FBI and state regulators).

FITS also supervised the day-to-day activities of Stanford brokerage and trust operations, and prepared for the wind-down of those operations. FITS' activities in this area included: reconciling fees (charges) to the Stanford sundry account at Pershing and providing monthly report of activity; coordinating bi-weekly conference calls with Pershing LLC; helping to develop and execute protocols for the release and transfer of certain accounts held at Pershing LLC, JP Morgan Clearing Corp., and SEI (the "custodians"); working with those custodians, the accountholders, and the Receiver's counsel to ensure that such releases and transfers are properly executed; researching, analyzing, and providing support for the transfer of customer accounts held by Stanford entities in Colombia and Panama and creating and updating a weekly report of such accounts pending transfer; and negotiating and recovering funds invested by Stanford-affiliated entities in private limited partnerships.

FITS' services fall into the following four categories and the percentages indicate the approximate proportion of total fees and expenses related to each category: (1) brokerage and trust matters (78%); (2) account review and release process (15%);<sup>8</sup> (3) broker litigation (4%);<sup>9</sup> (4) receivership administration (1%); (5) government document production (1%); (6) Latin American matters (1%); (7) liquidation of assets (<1%); and (8) investor litigation (<1%).

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<sup>8</sup> Beginning February 1, 2010, FITS no longer allocated time to this matter description. Instead, time relating to the account review and release process will be allocated to brokerage and trust matters, broker litigation, or investors litigation, depending on the circumstances.

<sup>9</sup> Beginning February 1, 2010, FITS began using the matter descriptions "Broker Litigation" and "Investor Litigation" to track its billings in those areas.

Invoices for FITS' services for the period from January 1, 2010 to February 28, 2010 are attached as Exhibit F, Appdx. 663-723. The Receiver requests approval of payment to FITS for \$149,424 in fees and \$21,896.59 in expenses.

**7. STRATEGIC CAPITAL CORPORATION**

All services rendered to the Receivership by Strategic Capital Corporation ("SCC") were performed by its CEO, Malcolm Lovett. SCC continued to provide a broad range of services necessary for coordination of the wind down and liquidation of the Stanford financial services operations. During the period covered by this application, SCC advised the Receiver on various operational issues, in areas such as: work plans; efficient staffing and budgeting; operations and security; winding down brokerage and trust operations; cash disbursement and treasury management; coins and bullion; bulk transfer of customer accounts; real property sale procedure; accounts payable and treasury; and general operations and coordination of the Receiver's team.

Invoices for SCC's services for the period from January 1, 2010 to February 28, 2010 are attached as Exhibit G, Appdx. 724-737. The Receiver requests approval of payment to SCC for \$15,166.72 in fees.

**8. 3-4 SOUTH SQUARE**

During January and February, barristers with the 3-4 South Square Chambers reviewed and analyzed the Court of Appeal's draft decision, which consisted of opinions by three different judges, totaling 118 pages. Counsel also drafted an application to the Court of Appeal for leave to appeal to the UK Supreme Court, with supporting brief, coordinated with Baker Botts attorneys regarding strategy, and represented the Receiver at the "hand-down" hearing regarding same.

Invoices for 3-4 South Square's services for the period from January 1, 2010 to

February 28, 2010 are attached as Exhibit H, Appdx. 738-749. The Receiver requests approval of payment to Isaacs, Toube, Goldring, and Peters for \$27,394.88 in fees and \$28.42 in expenses.<sup>10</sup>

**9. ROBERTS & CO.**

Sir Clare K. Roberts and attorneys with his firm represent the Receiver in Antigua. Sir Clare, along with Baker Botts and English counsel from 3-4 South Square, addressed ongoing developments in Antigua that needed to be monitored pending resolution of issues with the Antiguan liquidators. Those involved the contest raised by a creditor, Miguel Fundora, seeking to have the Antiguan Liquidators removed and replaced by an entity of Mr. Fundora's choosing. Sir Clare's work also involved coordinating and obtaining deferrals of argument periods and filings in the cases pending before the Eastern Caribbean Court of Appeals that involve the Receiver. Sir Clare monitored litigation brought by others seeking to obtain lands or the monetary value of lands that have been pursued by the Antiguan government. Baker Botts also worked with Sir Clare to address specific points related to proposed settlements with the Antiguan Liquidators.

Invoices for Roberts & Co.'s services for the period from January 1, 2010 to February 28, 2010 are attached as Exhibit I, Appdx. 750-754. The Receiver requests approval of payment to Roberts & Co. for \$16,560 in fees and \$94.96 in expenses for this period.

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<sup>10</sup> Three of the professional firms submitted invoices for fees and expenses in foreign currency. The exchange rates published by the Wall Street Journal on February 1, and March 1, 2010 were used to calculate these amounts in U.S. dollars for billings in the months of January and February, respectively. On February 1, those rates were: (1) .9413 for Canadian dollars (Osler); (2) .9471 for Swiss francs (Altenburger); and (3) 1.596 for British pounds (3-4 South Square). *See* [http://online.wsj.com/mdc/public/page/2\\_3021-forex-20100201-data.html?mod=mdc\\_pastcalendar](http://online.wsj.com/mdc/public/page/2_3021-forex-20100201-data.html?mod=mdc_pastcalendar)

On March 1, those rates were: (1) .96 for Canadian dollars (Osler); (2) .9264 for Swiss francs (Altenburger); and (3) 1.4989 for British pounds (3-4 South Square). *See* [http://online.wsj.com/mdc/public/page/2\\_3021-forex-20100301-data.html?mod=mdc\\_pastcalendar](http://online.wsj.com/mdc/public/page/2_3021-forex-20100301-data.html?mod=mdc_pastcalendar)

**10. ALTENBURGER**

Altenburger, a Swiss law firm, has continued to advise and represent the Receiver in connection with his efforts to seek recognition as SIBL's foreign representative in Switzerland, where more than \$100 million in potential Estate assets are at issue. During the months of January and February, Altenburger monitored the liquidation of the Swiss entity in the Stanford group of companies. They also provided materials for response to questions raised by FINMA (the agency working on the competing requests for recognition). Baker Botts and Altenburger jointly developed information and responses to the anticipated question from FINMA about the English court decision handed down in late February.

Invoices for Altenburger's services for the period from January 1, 2010 to February 28, 2010 are attached as Exhibit J, Appdx. 755-760. The Receiver requests approval of payment to Altenburger of \$5,009.98 in fees and \$187.87 in expenses.

**11. OSLER, HOSKIN & HARCOURT LLP**

During January and February, the Osler firm, in consultation and coordination with Baker Botts and the Receiver, performed the following services:

**Ontario:** Osler attorneys prepared for and represented the Receiver at a January 7 hearing on applications by two different groups of claimants, who are seeking Toronto Dominion (TD) bank data for use in trying to claim specific funds. The applications were adjourned for three weeks to give the Ontario Attorney General time to request from the SEC information regarding the source of the funds in the TD accounts. The SEC, however, was unable to share such information with the Ontario Attorney General due to US financial privacy laws. Osler attorneys, in coordination with Baker Botts attorneys, proposed a meeting with representatives of the office of the Ontario Attorney General (a party to the Ontario proceedings) to share certain non-investor-specific information with them on a confidential basis. This

meeting was held in early February, at which Osler and Baker Botts attorneys (attending by phone) provided the Attorney General with, among other things, FTI-prepared analyses demonstrating the extreme velocity with which funds flowed through the main TD account and showing that the account balance fell to a negligible level on February 1, 2009, not long before the Receivership was instituted and the account was frozen. Some of this information was then shared with the Ontario court during a case conference on February 8th regarding the application for TD data. At that time, the Ontario Court requested assistance from the Interim Receiver in addressing the facts. In a case conference on February 18th, the Ontario court was informed that the Canadian Interim Receiver, in cooperation with the Receiver, would be preparing his first report to the Quebec court, which would also be submitted to the Ontario Court. As the report would address some of the issues about which the parties had questions, the Ontario Court adjourned proceedings pending receipt of the report. At the request of the Ontario Court, Osler attorneys also engaged in limited dialogue with counsel for a group of investors with a view to identifying information that might be helpful to investors.

Osler attorneys, at the request of Baker Botts, also addressed issues surrounding the Ontario court's freeze of funds belonging to the Bank of Antigua. Osler and Baker Botts attorneys also coordinated on a letter to counsel for certain Canadian investors, who had misrepresented to the media the Receiver's position regarding their application for bank data.

**Quebec:** Osler attorneys, in consultation with Baker Botts, drafted a response to an inquiry received from a group of investors. In addition, they prepared a draft "memorandum of costs" following December's victory in the Court of Appeal. They also reviewed and analyzed Vantis's motion for leave to appeal to the Canadian Supreme Court and began work on a response to same. Attorneys with Osler's offices in both Montreal and Toronto collaborated in

preparing a draft Interim Receiver's report. In addition, Osler attorneys reviewed Baker Botts' summary of the English court of appeals decision to determine what, if any, impact it would have on the various Canadian proceedings. In all their activities, Osler attorneys coordinated with the Canadian Interim Receiver (Martin Rosenthal of E&Y) and kept him informed.

Invoices for Osler's services for the period from January 1, 2010 to February 28, 2010 are attached as Exhibit K, Appdx. 761-784. The Receiver requests approval of payment to Osler for \$56,535.53 in fees and \$4,580.90 in expenses.

**12. LISKOW & LEWIS PLC**

Attorneys with Liskow & Lewis advised the Receiver in January regarding the dissolution of Stanford Trust Company in Louisiana and corresponded with Receiver's counsel regarding same. A bill for Liskow & Lewis's services for the period from January 1, 2010 to February 28, 2010 is attached as Exhibit L, Appdx. 785-789. The Receiver requests approval of payment to Liskow & Lewis for \$924.80 in fees and \$29.52 in expenses.

**13. MATTLIN & WYMAN, PL**

Mattlin & Wyman, PL is a South Florida law firm with over thirty years of experience in federal court litigation. Mattlin & Wyman, PL has provided support to the Receiver in response to issues related to the federal criminal prosecution in Florida of former Stanford employees T. Raffanello and B. Perraud.

Since September, Mattlin & Wyman, PL has served as local counsel to the Receiver, assisting Thompson & Knight attorneys in representation of the Receiver in the federal criminal prosecution of former Stanford employees T. Raffanello and B. Perraud. Mattlin & Wyman attorneys sponsored R. Roper for pro hac vice appearance before the United States District Court for the Southern District of Florida. In addition, the local rules of the Southern District of Florida require local Florida counsel to sign all pleadings and correspondence filed

with or addressed to the Court. Mattlin & Wyman assisted Thompson & Knight in representing the Receiver regarding numerous issues arising out of the federal criminal prosecution of Raffanello and Perraud, including regarding several subpoena requests for production of attorney e-mail files and computer hardware, the preparation of documents for in camera review, and requests for protective orders from the Defendants.

Mattlin & Wyman's work was performed in September 2009, but its invoice was inadvertently left out of the fifth interim fee application. A bill for Mattlin & Wyman's services for the period for September 2009 is attached as Exhibit M, Appdx. 790-791. The Receiver requests approval of payment to Mattlin & Wyman for \$3,156.80 in fees and \$128 in expenses.

#### CONCLUSION

The fees and expenses requested by the Receiver are necessarily substantial, but they have decreased significantly as the Receivership has progressed. The fees and expenses incurred for the period covered by this applications are 80% less than those requested in the first application (measured by weekly rate of expenditure). After consulting with each of the primary professionals, the Receiver expects to continue reducing professional fees where it is appropriate to do so consistent with his duties.

The fees requested herein were both appropriate and necessary to carrying out the Amended Order Appointing Receiver. Accordingly, the Receiver requests that the Court enter an order approving \$3,161,041.28 of the fees and expenses incurred for the period from January 1, 2010 to February 28, 2010, and that the Receiver be permitted to seek payment of the \$790,260.30 hold back for this period at a later date.

Dated: May 14, 2010

Respectfully submitted,

BAKER BOTTS L.L.P.

By: /s/ Kevin M. Sadler

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**ATTORNEYS FOR RECEIVER RALPH S. JANVEY**

### CERTIFICATE OF CONFERENCE

Counsel for the Receiver conferred with the parties to this case. Counsel for the Receiver conferred with David Reece, counsel for the SEC, who stated that the SEC does not oppose this motion and the relief sought herein. The SEC joins the Receiver in submitting the proposed ordered submitted herewith.

Counsel for the Receiver conferred with John Little, Court-appointed Examiner, who stated that he does not oppose this motion and the relief sought herein. The Examiner joins the Receiver in submitting the proposed ordered submitted herewith.

Counsel for the Receiver conferred with Joe Kendall, counsel for Susan Stanford, who stated that Mrs. Stanford opposes this motion and the relief sought herein.

Counsel for the Receiver conferred with Jason Brookner, counsel for HP Financial Services Venezuela C.C.A., who stated that HP takes no position on this motion and the relief sought herein.

Counsel for the Receiver conferred with counsel for the following parties via email, who did not indicate whether or not they opposed the motion:

- Manuel Lena, counsel for the IRS (Tax Division)
- Ruth Schuster, counsel for R. Allen Stanford
- David Finn, counsel for James Davis
- Jeff Tillotson, counsel for Laura Pendergest-Holt
- Kenneth Johnston, counsel for Trustmark National Bank
- Jack Patrick, counsel for the DOJ (Fraud Division)
- Gregg Anderson, counsel for Mark Kuhrt

The motion, therefore, is opposed.

/s/ Kevin M. Sadler  
Kevin Sadler

**CERTIFICATE OF SERVICE**

On May 14, 2010, I electronically submitted the foregoing document with the clerk of the court of the U.S. District Court, Northern District of Texas, using the electronic case filing system of the court. I hereby certify that I have served the Court-appointed Examiner, all counsel and/or pro se parties of record electronically or by another manner authorized by Federal Rule of Civil Procedure 5(b)(2).

/s/ Kevin M. Sadler  
Kevin M. Sadler