

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

RALPH S. JANVEY, IN HIS CAPACITY AS §
COURT-APPOINTED RECEIVER FOR THE §
STANFORD INTERNATIONAL BANK, LTD., §
ET AL. §

Plaintiff, §

v. §

WEALTH MANAGEMENT SERVICES, LTD. §

Defendant. §

Case No. 3:10-cv-477

**DEFENDANT WEALTH MANAGEMENT SERVICES, LTD.’S ANSWER TO
RECEIVER’S COMPLAINT**

Defendant Wealth Management Services, Ltd. (“Wealth Management”) hereby files its answer to Receiver’s Complaint and shows the Court the following:

DEFENDANT’S ANSWER

SUMMARY

1. Paragraph 1 of Receiver’s Complaint contains nothing but legal conclusions. Therefore, no response is required. To the extent that the paragraph alleges facts, Wealth Management is without knowledge or information sufficient to form a belief about the truth of the allegations, and therefore denies them.

2. Wealth Management admits that it was paid for its services and that David Nanes is the sole shareholder of Wealth Management. To the extent that the remaining allegations in Paragraph 2 of Receiver’s Complaint are directed at Wealth Management, Wealth Management denies such allegations. With regard to any remaining allegations, Wealth Management is without sufficient knowledge or information to form a belief about their truth, so it denies them.

3. To the extent that the allegations in Paragraph 3 of Receiver's Complaint are directed at Wealth Management, Wealth Management denies such allegations. With regard to any remaining allegations in Paragraph 3, Wealth Management is without sufficient knowledge or information to form a belief about the truth of the allegations, so Wealth Management denies them.

4. To the extent that the allegations in Paragraph 4 of Receiver's Complaint are directed at Wealth Management, Wealth Management denies such allegations. Further, Wealth Management denies that it holds its assets in trust for the Receivership. Wealth Management is without sufficient knowledge and information to form a belief about the truth of the remaining allegations, and therefore denies them.

5. To the extent that the allegations in Paragraph 5 of Receiver's Complaint are directed at Wealth Management, Wealth Management denies such allegations. Wealth Management is without knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 5, so Wealth Management denies such allegations.

6. Wealth Management admits that it was paid for its services. Wealth Management denies the remaining allegations of Paragraph 6 of Receiver's Complaint.

7. Wealth Management admits that the Receiver seeks the order described in Paragraph 7, but denies that such an order is proper or that the Receiver is entitled to the relief requested. To the extent that Paragraph 7 of Receiver's Complaint alleges anything further, Wealth Management is without knowledge or information sufficient to form a belief about the truth of the allegations, so Wealth Management denies any remaining allegations.

PARTIES

8. Wealth Management admits that the Receiver and Wealth Management are the parties to the complaint.

9. Wealth Management admits that it has been served pursuant to the Federal Rules of Civil Procedure.

JURISDICTION & VENUE

10. Wealth Management is without sufficient knowledge or information to form a belief about the truth of the allegations of Paragraph 10 of Receiver's Complaint, and therefore denies such allegations.

11. Wealth Management is without sufficient knowledge or information to form a belief about the truth of the allegations of Paragraph 11 of Receiver's Complaint, and therefore denies such allegations.

12. Wealth Management is without sufficient knowledge or information to form a belief about the truth of the allegations of Paragraph 12 of Receiver's Complaint, and therefore denies such allegations.

STATEMENT OF FACTS

13. Wealth Management admits that the Securities and Exchange Commission commenced suit against R. Allen Stanford, two associates, James M. Davis and Laura Pendergest-Holt, and three of Mr. Stanford's companies, Stanford International Bank, SGC, and Stanford Capital Management LLC (collectively the "Stanford Defendants"). Further, Wealth Management admits that the Receiver was appointed over the property, assets, and records of the Stanford Defendants. To the extent that Paragraph 13 of Receiver's Complaint alleges anything

further, Wealth Management is without knowledge or information sufficient to form a belief about the truth of the allegations, so Wealth Management denies any remaining allegations.

I. Stanford Defendants Operated a Fraudulent Ponzi Scheme

14. Wealth Management admits that the SEC made the allegations put forth in Paragraph 14 of Receiver's Complaint, but is without sufficient knowledge or information to form a belief about the truth of those allegations, and therefore denies them..

15. Wealth Management admits that the statements of James M. Davis put forth in Paragraph 15 of Receiver's Complaint are contained in the cited transcript. However, Wealth Management is without sufficient knowledge or information to form a belief about the truth of those allegations, so it denies them.

16. Wealth Management is without sufficient knowledge or information to form a belief about the truth of the allegations of Paragraph 16 of Receiver's Complaint, and therefore denies such allegations.

17. Wealth Management is without sufficient knowledge or information to form a belief about the truth of the allegations of Paragraph 17 of Receiver's Complaint, and therefore denies such allegations.

18. Wealth Management is without sufficient knowledge or information to form a belief about the truth of the allegations of Paragraph 18 of Receiver's Complaint, and therefore denies such allegations.

19. Wealth Management is without sufficient knowledge or information to form a belief about the truth of the allegations of Paragraph 19 of Receiver's Complaint, and therefore denies such allegations.

20. Wealth Management is without sufficient knowledge or information to form a belief about the truth of the allegations of Paragraph 20 of Receiver's Complaint, and therefore denies such allegations.

21. Wealth Management is without sufficient knowledge or information to form a belief about the truth of the allegations of Paragraph 21 of Receiver's Complaint, and therefore denies such allegations.

22. Wealth Management is without sufficient knowledge or information to form a belief about the truth of the allegations of Paragraph 22 of Receiver's Complaint, and therefore denies such allegations.

23. Wealth Management is without sufficient knowledge or information to form a belief about the truth of the allegations of Paragraph 23 of Receiver's Complaint, and therefore denies such allegations.

II. The Stanford Defendants Transferred CD Proceeds from the Fraudulent Ponzi Scheme to WMSL

24. Wealth Management admits that David Nanes is the sole shareholder of Wealth Management. Wealth Management denies the remaining allegations of Paragraph 24 of Receiver's Complaint.

25. Wealth Management denies the allegations contained in Paragraph 25 of Receiver's Complaint.

REQUESTED RELIEF

26. Wealth Management admits that the Court appointed Ralph S. Janvey as Receiver of the Stanford Defendants and all entities they control. To the extent that Paragraph 26 of Receiver's Complaint alleges anything further, Wealth Management is without knowledge or

information sufficient to form a belief about the truth of the allegations and therefore denies them.

27. Wealth Management admits that the Receiver was appointed and that the Order Appointing the Receiver is quoted accurately. To the extent that Paragraph 27 of Receiver's Complaint alleges anything further, Wealth Management is without knowledge or information sufficient to form a belief about the truth of the allegations and therefore denies them.

28. The allegations of Paragraph 28 of Receiver's Complaint represent legal conclusions that do not require a response. To the extent that the paragraph alleges facts, Wealth Management is without knowledge or information sufficient to form a belief about the truth of the allegations, so Wealth Management denies the allegations.

I. The Receiver is Entitled to Disgorgement of CD Proceeds Fraudulently Transferred to WMSL

29. Wealth Management denies the allegations contained in Paragraph 29 of Receiver's Complaint.

30. The allegations of Paragraph 30 of Receiver's Complaint represent legal conclusions that do not require a response. To the extent that Paragraph 30 alleges facts, Wealth Management denies them.

31. The allegations of Paragraph 31 of Receiver's Complaint represent legal conclusions that do not require a response. To the extent that Paragraph 31 alleges facts, Wealth Management denies them.

32. The allegations of Paragraph 32 of Receiver's Complaint represent legal conclusions that do not require a response. To the extent that Paragraph 32 alleges facts, Wealth Management denies them.

33. Wealth Management denies that it did not provide any services for compensation it received. The remaining allegations of Paragraph 33 of Receiver's Complaint represent legal conclusions that do not require a response. To the extent that the remaining allegations of Paragraph 33 allege facts, Wealth Management denies them.

34. Paragraph 34 of Receiver's Complaint represents a legal conclusion that does not require a response. To the extent that the paragraph alleges facts, Wealth Management is without knowledge or information sufficient to form a belief as to the truth of the allegations, so it denies them.

35. Wealth Management denies that the Receiver is entitled to any proceeds received by Wealth Management. Wealth Management is without sufficient knowledge or information to form a belief about the truth of any remaining allegations in Paragraph 35 of Receiver's Complaint, and therefore denies such allegations.

36. To the extent that the allegations in Paragraph 36 of Receiver's Complaint are directed at Wealth Management, Wealth Management denies such allegations. Wealth Management admits that the Receiver seeks the order described in Paragraph 36, but denies that the Receiver is entitled to such an order or that the Receiver is entitled to the relief requested. To the extent that Paragraph 36 alleges anything further, Wealth Management is without knowledge or information sufficient to form a belief about the truth of such allegations, so Wealth Management denies them.

II. In the Alternative, the Receiver is Entitled to Disgorgement of CD Proceeds from WMSL under the Doctrine of Unjust Enrichment

37. Wealth Management denies the allegations of Paragraph 37 of Receiver's Complaint.

38. Wealth Management denies that the Receiver is entitled to the relief requested in Paragraph 38 of Receiver's Complaint.

39. Wealth Management denies that the Receiver is entitled to the relief requested in Paragraph 39 of Receiver's Complaint.

PRAYER

40. Wealth Management admits that the Receiver prays for the relief sought in Paragraph 40 of Receiver's Complaint, but denies that such relief is proper or that the Receiver is entitled to the relief requested.

AFFIRMATIVE DEFENSES

I. Good Faith and Reasonably Equivalent Value

41. Wealth Management provided services in exchange for its compensation in good faith and for reasonably equivalent value, defeating the Receiver's claim of fraudulent transfer. *See* TEX. BUS. & COM. CODE § 24.009.

II. Statute of Limitations, Statute of Repose

42. The Receiver cannot prevail on his claims as the limitations period has expired, and all or a part of the claims or remedies are extinguished.

III. Equitable Estoppel

43. The Receivership's predecessor-in-interest concealed and/or made a false representation of material facts, with the knowledge that the representations were false, with the intent to induce Wealth Management to act on the concealment and/or misrepresentation.

Wealth Management had no reasonable means to determine the truth. Wealth Management relied to its detriment on the concealment and/or misrepresentation. Therefore, the Receiver is estopped from asserting its claims of fraudulent transfer and unjust enrichment.

IV. *Fraud and Fraudulent Inducement*

44. The Receivership's predecessor-in-interest made false, material representations to Wealth Management, with the knowledge that the representations were false and the intent to induce Wealth Management to act on those representations. Wealth Management did act in reliance upon the false, material representations of Stanford and, as a result, suffered damages.

V. *Unjust Enrichment*

45. To the extent that the Receiver is permitted to disgorge compensation earned by Wealth Management during its contract with Stanford, the Receivership shall be unjustly enriched.

VI. *Offset*

46. To the extent that Wealth Management is liable to the Receivership for its claims of fraudulent transfer and unjust enrichment, that amount should be offset by the harm to Wealth Management from the fraudulent inducement of the Receiver's predecessor-in-interest.

VII. *Laches*

47. The Receiver cannot prevail as he delayed unreasonably in asserting legal or equitable rights and Wealth Management would be damaged as a result.

VIII. *Unclean Hands*

48. The Receiver cannot prevail on his claims due to the comparative lack of equity of the Receiver and his predecessor-in-interest.

IX. Due Process

49. The relief the Receiver seeks is unconstitutional because it would violate the due process clauses of the Constitutions of the United States and the State of Texas.

X. Excessive Fines

50. The relief the Receiver seeks is unconstitutional because it would violate the excessive fines clause of the Constitution of the United States.

XI. Acts of Others

51. The claims attempted to be set forth in the Receiver's Complaint are barred, in whole or in part, because the Receiver's injuries, if any, were the result of the conduct of entities or person other than Wealth Management, including, without limitation, prior, intervening or superseding conduct by such parties.

NOTICE OF INTENT TO RAISE ISSUES OF FOREIGN LAW

52. Several aspects of Mexican law may be relevant to this proceeding. Therefore, Wealth Management Services, Ltd gives the Receiver notice of its intent to raise issues about foreign law as required by Federal Rule of Civil Procedure 44.1. *See* FED. R. CIV. P. 44.1.

Respectfully submitted,

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**ATTORNEYS FOR DEFENDANT
WEALTH MANAGEMENT SERVICES LTD.**

CERTIFICATE OF SERVICE

I hereby certify that on this 19th day of May 2010, I electronically filed the foregoing document with the clerk of the court for the U.S. District Court, Northern District of Texas, using the electronic case filing system of the Court. The electronic case files system sent a "Notice of Electronic Filing" to all counsel of records, each of whom have consented in writing to accept this Notice as service of this document by Electronic means.

s/Stacy Williams