

3. On May 7, 2010, the Plaintiff served discovery upon the Plaintiff, namely, the First Requests for Production and First Interrogatories. Responses to the Requests for Production and Answers to the Interrogatories are due on Monday, June 7, 2010.

4. The Motion to Dismiss, as stated above, seeks to dismiss the entire action, and good cause exists for such dismissal based upon the outcome of R. Allen Stanford matter as it pertains to the Defendant herein. Specifically, prior to filing this action against Defendant, the Receiver claimed in an action against Mr. Robert Allen Stanford (*SEC v. Stanford International Bank, et al.*, Civil Action No.: 3:09-CV-0298-N) (“the original action”) that, despite being a non-party to this proceeding, Defendant somehow violated an injunction by selling her home. The Defendant, however, did absolutely nothing wrong. Nonetheless, on August 13, 2009, the Receiver filed his Motion for Order to Show Cause Why Rebecca Reeves-Stanford Should Not Be Held In Contempt.

5. The Defendant objects to the Requests for Production and Interrogatories, in their entirety, because she has a pending Motion to Dismiss this action in its entirety. As such, the discovery is unduly burdensome, irrelevant, made for the sole purpose of harassment. Due to the nature of the Motion to Dismiss for lack of standing, lack of jurisdiction (personal and subject matter), Defendant objects in order to preserve any and all rights therein. Moreover, for reasons explained more fully below, Defendant respectfully requests that the Court stay discovery in this matter until it rules on Defendant’s Motion to Dismiss.

ARGUMENT & AUTHORITY

6. The Supreme Court and the Fifth Circuit have long held that “a district court possesses inherent power to control its docket.” *Marinechance Shipping, Ltd. v. Sebastian*, 143 F.3d 216, 218 (5th Cir. 1998); *see Landis v. North Am. Co.*, 299 U.S. 248, 254 (1936)

(acknowledging “the power inherent in every court to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for the litigants”). Indeed, “[a] trial court has broad discretion and inherent power to stay discovery until preliminary questions that may dispose of the case are determined.” *Petrus v. Bowen*, 833 F.2d 581, 583 (5th Cir. 1987) (discovery properly deferred where nothing that Plaintiff could have learned through discovery could have affected resolution of motion); *see also* Fed. R. Civ. P. 26(c) (which provides that a federal district court has discretion to stay discovery “for good cause shown.”); *Von Drake v. NBC*, 2004 U.S. Dist. LEXIS 25090; 2004 WL 1144142 (N.D. Texas 2004) (holding that discovery may be stayed pending the outcome of a motion to dismiss).

7. Where there is a preliminary question that may dispose of the case—like the one presented in Defendant’s Motion to Dismiss—a “trial court has broad discretion and inherent power to stay discovery” *Petrus*, 833 F.2d at 583; *see also Joseph N. Main P.C. v. Elec. Data Sys. Corp.*, 168 F.R.D. 573, 575 (N.D. Tex. 1996) (noting that Magistrate Judge stayed discovery pending resolution of issues concerning compliance with local class certification rule). A stay of discovery may be appropriate where the disposition of a motion to dismiss might preclude the need for the discovery altogether thus saving time and expense. As noted above, *good cause to stay discovery exists where the resolution of a preliminary motion may dispose of the entire action*, as is the situation in the instant case. As a result, Defendant asks that the Court stay discovery until the Court rules on the pending Motion to Dismiss.

8. Moreover, the Private Securities Litigation Reform Act of 1995 (“PSLRA”), which, if applicable in this matter, provides as follows:

15 U.S.C. 78u-4

(b) Requirements for securities fraud actions.

(3) Motion to dismiss; stay of discovery.

(B) Stay of discovery. In any private action arising under this title [15 USCS §§ 78a et seq.], all discovery and other proceedings shall be stayed during the pendency of any motion to dismiss, unless the court finds upon the motion of any party that particularized discovery is necessary to preserve evidence or to prevent undue prejudice to that party.

(C) Preservation of evidence. (i) In general. During the pendency of any stay of discovery pursuant to this paragraph, unless otherwise ordered by the court, any party to the action with actual notice of the allegations contained in the complaint shall treat all documents, data compilations (including electronically recorded or stored data), and tangible objects that are in the custody or control of such person and that are relevant to the allegations, as if they were the subject of a continuing request for production of documents from an opposing party under the Federal Rules of Civil Procedure. . . .

9. This case is precisely the type of matter in which the Court should exercise its inherent discretion to stay discovery and other related matters. If Defendant's motion to dismiss is granted, the Parties will have wasted valuable time and resources litigating a case in a forum that lacks subject matter jurisdiction. Granting a stay in this case would not prejudice the Plaintiff in any way. For the reasons set forth herein, discovery should be stayed until this Court rules upon Defendant's motion to dismiss.

WHEREFORE, Defendant, REBECCA REEVES STANFORD, respectfully requests that this Court stay discovery until it rules on Defendant's motion to dismiss, and that the Court grant such other and further relief, at law and equity, general or special, to which Defendant may show herself justly entitled.

Respectfully submitted,

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CERTIFICATE OF CONFERENCE

I certify that on July 7, 2010, I conferred with counsel for Plaintiff, David T. Arlington regarding the relief requested in this motion. Mr. Arlington informed me that Plaintiff is opposed to the relief sought in this motion.

s/ Jeronimo Valdez
R. JERONIMO VALDEZ

CERTIFICATE OF SERVICE

I certify that on June 7, 2010, I electronically filed the foregoing document with the clerk of court for the U.S. District Court, Northern District of Texas, using the Court's electronic case filing system. The electronic case filing system sent a "Notice of Electronic Filing" to all attorneys of record who have consented in writing to accept this Notice as service of this document by electronic means.

s/ Jeronimo Valdez
R. JERONIMO VALDEZ