

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

|                               |   |                        |
|-------------------------------|---|------------------------|
| SECURITIES AND EXCHANGE       | § |                        |
| COMMISSION,                   | § |                        |
|                               | § |                        |
| Plaintiff,                    | § |                        |
|                               | § |                        |
| v.                            | § | CASE NO. 3-09-CV0298-N |
|                               | § |                        |
| STANFORD INTERNATIONAL BANK,  | § |                        |
| LTD., STANFORD GROUP COMPANY, | § |                        |
| STANFORD CAPITAL MANAGEMENT,  | § |                        |
| LLC, R. ALLEN STANFORD,       | § |                        |
| JAMES M. DAVIS, and           | § |                        |
| LAURA PENDERGEST-HOLT,        | § |                        |
|                               | § |                        |
| Defendants.                   | § |                        |

**EMERGENCY MOTION TO ENFORCE RECEIVERSHIP ORDER AND INJUNCTION  
AND MOTION FOR CONTEMPT<sup>1</sup>**

Certain Underwriters at Lloyd’s of London and Arch Specialty Insurance Company (collectively “Underwriters”)<sup>2</sup> request that the Court enforce its prior orders and require Allen Stanford, Laura Pendergest-Holt, Gilberto Lopez, and Mark Kuhrt (collectively the “Criminal Defendants”), as well as their respective attorneys, to withdraw immediately the lawsuit and motions they filed in the United States District Court Southern District of Texas (collectively, the

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<sup>1</sup> Underwriters file this Motion subject to their pending Motion to Intervene in this case, which was filed on December 3, 2009.

<sup>2</sup> Certain Underwriters at Lloyd’s of London includes Lloyd’s of London Underwriting Members in Syndicates 2987, 2488, 1886, 2623, 1084, 4000, 1183, 1083, 1274 and 623. Underwriters issued three insurance policies to Stanford Financial Group Company, Stanford Group Company, and their affiliated entities. These policies are a Directors’ and Officers’ and Company Indemnity Policy, reference 576/MNK558900 (the “D&O Policy”); a Financial Institutions, Crime and Professional Indemnity Policy, reference 576/MNA851300 (the “PI Policy”); and an Excess Blended “Wrap” Policy, reference 576/MNA831400 (the “Excess Policy”) (collectively, the “Policies”).

“Southern District Actions”), which seek to recover proceeds of certain insurance policies that are potential assets of the Receivership Court administered under this Court’s exclusive jurisdiction. Underwriters also request that the Court hold the Criminal Defendants in civil contempt for violating this Court’s standing orders. Further, Underwriters request that the Court hold the attorneys for the Criminal Defendants in civil contempt if they do not immediately withdraw and/or dismiss the motions and lawsuit currently pending in the Southern District relating to the Policies. In support of this Motion, Underwriters show as follows:

1. This Court has repeatedly ordered that *all* actions relating to Receivership Assets shall be brought in this Northern District of Texas, and has specifically enjoined Allen Stanford, and anyone acting in concert with him, from “taking further steps to seek relief in any court other than [the Northern District] relating to the Policies” issued to Stanford entities. *See* Order Appointing Receiver [Docket No. 10]; Amended Order Appointing Receiver [Docket No. 157]; September 29, 2009 Order addressing Receiver’s Emergency Motion [Docket No. 810].

2. Despite these clear prohibitions, the Criminal Defendants and their attorneys continue to violate this Court’s orders by filing motions and bringing suit against Underwriters in the United States District Court for the Southern District of Texas, seeking an order requiring Underwriters to pay proceeds of the various insurance policies issued by Underwriters.

3. Each Criminal Defendant has sought reimbursement under the Policies for costs, charges, and expenses incurred in their defense of both the civil proceeding in the Northern District of Texas and the criminal proceeding in the Southern District of Texas. Underwriters paid the Criminal Defendants’ defense costs through August 27, 2009, but denied the Criminal Defendants’ requests for reimbursement of defense costs after that date. Consistent with this

Court’s assertion of jurisdiction over the Policies, Underwriters filed an Original Complaint for **CERTAIN UNDERWRITERS AT LLOYD’S OF LONDON’S EMERGENCY MOTION TO ENFORCE RECEIVERSHIP ORDER AND INJUNCTION AND MOTION FOR CONTEMPT**

Declaratory Judgment in this Court on November 18, 2009 seeking a declaration that, among other things, the Criminal Defendants are not entitled to coverage under the D&O Policy on the grounds that their Loss results from a claim arising from acts of Money Laundering, as defined in the Policy.

4. On August 24, 2009, Holt and Lopez each filed a motion for payment of fees in the U.S. District Court—Southern District of Texas, Houston Division (Hittner, J.), as part of the criminal proceedings against the Criminal Defendants.<sup>3</sup> By their motions, Holt and Lopez sought an order from Judge Hittner compelling Underwriters to pay proceeds to them from the Policies. On November 17, 2009, the Southern District of Texas conducted a hearing regarding Holt's and Lopez's motions, at which counsel for the Criminal Defendants urged Judge Hittner to order payment of insurance proceeds. Judge Hittner has yet to issue an order regarding Holt's or Lopez's motions. These motions violate this Court's prior orders barring the filing of any actions seeking proceeds from the Policies in any forum other than this Court.

5. On November 17, 2009, Holt filed a Complaint in the Southern District of Texas challenging Underwriters' denial of her insurance claim and asserting causes of action for breach of contract, breach of the duty of good faith and fair dealing, and violations of the Texas Insurance Code, and seeking a declaration regarding Holt's rights under the Policies.<sup>4</sup> On November 20, 2009, Stanford, Lopez, and Kuhrt joined Holt as plaintiffs in a First Amended Complaint against Underwriters. On December 1, 2009, the Criminal Defendants filed a Second

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<sup>3</sup> See Motion for Payment of Fees or in the Alternative, Stay of Criminal Proceedings, *United States v. Stanford*, CR. No. 09-342 (S.D. Tex. Aug. 24, 2009) (Holt's motion); Request for a Court Order Requiring Payment of Legal Fees, or in the Alternative, for a Stay of His Criminal Case, *United States v. Stanford*, Cr. No. 09-342 (S.D. Tex. Aug. 24, 2009) (Lopez's motion).

<sup>4</sup> Second Amended Complaint, *Laura Pendergest-Holt et al. v. Certain Underwriters at Lloyd's of London and Arch Specialty Insurance Co.*, 4:09-cv-03712 (S.D. Tex. Dec. 1, 2009).

**CERTAIN UNDERWRITERS AT LLOYD'S OF LONDON'S EMERGENCY MOTION TO ENFORCE RECEIVERSHIP ORDER AND INJUNCTION AND MOTION FOR CONTEMPT**

Amended Complaint in the Southern District. In their Second Amended Complaint, the Criminal Defendants add a request for a preliminary injunction ordering Underwriters to fund their defenses of all lawsuits, civil and criminal. This original proceeding has been assigned to the Honorable David Hittner, who presides over the criminal proceedings against the Criminal Defendants. On December 2, counsel for Underwriters learned that Judge Hittner set the preliminary injunction hearing for December 17, 2009, at 1:30 p.m.

6. The filing by the Criminal Defendants of the motion for fees and subsequent original proceeding in the Southern District of Texas violates this Court's Orders, and warrants appropriate sanctions. This Court should order Allen Stanford, Laura Pendergest-Holt, Gilbert Lopez, Jr., and Mark Kuhrt and their attorneys to dismiss their motions and lawsuit currently pending in the Southern District relating to Policies, and hold the Criminal Defendants in civil contempt for violating this Court's injunction. This Court should also order the Criminal Defendants' attorneys, including Lee Shidlofsky, Gregg Anderson, Kent Schaffer, George Secrest, Dan Cogdell, James Ardoin, Chris Flood, Jim Lavine, Jack Zimmerman, and Cole Ramey to withdraw and/or dismiss the Southern District Actions relating to the Policies, and hold these attorneys in civil contempt if they do not do so by December 7, 2009.

7. Underwriters respectfully urge this Court to take up this Motion on an emergency basis. The Criminal Defendants have moved for injunctive relief in the Southern District seeking an order requiring Underwriters to pay out immediately potentially large sums of potential Receivership Assets. Those funds, if paid, will almost certainly never be recouped by Underwriters or the Receiver.

8. This Motion is based on the arguments and authorities contained in this Motion, Underwriters' Memorandum In Support of Emergency Motion to Enforce Receivership Order **CERTAIN UNDERWRITERS AT LLOYD'S OF LONDON'S EMERGENCY MOTION TO ENFORCE RECEIVERSHIP ORDER AND INJUNCTION AND MOTION FOR CONTEMPT**

and Injunction and Motion for Contempt, as well as the pleadings, files and records in this lawsuit, and any oral argument that may be presented at a hearing.

*Prayer*

Underwriters respectfully request this Court to enter an order:

(A) Finding Allen Stanford, Laura Pendergest-Holt, Mark Kuhrt, and Gilberto Lopez in contempt of this Court's Orders of February 17, 2009 and September 28, 2009;

(B) Ordering Allen Stanford, Laura Pendergest-Holt, Mark Kuhrt, and Gilberto Lopez, and their counsel, to immediately withdraw and/or dismiss the Southern District Actions related to proceeds of the Policies on or before December 7, 2009;

(C) Ordering Allen Stanford, Laura Pendergest-Holt, Mark Kuhrt, and Gilberto Lopez, and their counsel, not to proceed with the hearing scheduled for 1:30 p.m. central time, December 17, 2009 in the United States District Court for the Southern District of Texas seeking a preliminary injunction forcing Underwriters to pay proceeds of the Policies;

(D) Ordering that Lee Shilofsky, Gregg Anderson, Kent Shaffer, George Secrest, James Ardoin, Chris Flood, Dan Cogdell, Jim Lavine, Jack Zimmerman, and Cole Ramey shall be in contempt of court if they do not withdraw and/or dismiss the Southern District Actions related to the proceeds of the Policies on or before December 7, 2009;

(E) Ordering that the contemnors shall pay Underwriters reasonable attorneys' fees incurred in connection with preparing and urging this Motion and defending against the actions in the Southern District of Texas; and

(F) Awarding Underwriters such other and further relief to which they show themselves entitled.

**CERTAIN UNDERWRITERS AT LLOYD'S OF LONDON'S EMERGENCY MOTION TO ENFORCE RECEIVERSHIP ORDER AND INJUNCTION AND MOTION FOR CONTEMPT**

Respectfully submitted,

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**CERTIFICATE OF CONFERENCE**

On December 2, 2009 and December 3, 2009, Rick Rosenblum, Daniel McNeel Lane, Jr., and/or Barry Chasnoff, counsel for Underwriters, attempted to confer with counsel for all parties regarding the substance of this Motion. Specifically, counsel for Underwriters attempted to confer with Michael King, who represents the SEC; Joseph Cialone, who represents the Receiver; Kent Schaffer, who represent Stanford in his criminal proceeding; Dan Cogdell, who represents Holt in her criminal proceeding; Jim Lavine and Cole Ramey, who represent Lopez in his criminal proceeding; Lee Shidlofsky, who represents Stanford, Holt, and Lopez with respect to the insurance coverage issues; and Gregg Anderson, who represents Kurht with respect the insurance coverage issues. The parties have reached no agreement as to the substance of this Motion. Mr. Shidlofsky, though unable to reach all of his clients to discuss the motion, opposes it. Mr. King has advised that the SEC is not joining this motion. No other counsel has responded to our efforts to confer. At this time, therefore, Underwriters believe this Motion is opposed.

s/ Rick H. Rosenblum

RICK H. ROSENBLUM

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the above and foregoing document and appendix have been served on all known counsel of record via the Court's electronic filing system this 3rd day of December, 2009.

/s/ Daniel McNeel Lane Jr.

DANIEL McNEEL LANE, JR.

**CERTAIN UNDERWRITERS AT LLOYD'S OF LONDON'S EMERGENCY MOTION TO ENFORCE RECEIVERSHIP ORDER AND INJUNCTION AND MOTION FOR CONTEMPT**