

June 2, 2010

Mr. R. Allen Stanford  
Federal Detention Center  
Houston, Texas

**Honorable Judge Nancy Atlas  
Southern District of the United States**

**Re: Prison Confinement, Attorney Payment, Insurance Fraud, and Other Issues**

Dear Hon. Judge Atlas:

Thank you for the opportunity to speak in Your Honor's court last week. Also thank you for Your Honor's position considering my release on bail after 1-year of pretrial incarceration. I hope and pray Your Honor's discussions with Judge Hittner have been positive. I hope to be afforded the opportunity to begin the arduous task of reviewing discovery and preparing for trial with my attorneys of choice, and to defend myself in the three separate but overlapping proceedings that I imminently face.

Mr. Bennett and his team at the Bennett-Nguyen Joint Venture have brought me the binders of invoices that Underwriters' have sent to their office along with additional discovery materials related to the invoices. Being incarcerated in a high-security prison under horrendous conditions, and despite my counsels' best efforts, I still was not able to get much accomplished working every day (including the Memorial Day weekend) for the maximum number of daily hours the FDC allows. For example, to simply review and sign a document to get former counsel to release documents took over 1 ½ hours of lost time, being strip searched twice, going through security checkpoints, and getting guards to bring me to the attorney meeting room. As discussed in my Motion for Release that Mr. Dershowitz and Mr. Weinberg mostly drafted, it is simply impossible for me to be prepared for one, much less three simultaneous trials, under these conditions. I respectfully plead for Your Honor's continued discussion with Judge Hittner for my release on bail, so that at least I have a fighting chance at defending the allegations in a coherent state.

I am also writing you this letter because, based upon the limited amount of invoices and work product I reviewed, (a) I am still perplexed and unclear as to the activities of Underwriters' in continuing to deny payment to my present criminal counsel and request for Your Honor's immediate relief, and (b) I want to confirm my selection of counsel.

### Underwriters' Bad Faith

I understand that Judge Hittner ruled that Mr. Bennett is now my lead counsel and Mr. Essmyer is still on my criminal team as co-counsel. See "Exhibit A" attached. While this is not exactly what I wanted, that is what has been ordered. Akin Gump (as Underwriter's counsel) still refuses in bad faith to compensate either attorney or their staff for work performed on my case. This runs in direct contravention to Judge Hittner's order and the Fifth Circuit ruling. This also runs in direct opposition to Your Honor's fee schedule that was agreed upon.

As to Mr. Bennett and his staff, Mr. Bennett commented last week in court that he is willing to assist me on the coverage case as Your Honor has requested. This is similar as all the other co-defendants' criminal attorneys, even though I am *pro se*; but he can only do this if he is approved and compensated by Underwriters in the criminal case. The Bennett-Nguyen Joint Venture and their staff have been working on my criminal matter since February 2010 without any payment from Underwriters. They have incurred significant fees and expenses. They have exerted a significant amount of time and effort to advance my criminal defense. They have worked diligently with the hard work of Mr. Weinberg and Mr. Dershowitz on my recent Motion for Release. They have continually brought me documents and discovery to review, despite the limiting FDC rules and my not being allowed Internet access. As I stated in Your Honor's court, the efforts for Mr. Bennett's team has revived my hope that a legal defense team is now in place with the proper motivation on my behalf.

They have repeatedly requested to receive approval and reimbursement under my direction from Underwriters on at least three occasions, and have answered all objections from Underwriters. Even according to the schedule that Your Honor has ordered Underwriters to pay, Underwriters continue to deny their approval and payment in bad faith. To know the amount of work they have done and that they are being denied payment is very frustrating and disheartening to me.

Mr. Bennett has told me that his staff will need to be terminated June 4, 2010 without any immediate financial relief, including all contract attorneys. I trust Your Honor can understand that personnel can only work for a limited amount of time without any compensation that has been ordered to be paid. Thus, most, if not all of his staff working on my case will likely be terminated absent any reimbursement. Therefore I seek Your Honor's immediate relief to compel Underwriters to make payment to Mr. Bennett and his staff at the Bennett-Nguyen Joint Venture. If payment is not made, Mr. Bennett will have no choice but to seek financial relief from the CJA fund, leaving just

him and a secretary as the ONLY ones remaining to represent me on the criminal case. I pray that Your Honor will not let this happen.

Even Underwriters' most recent reimbursement denial letter on June 1, 2010 casts dispersions under "reasonable and necessary" shields based upon allegations of insurance fraud, counsel selection and others. See attached as "Exhibit B". These matters have already been placed in front of Judge Hittner, and he has ruled that Mr. Bennett is to be lead counsel. I am aware of Mr. Bennett's personal financial matters and his pending judgment. As was discussed in Your Honor's court, I have no issue with the appropriate sums of money being released as ordered by another court into a receiver's possession. If Mr. Bennett wishes to challenge that other court's order, I leave that up to him and I consent. I merely want my attorneys and staff to continue to vigorously work on my defense. Underwriters' withholding of approval and payment not merely affects Mr. Bennett (and therefore me), but it also affects all the attorneys, paralegals and assistants on his staff that have been so critical and helpful to me. I pray Your Honor consider the overarching impact of Underwriters' continued bad faith denials.

#### **Surprising Revelations Regarding Akin Gump**

What further perplexes me is that I cannot understand how and why Akin Gump can represent Underwriters in this case against covering me and other executives, when Akin Gump has been retained to work on Stanford Financial Group matters over the past decade? Due to the stress and shock of imprisonment, it appears that I was not fully cogent under my mental and physical condition in prison. I therefore did not make the following connection. However, as was recently brought to my attention as a reminder, Mr. Bennett's staff recently came across documents demonstrating that Akin Gump was made and is currently intimately aware of the financial on-goings of Stanford Financial Group throughout the last decade, *servng as outside counsel to Stanford Financial Group, Stanford International Bank, Mr. James Davis (the former CFO), and even representing me*. In fact, from the incomplete records I have reviewed, for 2001-2003 Akin Gump was paid almost \$500,000 from Stanford Financial Group and other Stanford companies. There are invoices paid to Akin Gump in 2008 and 2009 for approximately \$100,000. Akin Gump were the lead attorneys on documenting, structuring, and closing large deals for Stanford Venture Capital and Stanford International Bank. As the records I reviewed are incomplete, I would guess that the total amount of money paid to Akin Gump for work on Stanford Financial Group was well above these amounts. I venture to say that it will ultimately be in the millions of dollars.

To remove any doubt, the limited documents that I reviewed show that Akin Gump worked on at least the following subject matters directly as counsel to Stanford Financial Group. See attached "Exhibits C":

Akin Gump Attorneys	Representation Matter for Stanford or Stanford Financial Group Companies	Description
Lester Hewitt John Tang	Caribbean Sun Airline (February 2003)	An affiliated company of Stanford Financial Group, and classified as a tier 3 investment. Akin Gump helped with the Certificate of Incorporation for Caribbean Sun and other formation documentation, executed by James Davis and Yolanda Suarez. John Tang, an attorney from Akin Gump, filed two applications for trademarks for Caribbean Sun.
Roger Cepeda Joseph Tiano Rick Rubin Fadi Samman Erica McGrady Jason Tankel	TWS, Blue Sky, AST Roll Out (October 2000- September 2002)	A \$3.5 billion telecom and media consolidation deal where Akin Gump represented Stanford and Stanford Venture Capital in the following: investor rights agreements, certificates of designation, affidavits for lost promissory notes, warrant, board resolutions for SFG and SIB, stock purchase agreements, line of credit agreements, general security agreement, LLC operating agreement, request for FCC ownership transfer approval, correspondence on behalf of Stanford to third parties, closed the deal in their office
Wynn Segall Tatman R. Savio	20/20 Cricket and OFAC (November 2007-October 2008)	Stanford retained Akin Gump with a \$25, 000 retainer agreement on November 27, 2007. The \$25,000 was wire transferred on November 30, 2007 to Akin Gump.. <ul style="list-style-type: none"> <li>• They advised Stanford employees regarding Cuba and their participation in the 20/20 cricket tournament.</li> <li>• On 01/07/08, Stanford 20/20 sent a letter to OFAC and directed any concerns to their counsel Akin Gump.</li> <li>• Mr. Segall sent Stanford 20/20's application to OFAC the same day.</li> <li>• Based on the January 7, 2008 application, Mr. Segall obtained a license from the</li> </ul>

		<p>Department of the Treasury from the OFAC Regulations. This license was an authorization to manage the participation of a Cuban cricket team in the 2008 Stanford Cricket Tournament held in Antigua and Barbuda from approximately January 25- February 24, 2008.</p> <ul style="list-style-type: none"> <li>• Billing from Akin Gump continued through the beginning of 2008.</li> </ul>
<p>Orrin Harrison Mary O'Conner Scott Banard Michael Simmons Michael Wilson Barry Greenberg</p>	<p>Broker Solicitation Representation (February 18,2009 – February 26, 2009)</p>	<p>The services that were offered to the brokers post as detailed in an email were:</p> <ul style="list-style-type: none"> <li>• Gather names of brokers who want to be represented by Akin Gump</li> <li>• Attend the hearing in early March 2009 but not file an appearance</li> <li>• Terminate existing relationships with other associates and law firms elsewhere</li> <li>• Charge a lump sum around \$2500 per broker.</li> <li>• If there is an appearance before the SEC they would charge an additional \$2500 per person</li> <li>• Determine E&amp;O coverage availability in case they have to make an appearance before the SEC.</li> </ul>
<p>Michael Anthony "Tony" Nunes (while at Baker Botts originally, most recently with Akin Gump before leaving)</p>	<p>Set up Stanford Financial Group's corporate structure and CD program and Guardian Bank in Antigua (1980's to 2009)</p>	<p>Friend who set up Stanford's Corporate Structure and Stanford International Bank 1980's to 2009. He was originally an associate at Baker Botts then around May 2004 became a partner at Akin Gump's Houston Office. Throughout this time, he was in constant contact with Stanford in not only a social friendly relationship, but in a client counsel relationship. After the civil complaint, Tony Nunes, still a partner at Akin Gump, sent Stanford an email that said "hang in there, I'm in your corner."</p>

I am not an attorney and do not know the law as it relates to these things. But under The Texas Disciplinary Rules of Professional Conduct, Rules 105, 106 and 108, there appears to be a direct conflict of interest for Akin Gump to represent Underwriters

in a case of alleged money laundering to prevent me (and therefore my counsel) to obtain coverage to defend myself. Having worked on these matters (and probably many others), how can a firm with attorneys who have direct and intimate knowledge of my business, corporate and personal finances use that same confidential information against me to try and prove money laundering, and therefore deny me coverage? How can they even be representing Underwriters in this case? Clearly there must be some ethics issues presented here.

Incredibly, one of Akin Gump's recent attorneys, Mr. Tony Nunes, while he was formerly at Baker Botts, *advised and was instrumental in the formation of Stanford International Bank (formerly Guardian International Bank) and the CD investment program, which is now at the heart of the alleged fraud and money laundering. Even more incredulous is that Baker Botts is the law firm that the SEC receiver hired to liquidate my entire corporate and personal assets worldwide.* How can the very firm and very attorney that set up the entire company at the very beginning now both serve on firms that are trying to break me down and be completely adverse to me? I just cannot understand how this is possible. Even, as recent as February 2009 and throughout the four month period between the SEC action and my criminal indictment, Mr. Nunes even offered for me to stay at his house, constantly assuring me that everything will be okay. To further show their, what I would call "greed", attorneys at Akin Gump were initiating a plan in early 2009 to try and represent the very brokers who worked for Stanford Financial Group, once the SEC action came. Their plan was to charge each broker \$2500 to represent them in the matter. The greed in this case by Akin Gump seems to have no bounds.

I really don't understand how something like this can happen. It is clear that this dual representation just cannot be right. On the surface this is very compromising to use my company funds on the one hand in representing me and my companies in our business dealings, while simultaneously using the other hand to try to avoid paying funds for counsel in my defense. *Who knows how much more will be revealed if I were out of prison and could dig deeper into the matter? Maybe this is why I'm still in prison?*

### **Were Underwriters' Counsel and My Former Counsel Conspiring to Keep Me Incarcerated?**

What's even more astonishing is that during this past week's review, I was able to read a phone conversation transcript between my former criminal counsel, Mr. Kent Schaffer, and Underwriter's counsel, Mr. Neel Lane. See transcript attached as "Exhibit D". I reviewed the transcript and what was astonishingly revealed was what appears to be an actual conspiracy to defraud Underwriters. The words spoken during that phone

conversation are entirely unacceptable, and in my opinion unethical and borders on possibly being criminal. *The attorneys' focus on money and getting paid while I am rotting away in prison is absolutely disgusting.* Mr. Lane even suggested to Mr. Schaffer to file additional lawsuits against Underwriters for denial of payment. They even discussed bringing in Steve Susman, of the Houston firm Susman and Godfrey (who appears related to Mr. Schaffer) to bring the a lawsuit against Underwriters from "kingdom come" following a "heartfelt f\*ck you letter" from Mr. Schaffer to Underwriters' at the direction of Mr. Lane, Underwriters' counsel. *The transcript even suggests that Mr. Schaffer should stop working after the payments from Underwriters cease, leaving me to sit in prison. This is absolutely incredible!*

This conversation, as I imagine like many others, took place entirely without my knowledge. What happened to the attorneys' fiduciary duty and responsibility to the client – in both cases, Mr. Lane to the Underwriters and Mr. Schaffer to me? What is further astonishing to me is that nowhere in this transcript is there any discussion by Mr. Schaffer, my then counsel, as to how he was helping in my defense or trying to get me out of prison. I would respectfully request that the Honorable Court immediately review this and provide whatever relief I am entitled.

### **Underwriters' Misrepresentation to Your Honor's Court**

During the hearing last week, Mr. Chasnoff misled the Court when he stated that he never was notified that he should present invoices for my approval. In fact, Mr. Mike Sydow, while he was my attorney on July 31, 2009 and again on September 2, 2009 sent letters on my behalf to Akin Gump requesting that I review and approve all invoices submitted by my attorneys. See Exhibit "E". To now state to Your Honor that they were unaware that they should have the attorneys' invoices approved is entirely inaccurate.

Akin Gump had every opportunity to allow me to review invoices; but simply chose not to. Due to their own mistake and admission of not allowing me to review the invoices, almost \$7 million has gone out the door to attorneys which have not helped advance my defense. Since I never approved any of the invoices that were paid out by Akin Gump in my defense, I would argue that all past payments should not be applied to my policy limits. Akin Gump is now laying blame for their mistake on me for rotating attorneys and running up the attorneys' fees, when it is entirely their fault for not allowing me to approve invoices before they were paid as requested in my notice to them.

This consistent behavior of greed, misdirection, and mischaracterization has been a constant battle for me against the Underwriters, and this directly affects my ability to defend myself due to the affect their non-payment has had on my prior and current

counsel. *All I want is my constitutional right to effective assistance of counsel, attorneys and support staff willing to fight for me, and I want them to be fairly compensated as is my right under the D&O policy. I do not want the issue to be about who got paid, how much and for what. If the work is legitimate as I approve of it, I trust Your Honor will require Underwriters to pay.*

### **Who I Want to Defend Me**

As to my current choice of counsel, what is clear is that Underwriters do not wish to approve any new counsel coming to my criminal defense. As recently as May 28, 2010, in direct contravention of Your Honor's scheduling order, Underwriters denied payment to both Mr. Bennett and his team, and Mr. Essmyer and his team, for whatever "reasonable and necessary" excuse they can base their denial. I continue to not have approved criminal counsel. Even after Judge Hittner's ruling on lead counsel on June 1, based on a conversation between Mr. Barry Chasnoff at Akin Gump and Mr. Bennett, Underwriters still will not provide payment. If this is not bad faith, I am not sure what bad faith means.

I wish for the opportunity to clarify why I have had so many attorneys on my case, but I suggest to Your Court that the main reason has to do with Underwriters' bad faith denials through their attorneys at Akin Gump. Akin Gump appears to have in fact become my attorneys due to their controlling the work on my defense and number and type of attorneys that can help me by continuing to deny payment to the attorneys I choose and paying the attorneys that I am not even aware are doing. They continue to do so with full knowledge of my companies and personal finances due to their past representation. How is this possibly fair and allowable under the Texas State Bar? As a matter of public policy, how can a person pay years of high premiums to an insurance company for coverage but only be denied the benefit when requested? If that is the precedent, why do we even have insurance?

I would like to confirm to the Court my desires for counsel. As stated in a letter sent directly to Akin Gump on May 10, 2010 at their request, a copy which was submitted to Your Court in my prior letter, I would like to have Mr. David Chesnoff, as recommended by Mr. Dershowitz, be my lead trial attorney. He will be supported by Mr. Bob Bennett and Mr. Nguyen, along with Mr. Weinberg and Mr. Dershowitz. Mr. Bennett has already accepted the role of lead counsel with Judge Hittner. Mr. Essmyer, while on record as co-counsel will not be playing any active role. I know of no other way to be clearer to Underwriters on whom I want on my criminal defense. These attorneys have proven their value to me and these are the attorneys I want. Underwriters' constant bad faith denials are causing me considerable and irreparable harm in the face of the



the amount of time left for me to mount a defense. I pray to Your Honor for relief in this matter.

I understand that much of this letter is out of the scope of the hearing and I wish for the continued opportunity to work with Your Honor's Court to sort out the "burn rate" on my defense. As I have stated to Your Honor, I believe the amount spent has been obscene relative to the results produced in actually advancing my case. I impress upon the Court that the most that has been done has been in the last 2-3 months since the Bennett-Nguyen team came on board. And while some of this letter is outside of the scope of Your Honor's court, I consider these to such serious issues that I respectfully pray that Your Honor may review and rule in accordance.

Respectfully submitted,

A handwritten signature in cursive script that reads "R. Allen Stanford".

R. Allen Stanford

Inmate #35017-183