Lloyd’s Policy

We, Underwriting Members of the Syndicates whose definitive numbers and proportions are shown in the Table attached hereto (hereinafter referred to as 'the Underwriters'), hereby agree, in consideration of the payment to Us by or on behalf of the Assured of the Premium specified in the Schedule, to insure against loss, including but not limited to associated expenses specified herein, if any, to the extent and in the manner provided in this Policy.

The Underwriters hereby bind themselves severally and not jointly, each for his own part and not one for another, and therefore each of the Underwriters (and his Executors and Administrators) shall be liable only for his own share of his Syndicate's proportion of any such Loss and of any such Expenses. The identity of each of the Underwriters and the amount of his share may be ascertained by the Assured or the Assured's representative on application to Lloyd's Policy Signing Office, quoting the Lloyd's Policy Signing Office number and date or reference shown in the Table.

If the Assured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this Policy shall become void and all claim hereunder shall be forfeited.

In Witness whereof the General Manager of Lloyd's Policy Signing Office has signed this Policy on behalf of each of Us.

R.C. [Signature]

LLOYD'S POLICY SIGNING OFFICE
General Manager

If this policy (or any subsequent endorsement) has been produced to you in electronic form, the original document is stored on the Insurer's Market Repository to which your broker has access.

J(A) NMA2421 (3/1/95) Form approved by Lloyd's Market Association
ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900  
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,  
SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN  
THE POLICY SCHEDULE

TEXAS COMPLAINTS NOTICE

<table>
<thead>
<tr>
<th>IMPORTANT NOTICE</th>
<th>AVISO IMPORTANTE</th>
</tr>
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<tbody>
<tr>
<td>To obtain information or make a complaint: You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at: 1-800-252-3439 You may write to the Texas Department of Insurance:</td>
<td>Para obtener información o para someter una queja: Puede comunicarse con el Departamento de Seguros de Texas para obtener información acerca de compañías, coberturas, derechos o quejas al: 1-800-252-3439 Puede escribir al Departamento de Seguros de Texas:</td>
</tr>
</tbody>
</table>
| P. O. Box 149104  
Austin, TX 78714-9104  
Fax: (512) 475-1771  
Web: http://www.tdi.state.tx.us  
E-mail: ConsumerProtection@tdi.state.tx.us | P. O. Box 149104  
Austin, TX 78714-9104  
Fax: (512) 475-1771  
Web: http://www.tdi.state.tx.us  
E-mail: ConsumerProtection@tdi.state.tx.us |

PREMIUM OR CLAIM DISPUTES:  
Should you have a dispute concerning your premium or about a claim you should contact the agent first. If the dispute is not resolved, you may contact the Texas Department of Insurance.  
ATTACH THIS NOTICE TO YOUR POLICY: This notice is for information only and does not become a part or condition of the attached document.

DISPUTAS SOBRE PRIMAS O RECLAMOS: Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el agente primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).  
UNA ESTE AVISO A SU POLIZA: Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

07/07  
LSW1022A
ATTACHING TO AND FORMING PART OF LLOYD'S POLICY NO: 576/MNK558900

DIRECTORS' AND OFFICERS' LIABILITY AND COMPANY INDEMNITY POLICY

NOTICE:

PLEASE READ THIS POLICY CAREFULLY.

THIS POLICY ONLY COVERS CLAIMS MADE DURING THE POLICY PERIOD.

PAYMENTS BY THE UNDERWRITERS UNDER THIS POLICY, INCLUDING PAYMENTS OF COSTS, CHARGES AND EXPENSES, WILL REDUCE THE LIMIT OF LIABILITY.

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ARTICLE X. ACTION AGAINST UNDERWRITERS.
ARTICLE XI. LAW OF CONSTRUCTION AND INTERPRETATION.
ARTICLE XII. ASSISTANCE AND CO-OPERATION IN THE EVENT OF LOSS.
SCHEDULE

Item A. The Company:  
Section One: Stanford Financial Group Company  
Section Two: Stanford Group Company  
(hereinafter referred to as the Parent Company) and any  
Subsidiary and as more fully defined in the policy wording

Principal Address:  
Section One: 1000 Airport Boulevard  
St John’s  
Antigua  
West Indies

Section Two: 5050 Westheimer  
Houston  
Texas 77056  
United States of America

Item B. Policy Period:  
From 15 August 2008 (hereinafter referred to as the Inception Date)

To 15 August 2009 (hereinafter referred to as the Expiry Date)

both days at 12.01 a.m. Local Standard Time at the above address

Item C. Limit of Liability:  
USD 5,000,000 in the aggregate each Policy Period, to apply separately in respect of Sections One and Two

Item D. Retentions:  
USD NIL  
each Director or Officer each Claim under Insuring Clause A.

USD NIL  
in the aggregate all Directors and Officers each Claim under Insuring Clause A

USD 250,000  
each Claim under Insuring Clause B. and/or Insuring Clause C

Item E. Premium:  
Section One: USD 127,277.62 being this Policy’s proportion of USD 137,884.08 (which includes this policy’s proportion of USD 1272.77 in respect of TRIA)  
Plus taxes as per attached schedule.
Section Two: USD 104,650.72 being this Policy’s
Proportion of USD 113,371.60
(which includes this Policy’s Proportion of
USD 1046.51 in respect of TRIA)
Plus taxes as per attached schedule.

Item F. Consolidated Assets of the Company: USD 9,656,896,449

Item G. Prior and Pending Date: 11 September 1991 in respect of Stanford International
Bank Limited and Bank of Antigua Limited, but
1 January 1999 in respect of all other companies

Item H. Optional Extension Period: (1) 150% (2) 365 days.

Item I. The following Endorsements are included in this Policy at issuance:
As attached hereto

Dated in London: 25 August 2008
In consideration of the payment of the premium, in reliance on the proposal form and subject to all of the provisions of this Policy, the Underwriters, the Directors and Officers and the Company agree as follows.

**ARTICLE I. INSURING CLAUSES**

A. The Underwriters shall pay, on behalf of the Directors and Officers, Loss resulting from any Claim first made during the Policy Period for a Wrongful Act.

B. The Underwriters shall pay, on behalf of the Company, Loss which the Company is required or permitted by law to pay as indemnification to any of the Directors and Officers resulting from any Claim first made during the Policy Period for a Wrongful Act.

C. The Underwriters shall pay on behalf of the Company, Loss sustained by the Company resulting from any Claim first made during the Policy Period against the Company for a Wrongful Act.

**ARTICLE II. EXTENSIONS**

It is understood and agreed that these extensions shall not in any way increase the Limit of Liability set forth in Item C. of the Schedule.

A. Legal Representation Expenses.

The Underwriters shall pay on behalf of the Directors and Officers the cost of legal representation incurred with the prior written consent of the Underwriters arising out of attendance of any Director or Officer at any official investigation, examination, enquiry or other proceeding ordered or commissioned during the Policy Period by any official body or institution that is empowered to investigate the affairs of the Directors and Officers where the Directors and Officers act in a capacity covered by this Policy.

B. Optional Extension Period

A. The Parent Company shall have the right, upon payment of an additional premium calculated at that percentage shown in Item H.(1) of the Schedule of the total premium for this Policy, to an extension of the coverage granted by this Policy with respect to any Claim first made during the period of time set forth in Item H.(2) of the Schedule after the Policy expiration date or, in the event of cancellation by the Parent Company, after the effective date of cancellation, but only with respect to any Wrongful Act committed before such date.

B. As a condition precedent to the right to purchase the Optional Extension Period, the total premium for this Policy must have been paid. The right to purchase the Optional Extension Period shall terminate unless written notice together with full payment of the premium for the Optional Extension Period is given to Underwriters within 30 days after the Policy expiration date. If such notice and premium payment is not so given to Underwriters, there shall be no right to purchase the Optional Extension Period.
C. In the event of the purchase of the Optional Extension Period the entire premium therefore shall be deemed earned at its commencement.

D. In the event the Optional Extension Period is purchased, it shall terminate forthwith on the effective date of any contract of insurance or indemnity which replaces the coverage afforded by this Policy through the Optional Extension Period either in whole or in part, and in the event the Optional Extension Period is so terminated, Underwriters shall refund pro rata any unearned premium for the unexpired period of such extension.

E. The exercise of the Optional Extension Period shall not in any way increase the Limit of Liability of Underwriters.

ARTICLE III. DEFINITIONS

The following terms whenever used in this Policy shall have the meanings indicated.

A. "Associated Company" shall mean any entity in which at the time of the Wrongful Act the Parent Company directly or indirectly holds not less than 10% or more than 50% of the voting rights.

B. "Claim" means any:
   1. written demand for monetary or non-monetary damages; or
   2. any judicial or administrative proceeding initiated against any of the Directors and Officers or the Company in which they may be subjected to a binding adjudication of liability for damages or other relief, including any appeal therefrom.

C. "Company" shall mean:
   1. all entities listed in Item A of the Schedule, and
   2. any Subsidiary, and
   3. any entity with whom the Company merges during the Policy Period subject to the provisions of Clause B. of Article VIII, and
   4. any newly acquired or created companies that are 100% owned by R. Allen Stanford and whose assets do not exceed 25% of the Consolidated Assets shown in Item F. of the Schedule; any of such newly acquired or created companies whose assets exceed 25% of the Consolidated Assets shown in Item F. of the Schedule shall be subject to the provisions of Clause B. of Article VIII, and
   5. all entities listed in the attached Addendum Number 1.

D. "Costs, Charges and Expenses" shall mean all reasonable and necessary legal fees and expenses incurred by the Directors and Officers or by the Company in defence of any
Claim provided, however, Costs, Charges and Expenses shall not include salaries, wages, overhead or benefit expenses associated with the Directors and Officers or employees of the Company.

E. "Director(s) and/or Officer(s)" shall mean any persons who were, now are, or shall be directors or officers of the Company and shall include:

(1) foreign titled equivalents of directors and officers in the U.S. Corporation.

(2) employees of Ansibacher solely whilst acting in their capacity as directors or officers of Stanford Group (Suisse) A.G.

(3) employees of the Company solely whilst acting in a supervisory or managerial capacity.

(4) the lawful spouse or domestic partner of any such director or officer or employee solely to the extent that such person is a party to any Claim solely in his or her capacity as spouse or domestic partner of any such director or officer or employee and solely for the purposes of any Claim seeking damages recoverable from marital community property, property jointly held by any such director or officer or employee and spouse or domestic partner, or property transferred from any such director or officer or employee to the spouse or domestic partner.

(5) employees of the Company, if named as a co-defendant with a director or officer of the Company to the extent that the Claim does not involve a Claim of the type excluded under ARTICLE IV. EXCLUSIONS P.

(6) the estates, heirs, legal representatives or assigns of any such director or officer or employee or spouse thereof, solely in the event of their death, incapacity or bankruptcy.

F. "Loss" means damages, judgments, settlements and Costs, Charges and Expenses and punitive or exemplary damages, where the applicable law in that jurisdiction allows coverage for punitive or exemplary damages, incurred by any of the Directors or Officers or the Company, but Loss shall not include:

1. that portion of any multiplied damages award which exceeds the amount multiplied;

2. taxes, criminal or civil fines or penalties imposed by law;

3. matters deemed uninsurable under the law pursuant to which this Policy shall be construed;

With respect to the coverage for punitive or exemplary damages, where the Directors or Officers or the Company are able to demonstrate in good faith that punitive or exemplary damages are insurable under any applicable law, Underwriters shall not challenge that interpretation of insurability.

G. "Subsidiary" shall mean any entity in which at the time of the Wrongful Act the Parent Company directly or indirectly
(1) holds a majority of the voting rights, or
(2) is a member and has the right to appoint or remove a majority of its board of directors, or
(3) is a member and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights,

subject to the provisions of Clause B. of Article VIII.

H. "Wrongful Act":

(a) For the purposes of ARTICLE I. INSURING CLAUSES A. and B, "Wrongful Act" shall mean any actual or alleged error, act, omission, misstatement, misleading statement, neglect or breach of duty or negligent act by, or any other matter claimed against, the Directors and Officers whilst acting in their capacity as

(1) directors or officers of the Company, or
(2) directors or officers or trustees of any not-for-profit entity, including a charity or trade association, with the knowledge and consent of the Company, or
(3) directors or officers of any for-profit entity, (in accordance with the Schedule of Outside Positions (For-Profit Entities) - Addendum Number 2 attached); any additional outside positions to be agreed by the Leading Underwriter prior to inception of such additional cover) where such Directors or Officers serve with such for-profit entity with the knowledge and consent of the Company, or

4) directors or officers of any Associated Company domiciled outside the United States of America and its subsidiaries domiciled outside the United States of America where such Directors and Officers serve at the specific request and direction of the board of directors of the Company.

(b) For the purposes of ARTICLE I. INSURING CLAUSES C, "Wrongful Act" shall mean any actual or alleged error, omission, misstatement, misleading statement, neglect, breach of duty or act by the Company

I. "Money Laundering" means:

(i) the concealment, or disguise, or conversion, or transfer, or removal of Criminal Property, (including concealing or disguising its nature, source, location, disposition, movement or ownership or any rights relating thereto); or

(ii) the entering into or becoming in any way concerned in an arrangement which is known or suspected to facilitate (by whatever means) the acquisition, retention, use or control of Criminal Property by or on behalf of another person; or

(iii) the acquisition, use or possession of Criminal Property; or
(iv) any act which constitutes an attempt, conspiracy or incitement to commit any act or acts mentioned in the foregoing paragraphs (i), (ii) or (iii); or

(v) any act which constitutes aiding, abetting, counselling or procuring the commission of any act or acts mentioned in the foregoing paragraphs (i), (ii) or (iii).

J. Criminal Property means property which constitutes a benefit obtained from or as a result of or in connection with criminal conduct or represents such a benefit (in whole or part and whether directly or indirectly) which the Directors or Officers or the Company (or any person or entity acting on their behalf) knows or suspects or reasonably should have known or suspected that it constitutes or represents such a benefit.

K. Criminal Conduct means conduct which constitutes (or would constitute) an offence in any part of the world.

L. “Optional Extension Period” means the period described in ARTICLE II.

EXTENSIONS B. A.

M. “Interrelated Wrongful Acts” means Wrongful Acts which have as a common nexus any fact, circumstance, situation, event, transaction or series of facts, circumstances, situations, events or transactions.

N. "Fungi” as utilised herein, shall mean any fungus or mycota or any byproduct or type of infestation produced by such fungus or mycota, including but not limited to mould, mildew, mycotoxins, spores or any biogenic aerosols.

ARTICLE IV. EXCLUSIONS

The Underwriters shall not be liable to make any payment for Loss resulting from any Claim

A. for any actual or alleged bodily injury, sickness, disease, death, damage to or destruction of any tangible property including loss of use thereof, invasion of privacy, wrongful entry, eviction, false arrest, false imprisonment, malicious prosecution, assault, battery, emotional distress, libel, slander, defamation or loss of consortium.

B. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any Wrongful Act, or any circumstance which may give rise to a Claim, which has been the subject of any notice given prior to the inception date under any prior policy.

C. insured under any other existing valid Directors and Officers Liability policy or policies, regardless of whether or not Loss in connection with such Claim is collectable or recoverable under such other Directors and Officers Liability policy or policies; provided, however, this exclusion shall not apply to the amount of Loss which is in excess of the amount of any retention and the limit of liability of such other policy or policies.

D. for which the Directors and Officers are entitled to indemnification from any entity other than the Company regardless of whether actual indemnification has been made provided however this exclusion shall not apply to the amount of Loss which is in excess of the amount of any such indemnification.
E. brought by or at the behest of the Company or by or on behalf of any other Director or Officer except and to the extent that

(i) such Claim is in the form of a crossclaim, third party claim or otherwise for contribution or indemnity which is part of and results directly from a Claim which is covered under this Policy, or

(ii) such Claim is brought derivatively by a security holder of the Company who, when such Claim is first made, is acting independently of the Directors and Officers and the Company, or

(iii) such Claim is brought by the examiner, trustee, receiver, liquidator, etc. in a bankruptcy proceeding

(iv) such Claim is brought by a former Director, Officer or employee that has not been affiliated with the Company for four years or longer

F. brought by any entity or its directors, officers or trustees in which the Directors and Officers act in a director or officer or trustee capacity covered under this Policy, except and to the extent that such Claim is in the form of a crossclaim, third party claim or otherwise for contribution or indemnity which is part of and results directly from a Claim which is covered under this Policy.

G. brought against a Director or Officer whilst acting in a capacity as a trustee or fiduciary or administrator of any employer-sponsored pension or superannuation scheme or superannuation programme established in whole or in part for the benefit of any of the Directors and Officers or employees of the Company including any actual or alleged breach of the responsibilities, obligations or duties imposed upon fiduciaries by the Employee Retirement Income Security Act of 1974 in the United States of America or any amendments thereto or similar provisions of any federal, state or local statutory law or common law.

H. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving, actual or alleged seepage, pollution or contamination of any kind, provided, however, this exclusion shall not apply to:

(1) the coverage afforded through ARTICLE I. INSURING CLAUSES. A. to the extent any Claim is brought derivatively by a security holder of the Company who, when such Claim is first made, is acting independently of the Company and all of the Directors and Officers, and

(2) Costs, Charges and Expenses incurred with the Underwriters' prior written consent. The maximum aggregate Limit of Liability of the Underwriters under this clause H(2) shall not exceed USD 150,000.

I. brought about or contributed to in fact by:

(a) any dishonest, fraudulent or criminal act or omission by the Directors or Officers or the Company, or
(b) any personal profit or advantage gained, by any of the Directors and Officers or the Company to which they were not legally entitled

as determined by a final adjudication.

J. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving, any Wrongful Act occurring subsequent to the time that the earliest of the following events take place.

(1) Another entity or individual holds a majority of the voting rights in the Parent Company.

(2) Another entity or individual is a member of the Parent Company and has the right to appoint or remove a majority of its board of directors.

(3) Another entity or individual has the right to exercise a dominant influence over the Parent Company

(i) by virtue of the creation of provisions contained in the Parent Company's Memorandum of Association or Articles of Association, or

(ii) by virtue of the creation of a control contract.

(4) Another entity or individual is a member of the Parent Company and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the Parent Company.

(5) The merger of the Parent Company into another company such that the Parent Company is not the surviving entity.

K. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any litigation prior to or pending at the Prior and Pending Date set forth in Item G. of the Schedule, or any fact, circumstance, situation, transaction or event underlying or alleged in such litigation, regardless of the legal theory upon which such Claim is predicated.

L. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way relating to any act, error or omission in connection with the performance of any professional services by or on behalf of the Company for the benefit of any other entity or person.

Provided however that the foregoing exclusion shall not be applicable to any derivative or shareholder class action against the Directors and Officers alleging failure to supervise those who performed or failed to perform such professional services.

M. in respect of Stanford Group Casa de Valores S.A. and/or their Directors or Officers:

based upon, arising out of, directly or indirectly resulting from or in consequence , or in any way involving:
i. any Wrongful Act actually or allegedly committed prior to 12.01 a.m. Local Standard Time on 1st June 1998, or

ii. any Wrongful Act occurring on or subsequent to 12.01 a.m. Local Standard Time on 1st June 1998 which together with a Wrongful Act occurring prior to such date would constitute Interrelated Wrongful Acts.

N. brought against any Director or Officer whilst serving on the boards of outside positions in the Schedule of Outside Positions ('For-Profit' Entities) attached, based upon, arising out of, directly or indirectly result from or in consequence of, or in any way involving;

1. any Wrongful Act actually or allegedly committed prior to 12.01 a.m. Local Standard Time on 31st October 2000, or

2. any Wrongful Act occurring on or subsequent to 12.01 a.m. Local Standard Time on 31st October 2000, which, together with a Wrongful Act occurring prior to such date would constitute Interrelated Wrongful Acts

O. based upon, arising out of, directly or indirectly from or in consequence of, or in any way involving their services as a director, officer or employee of any entity other than the Company, provided, however, this Exclusion shall not apply to Loss resulting from any Claim to the extent that such Claim is based on:

(1) the service of one of the Directors and Officers as a director or officer of any not-for-profit entity, including a charity or trade association, with the knowledge and consent of the Company, or

(2) the service of one of the Directors and Officers as a director or officer of any Associated Company domiciled outside the United States of America and its subsidiaries domiciled outside the United States of America where such Directors and Officers serve at the specific request and direction of the board of directors of the Company, or

(3) the service of one of the Directors and Officers as a director or officer of any for-profit entity where such service is:

(i) with the knowledge and consent of the Board of Directors of the Company, and

(ii) the outside positions of any for-profit entity have previously been agreed by Underwriters to be included hereunder and a Schedule of outside positions have been attached hereto

(iii) such Loss is not indemnified by such for-profit entity or any of its insurers.

P. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving actual or alleged:

1. wrongful dismissal, discharge or termination of employment whether actual or constructive;
2. breach of any oral or written employment contract or quasi-employment contract;

3. employment related misrepresentations;

4. violation of any federal, state or local law concerning employment or discrimination in employment, including the Americans with Disabilities Act of 1992, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, Title VII of the Civil Rights Law of 1964 (as amended) the Pregnancy Discrimination Act of 1978, the Civil Rights Act of 1866, the Family and Medical Leave Act of 1993, the Older Workers Benefit Protection Act of 1990, the Fifth and Fourteenth Amendments of the United States Constitution, or any rule or regulation promulgated thereunder;

5. sexual or other harassment in the workplace;

6. wrongful deprivation of career opportunity, employment or promotion;

7. wrongful discipline or evaluation; or

8. failure to adopt adequate employment or workplace policies and procedures.

Q. directly or indirectly arising out of, resulting as a consequence of, or related to the manufacture, mining, processing, distribution, testing remediation, removal, storage, disposal, sale, use of or exposure to asbestos or materials or products containing asbestos whether or not there is another cause of loss which may have contributed concurrently or in any sequence to a loss.

R. directly or indirectly arising out of, resulting from or in any way related to Fungi whether or not there is another cause of loss which may have contributed concurrently or in any sequence to a loss.

S. based upon, arising from, or in any way attributable to lead or lead containing products.

T. arising directly or indirectly as a result of or in connection with any act or acts (or alleged act or acts) of Money Laundering or any act or acts (or alleged act or acts) which are in breach of and/or constitute an offence or offences under any money laundering legislation (or any provisions and/or rules or regulations made by any Regulatory Body or Authority thereunder)

Notwithstanding the foregoing Exclusion, Underwriters shall pay Costs, Charges and Expenses in the event of an alleged act or alleged acts until such time that it is determined that the alleged act or alleged acts did in fact occur. In such event the Directors and Officers and the Company will reimburse Underwriters for such Costs, Charges and Expenses paid on their behalf.

U. In respect of ARTICLE I. INSURING CLAUSES C only, based upon, arising out of, directly or indirectly resulting from any actual or alleged liability assumed under any contract or agreement except to the extent that liability would have attached to the Company in the absence of such contract or agreement.
V. In respect of Banco Galicia de Venezuela, CA and Banco Comercial C.A. and/or their Directors or Officers:

based upon, arising out of, directly or indirectly resulting from or in consequence of or in any way involving:

(1) any Wrongful Act actually or allegedly committed prior to 12.01 a.m. Local Standard Time on 14th February 2005, or

(1) any Wrongful Act occurring on or subsequent to 12.01 a.m. Local Standard Time on 14th February 2005 which, together with a Wrongful Act occurring prior to such date would constitute Interrelated Wrongful Acts.

Any Wrongful Act pertaining to any Director or Officer shall not be imputed to any other person for the purposes of determining the applicability of the Exclusions.

ARTICLE V. LIMITS OF LIABILITY

A. The Underwriters shall be liable to pay Loss resulting from any Claim in excess of the applicable Retention as set forth in Item D. of the Schedule up to the Limit of Liability as set forth in Item C. of the Schedule. The Underwriters shall pay Loss only upon the final disposition of any Claim except as provided for under Article VI.

B. The Limit of Liability as set forth in Item C. of the Schedule shall be the maximum aggregate Limit of Liability of the Underwriters for all Loss payable under this Policy and payment of Loss shall reduce the Limit of Liability as set forth in Item C. of the Schedule.

C. More than one Claim involving the same Wrongful Act shall be deemed to constitute a single Claim and shall be deemed to have been made at the earliest of the following times:

(1) The time at which the earliest Claim involving the same Wrongful Act is first made.

(2) The time at which the Claim involving the same Wrongful Act shall be deemed to have been made pursuant to Clause B. of Article VII.

D. In the event a Claim is covered in part more than one of the Retentions set forth in Item D. of the Schedule shall be applied separately to that part of the Loss resulting from such Claim covered by each Insuring Clause and the sum of the Retentions so applied shall constitute the Retention applicable to such Claim provided, however, the total Retention as finally determined shall in no event exceed the largest of the Retentions applicable to Insuring Clauses that are applicable to such Claim.

E. The Retention applicable to Insuring Clause B shall apply to Loss resulting from any Claim if indemnification by the Company is required by law or is legally permissible to the fullest extent permitted by law, regardless of whether or not actual indemnification is made, unless the Company is unable to make indemnification by reason of its insolvency.

F. Costs, Charges and Expenses shall be part of and not in addition to the Limit of Liability as shown under Item C. of the Schedule, and payment of such Costs, Charges and Expenses shall reduce the Limit of Liability as shown under Item C. of the Schedule.
ARTICLE VI. SETTLEMENTS AND DEFENCE

A. No settlement of Loss shall be made without the Underwriters' prior written consent, such consent not to be unreasonably withheld.

B. It shall be the duty of the Directors and Officers or the Company and not the duty of the Underwriters to defend Claims, provided that no Costs, Charges or Expenses shall be incurred without the Underwriter's prior written consent, such consent not to be unreasonably withheld. In the event of such consent being given, and subject to all other terms and provisions of the Policy including but not limited to Article V. of this Policy, the Underwriters shall pay Costs, Charges and Expenses no more than once every 60 days.

ARTICLE VII. CLAIMS NOTIFICATION

A. As a condition precedent to their liability under this Policy the Underwriters shall be given written notice of any Claim as soon as practicable but in no event later than 60 days after the end of the Policy Period.

B. If during the Policy Period the Company's General Counsel or Corporate Risk Manager first become aware of a Wrongful Act and written notice of such Wrongful Act is given to the Underwriters as soon as practicable during the Policy Period then any Claim arising from such Wrongful Act shall be deemed for the purposes of this Policy to have been made at the time such written notice was first given.

In respect of ARTICLE VII. CLAIMS NOTIFICATION B only, reference to 'Company's' shall mean:

(a) Stanford Financial Group Company in respect of all Section One entities
(b) Stanford Group Company in respect of all Section Two entities.

C. Notification of a claim shall be made to Underwriters via Arthur Washington of Mendes & Mount, 750 Seventh Avenue, New York, New York 10019-6829.

ARTICLE VIII. GENERAL CONDITIONS

A. Representation Clause:

It is understood that the representations contained in the proposal form are the basis of this Policy and are to be considered as incorporated into and constituting a part of this Policy.

The proposal form shall be construed as a separate application for coverage by each of the Directors and Officers. With respect to the statements contained in the proposal form, no statement or knowledge possessed by any Director or Officer shall be imputed to any other Director or Officer for the purpose of determining the availability of the coverage granted by this Policy.

Notwithstanding the foregoing, this policy shall be non-rescindable with respect to the coverage afforded under ARTICLE I. INSURING CLAUSES A.
B. Acquisitions Clause:

In the event the Company merges with another entity such that the Company is the surviving entity or acquires a Subsidiary the coverage granted by this Policy shall attach in respect of such entity or Subsidiary for Wrongful Acts subsequent to the date of such merger or acquisition. If the assets of that Subsidiary or the other entity exceed 30% of the Consolidated Assets of the Company as set forth in Item F. of the Schedule (exceeding 25% with respect to ARTICLE III. DEFINITIONS C(4)) such coverage is conditional upon:

(1) full information as the Underwriters may reasonably require being given to the Underwriters by the Company within 60 days from the date of such merger or acquisition, and

(2) the Company accepting any special terms, conditions, exclusions or additional premium charge as may be required by the Underwriters in connection with such merger or acquisition.

C. Cessation of Subsidiaries Clause:

In the event any entity ceases to be a Subsidiary after the Inception Date the coverage granted by this Policy shall continue to apply with respect to Claims made during the Policy Period for Wrongful Acts committed whilst such entity was a Subsidiary.

D. Cancellation Clause:

1. By acceptance of this Policy, the Directors and Officers and the Company hereby confer the exclusive power and authority to cancel this Policy on their behalf to the Parent Company. Such entity may cancel this Policy by surrender thereof to Underwriters, or by mailing to Underwriters written notice stating when not less than 30 days thereafter such cancellation shall be effective. The mailing of such notice shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the Policy Period. Delivery of such written notice shall be equivalent to mailing. If this Policy is cancelled pursuant to this condition 1, underwriters shall retain the customary short rate proportion of the premium hereon.

2. This Policy may not be cancelled by Underwriters unless it is cancelled for non payment of premium. In the event of the non payment of premium this Policy shall be cancelled in accordance with the Premium Payment Clause (LSW3000 amended), as attached.

Payment or tender of any unearned premium by Underwriters shall not be a condition precedent to the effectiveness of cancellation.

E. Joint Insured Provision:

If the first named entity listed in Item A. of the Schedule ceases for any reason to be covered under this Policy, then the entity next named therein shall thereafter be considered as the first named entity for all the purposes of this Policy.
ARTICLE IX. SUBROGATION

In the event of any payments of Loss under this Policy the Underwriters shall be subrogated to the extent of such payments to all of the Directors' and Officers' and the Company's rights of recovery therefor against any person or entity. The Directors and Officers and the Company shall execute all papers required and shall do everything that may be necessary to secure and preserve such rights.

ARTICLE X. ACTION AGAINST UNDERWRITERS

No action shall lie against the Underwriters unless, as conditions precedent thereto, the Directors and Officers and the Company shall have fully complied with all of the terms of this Policy and the amount of the Directors' and Officers' and the Company's obligation to pay shall have been fully and finally determined.

ARTICLE XI. LAW OF CONSTRUCTION AND INTERPRETATION

This Policy shall be governed by and construed in accordance with the laws of Texas.

ARTICLE XII. ASSISTANCE AND CO-OPERATION IN THE EVENT OF LOSS

The Directors and Officers and the Company agree to provide the Underwriters with such information, assistance and co-operation as the Underwriters and/or their counsel may reasonably request, and they further agree that they shall not take any action which in any way increases the Underwriters' exposure for Loss under this Policy resulting from any Claim.

PJG 97 (Amended)
ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN
THE POLICY SCHEDULE

ADDENDUM NUMBER 1

Section One:

16 NE Huggingdom
Antigua Athletic Club Limited
The Antigua Sun Limited
Apartment Household Inc.
Bank of Antigua Limited (including Bank on Wheels)
Bank of Antigua – Oficina de Representacion Mexico Group Ltd.
Buckingham Investments A.V.V.
Caribbean Aircraft Leasing (BVI) Limited (date of incorporation 08/09/05)
Caribbean Airline Services Limited – Antigua (date of incorporation 02/11/05)
Caribbean Airline Services Inc. – US
Caribbean Star Airlines, Limited
Caribbean Star Airlines Holdings, Limited
Caribbean Sun Airlines, Inc.
Caribbean Sun Airlines Holdings, Inc.
Casuarina 20 LLC
Christiansted Downtown Holdings, LLC
Datcom Resources, Inc.
Devinhouse Limited
Guiana Island Holdings Limited
Foreign Corporate Holdings Limited (IBC)
Harbor Key Corp. II
Idea Advertising Group, Inc.
International Administration, Inc.
Management and Advisory International, Inc.
Maiden Island Holdings Ltd. Parque Cristal Limited
Polygon Commodities A.V.V.
Porpoise Industries Limited
Product y Servicios Stanford, C.A.
Sea Eagle Limited (IBC)
Stanford 20/20 Inc.
Stanford Acquisition Corporation
Stanford American Samoa Holdings, Limited
Stanford Aerospace Limited
Stanford Aircraft, LLC
Stanford Aviation LLC
Stanford Aviation II, Inc.
Stanford Aviation III, Inc.
Stanford Aviation 5555 LLC
Stanford Aviation Limited
Stanford Bank Holdings Limited
Stanford Bank, S.A., Banco Comercial (formerly known as Banco Galicia de
Venezuela, CA., or Bancq Comercial C.A.)
Stanford Casa de Valores, S.A.
Stanford Caribbean Limited
Stanford Caroline, LLC
Stanford Caribbean Investments, LLC
Stanford Coins and Bullion, Inc.
Stanford Corporate Holdings International, Inc.
Stanford Corporate Services, Inc.
Stanford Corporate Services (Venezuela), C.A.
Stanford Corporate Ventures LLC
Stanford Corporate Ventures (BVI) Limited (date of incorporation 21/07/04)
Stanford Development Corporation
Stanford Development Company Limited
Stanford Development (Grenada) Ltd.
Stanford Funds Administrator, LLC
Stanford Global Advisory, LLC
Stanford Group Mexico, S.A. de C.V.
Stanford Group Mexico, (Monterrey) S.A. de C.V.
Stanford Group Mexico, (Puebla) S.A. de C.V.
Stanford Group (Antigua) Limited
Stanford Group Aruba N.V.
Stanford Group (Suisse) AG
SFG Majestic Holding, LLC

**Stanford Financial Group Company**
Stanford Financial Group Limited (IBC)
Stanford Financial Group Global Management, LLC
Stanford Financial Group (Holdings) Limited
Stanford Financial Partners Holdings, LLC
Stanford Fondos S.A. de C.V.
Stanford Foundation, Inc.
Stanford St. Croix Ventures, LLC
Stanford Trust Company Limited (Colombia)
The Pavillion Antigua (dba of The Sticky Wicket Limited)
Stanford Group Distribuidora de Fondos de Inversion S.A. de C.V. (date of incorporation 24/06/05)
Stanford Eagle LLC
The Stanford Financial Group Building, Inc.
Stanford Galleria Buildings LP (date of incorporation 15/09/05)
Stanford Galleria Buildings Management LLC (date of incorporation 15/09/05)
Stanford International Bank Limited (IBC)
Stanford International Bank Limited Representative Office (Canada)
Stanford International Bank Holdings Limited
Stanford International Holdings (Panama) S.A.
Stanford Bank (Panama) S.A.
Stanford Leasing Company, Inc.
Stanford Real Estate Acquisition, LLC
Stanford Trust Holdings Limited
Stanford Trust Company Limited (dba Stanford Fiduciary Investor Services, Inc.)

The Sticky Wicket Limited
Sun Printing and Publishing Limited
Sun Printing Limited
Torre Senza Nome Venezuela
The Islands Club, LLC
Two Islands One Club (Antigua) Ltd
Two Islands One Club (Grenada) Ltd
Two Islands One Club Holdings Ltd
R. Allen Stanford, LLC
Robust Eagle Limited
Stanford Services Ecuador S.A.
Stanford Trust Company Limited (IBC)
Stanford Financial Group Ltd

Section Two:

International Fixed Income Stanford Fund Limited
Stanford Agency, Inc. (Louisiana)
Stanford Agency, Inc. (Texas)
Stanford Bolsa y Banca S.A. (Colombia)
Stanford Family, Office LLC
Stanford Group Casa de Valores S.A.

Stanford Group Company
Stanford Group Peru, S.A. Sociedad Intermediaria de Valores
Stanford Group Company Limited
Stanford Group Holdings, Inc.
Stanford Group Venezuela, C.A.
Stanford Holdings Venezuela, C.A.
Stanford International Management, Limited
Stanford Management Holdings, Ltd.
Stanford Investment Advisory Services, Inc
SG Ltd.
SGV Asesores, C.A.
Stanford Group Venezuela Asesores de Inversion, C.A.
SGV Ltd.
Stanford Trust Company
Stanford Trust Company Administradora de Fondos y Fideicomisos S.A
Stanford Venture Capital Holdings, Inc
Torre Oeste Ltd
Stanford Capital Management, LLC
Stanford Family Office, LLC
ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN
THE POLICY SCHEDULE

SCHEDULE OF OUTSIDE POSITIONS
("For-Profit" Entities)

<table>
<thead>
<tr>
<th>OUTSIDE COMPANY</th>
<th>STANFORD DIRECTOR</th>
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<tbody>
<tr>
<td>American Samoa Telecom, LLC</td>
<td>Danny Bogar</td>
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<tr>
<td></td>
<td>Osvaldo Pi</td>
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<tr>
<td>Elandia Solutions, Inc.</td>
<td>Danny Bogar</td>
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<tr>
<td>GoAntiques, Inc.</td>
<td>Danny Bogar</td>
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<td>Jay Comeaux</td>
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<tr>
<td>Daytek Formerly known as Miller Golf Company, LLC</td>
<td>Danny Bogar</td>
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<tr>
<td>Telecom Wireless Solutions, Inc.</td>
<td>James Davis</td>
</tr>
<tr>
<td>Oasis Bank Holding Corp</td>
<td>A.J Rincon</td>
</tr>
<tr>
<td>St Joseph Hospital Foundation – Houston</td>
<td>Mauricio Alvarado</td>
</tr>
<tr>
<td>Louisiana State University Law Center – Board of Trustees – Baton Rouge Louisiana</td>
<td>Mauricio Alvarado</td>
</tr>
<tr>
<td>Virgin Island Hotel Association Boards</td>
<td>Janise Robinson</td>
</tr>
<tr>
<td>Phoenixbay, Inc aka Open Network OFN</td>
<td>Charles Weisner</td>
</tr>
<tr>
<td>The River Visual and Performing Arts Center</td>
<td>Patricia Maldonado</td>
</tr>
<tr>
<td>USFR (US Farm &amp; Ranch)</td>
<td>Skip Barnette</td>
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<td>Michael Henne</td>
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<td>Reignmaker</td>
<td>Skip Barnette</td>
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<td></td>
<td>Michael Henne</td>
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<tr>
<td>OFN/Phoenix Bay</td>
<td>Frederick Fram</td>
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</tbody>
</table>

ALL OTHER TERMS AND CONDITIONS REMAIN UNALTERED.
ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN
THE POLICY SCHEDULE

FIDUCIARY LIABILITY COVERAGE ENDORSEMENT

In consideration of the premium charged for this Policy, it is hereby understood and agreed that:

1. **ARTICLE I. INSURING CLAUSES** is amended by the addition of the following:

   D. Underwriters shall pay on behalf of the Assureds Loss resulting from any Claim first made against any Assureds during the Policy Period for a Wrongful Act constituting Breach of Fiduciary Duty in the operation of any Employee Pension Benefit Plan or Other Plan as specified in Item J of the Schedule.

   E. Underwriters shall pay on behalf of the Assureds Loss resulting from any Claim first made against any Assureds during the Policy Period for a Wrongful Act in the Administration of any Employee Welfare Benefit Plan or Other Plan as specified in Item J of the Schedule.

2. For purposes of the coverage provided by this endorsement only, **ARTICLE III. DEFINITIONS** is amended by the addition of the following:

   O. “Assureds” shall mean:
      1. the Company (including Stanford Financial Group Company, Stanford Group Company and Stanford Trust Company);
      2. any Employee Pension Benefit Plan;
      3. any Employee Welfare Benefit Plan;
      4. any Other Plan as specified in Item J of the Schedule
      5. all persons who were, now are, or shall be directors, officers or employees of the Company, any Employee Pension Benefit Plan or any Employee Welfare Benefit Plan or Other Plan as specified in Item J of the Schedule.

   P. “Administration” shall mean giving counsel to employees of the Company, interpreting and handling records in connection therewith, or effecting enrollment or cancellation of employees of the Company.

   Q. “Breach of Fiduciary Duty” shall mean the violation of any of the responsibilities, obligations or duties imposed under ERISA or the common law or statutory law of any other jurisdiction governing such Employee Pension Benefit Plan or Other Plan as specified in Item J of the Schedule but shall not include any willful violation of ERISA, common law or statutory law of any jurisdiction.

   R. “Employee Pension Benefit Plan” means any pension plan, whether subject to regulation under Title I of ERISA or subject to qualification under Section 401 of the Internal Revenue Code, sponsored solely by the Company for the benefit of the Company’s directors, officers and employees.
S. "Employee Welfare Benefit Plan" means any welfare plan, whether subject to regulation under Title I of ERISA or subject to qualification under Section 401 of the Internal Revenue Code, sponsored solely by the Company for the benefit of the Company's directors, officers and employees.

3. For purposes of the coverage provided by this endorsement only, ARTICLE III. DEFINITIONS B. is deleted and the following is substituted therefor:

B. "Claim" means any:

1. written demand for monetary or non-monetary damages; or

2. judicial or administrative proceeding initiated against any of the Assureds in which they may be subjected to a binding adjudication of liability for damages or other relief, including any appeal therefrom.

4. For purposes of the coverage provided by this endorsement only, ARTICLE III. DEFINITIONS D. is deleted and the following is substituted therefor:

D. "Costs, Charges and Expenses" shall mean reasonable and necessary legal fees and expenses incurred by the Assured in defence of any Claim provided however Costs, Charges and Expenses shall not include salaries, wages, overhead or benefit expenses.

5. For purposes of the coverage provided by this endorsement only, ARTICLE III. DEFINITIONS F. is deleted and the following is substituted therefor:

F. "Loss" means damages, judgements, settlements and Costs, Charges and Expenses, and punitive or exemplary damages where the applicable law in that jurisdiction allows coverage for punitive or exemplary damages, incurred by any of the Assureds in connection with any Claim but Loss shall not include:

1. that portion of any multiplied damages award which exceeds the amount multiplied; or

2. taxes, criminal or civil fines or penalties imposed by law; or

3. matters deemed uninsurable under the law pursuant to which this Policy shall be construed;

With respect to the coverage for punitive or exemplary damages, where the Assured are able to demonstrate in good faith that punitive or exemplary damages are insurable under any applicable law, Underwriters shall not challenge that interpretation of insurability.
6. For purposes of the coverage provided by this endorsement only, **ARTICLE III. DEFINITIONS** H. is deleted and replaced with the following:

H. **Wrongful Act** shall mean any actual or alleged negligent act, error, omission, misstatement, misleading statement, neglect or breach of duty by any of the Assureds, individually or collectively.

7. For purposes of the coverage provided by this endorsement only, **ARTICLE III. DEFINITIONS** J. is deleted and replaced with the following:

J. **“Criminal Property” means property which constitutes a benefit obtained from or as a result of or in connection with criminal conduct or represents such a benefit (in whole or part and whether directly or indirectly) which the Assureds (or any person or entity acting on their behalf) knows or suspects or reasonably should have known or suspected that it constitutes or represents such a benefit.**

8. For purposes of the coverage provided by this endorsement only, **ARTICLE IV. EXCLUSIONS** T is deleted and the following substituted thereafter:

T. **arising directly or indirectly as a result of or in connection with any act or acts (or alleged act or acts) of Money Laundering or any act or acts (or alleged act or acts) which are in breach of and/or constitute an offence or offences under any money laundering legislation (or any provisions and/or rules or regulations made by any Regulatory Body or Authority thereunder)**

Notwithstanding the foregoing Exclusion, Underwriters shall pay Costs, Charges and Expenses in the event of an alleged act or alleged acts until such time that it is determined that the alleged act or alleged acts did in fact occur. In such event the Assureds will reimburse Underwriters for such Costs, Charges and Expenses paid on their behalf.

9. For purposes of the coverage provided by this endorsement only, **ARTICLE IV. EXCLUSIONS** I. is deleted and the following substituted therefore:

I. **brought about or contributed to in fact by:**

(a) any dishonest, fraudulent or criminal act or omission by the Assured, or

(b) any personal profit or advantage gained by any of the Assured to which they were not legally entitled

as determined by a final adjudication.

10. For purposes of the coverage provided by this endorsement only, **ARTICLE IV. EXCLUSIONS** is amended by the addition of the following:

W. **for failure to collect contributions owed to any Employee Pension Benefit Plan, any Employee Welfare Benefit Plan or Other Plan as specified in Item J of the Schedule (unless such failure is the result of negligence by any of the Assureds)**
or for the return of any contributions to any employer if such amounts are or could be chargeable to any Employee Pension Benefit Plan, any Employee Welfare Benefit Plan or Other Plan as specified in Item J of the Schedule;

X. for benefits paid or payable to a participant or beneficiary of any Employee Pension Benefit Plan, any Employee Welfare Benefit Plan or Other Plan as specified in Item J of the Schedule if such benefits are paid or may be lawfully paid from the funds of any Employee Pension Benefit Plan, Employee Welfare Benefit Plan or Other Plan as specified in Item J of the Schedule;

Y. arising out of the failure to comply with any law concerning Workmen's Compensation, Unemployment Insurance, Social Security or Disability Benefits;

Z. based upon or attributable to any failure or omission to effect and maintain insurance or bonding for the property or assets of any Employee Welfare Benefit Plan, any Employee Pension Benefit Plan or Other Plan as specified in Item J of the Schedule;

AA. for bankruptcy of or suspension of payment by any bank or banking firm or any broker or dealer in securities or commodities;

BB. based upon or attributable to conflicts of interests, acting in bad faith, gaining in fact any profit or advantage to which one is not legally entitled or intentional non-compliance with any statute or regulation committed by the Assureds or by a person whose actions the Assureds are legally responsible;

CC. arising out of or in any way involving any Claim which is directly or indirectly for the benefit of any insurance carrier or bond carrier of the Assureds or any affiliate of the Assureds, regardless of in whose name such Claim is actually made;

DD. based upon or attributable to or arising from any prior and/or pending civil or criminal litigation, administrative proceeding or Claim as of the date specified in Item G of the Schedule involving the Assureds, and any matters arising out of such prior and/or pending litigation, proceeding or Claim or any fact, circumstance or situation underlying or alleged in such litigation, proceeding or Claim;

EE. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving, any Employee Pension Benefit Plan, Employee Welfare Benefit Plan or Other Plan as specified in Item J of the Schedule that provides benefits or services to persons who are not directors, officers and/or employees of the Company whether or not such plan also provides benefits or services to directors, officers and/or employees of the Company, including but not limited to any multi-employer plan as defined in ERISA; or

FF. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving the liability of others assumed by any Assureds under any written or oral contract or agreement; provided, however, this exclusion shall not apply to the extent that:
1. any Assureds would have been liable in the absence of the contract or agreement; or

2. the liability was assumed in accordance with or under the agreement or declaration of trust pursuant to which any Employee Pension Benefit Plan, Employee Welfare Benefit Plan or Other Plan as specified in Item J of the Schedule was established.

GG. in respect of Stanford Group Casa de Valores S.A. and their directors, officers and employees only, based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:

(1) any Wrongful Act actually or allegedly committed prior to 12.01 a.m. Local Standard Time on 1st June 1998, or

(2) any Wrongful Act occurring on or subsequent to 12.01 a.m. Local Standard Time on 1st June 1998 which together with a Wrongful Act occurring prior to such date would constitute Interrelated Wrongful Acts.

II. in respect of Banco Galicia de Venezuela, CA and Banco Comercial C.A. and their directors, officers and employees only, based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:

(1) any Wrongful Act actually or allegedly committed prior to 12.01 a.m. Local Standard Time on 14th February 2005, or

(2) any Wrongful Act occurring on or subsequent to 12.01 a.m. Local Standard Time on 14th February 2005 which, together with a Wrongful Act occurring prior to such date would constitute Interrelated Wrongful Acts.

11. For purposes of the coverage provided by this endorsement only, ARTICLE IV. EXCLUSIONS G. is deleted and replaced as follows:

G. brought against the Assured whilst acting in a capacity as a trustee or fiduciary or administrator of any employer-sponsored pension or superannuation scheme, superannuation programme or Other Plan as specified in Item J of the Schedule established in whole or in part for the benefit of any of the directors and officers or employees of the Company including any actual or alleged breach of the responsibilities, obligations or duties imposed upon fiduciaries by the Employee Retirement Income Security Act of 1974 in the United States of America or any amendments thereto or similar provisions of any federal, state or local statutory law or common law unless coverage is provided under ARTICLE I. INSURING CLAUSES D. OR E.

12. For purposes of the coverage provided by this endorsement only, ARTICLE V. LIMITS OF LIABILITY, is amended by the addition of the following:

G. Claims under ARTICLE I. INSURING CLAUSES D. and INSURING CLAUSES E. shall be subject to the combined Sub-Limit of Liability set forth in Item C. of the Schedule. The Sub-Limit of Liability set forth in Item C. of the
Schedule shall be a part of and not in addition to the aggregate Limit of Liability set forth in Item C. of the Schedule, and any payments made with respect to Claims under ARTICLE I. INSURING CLAUSES D. and ARTICLE I. INSURING CLAUSES E. shall reduce the aggregate Limit of Liability set forth in Item C. of the Schedule.

13. For purposes of the coverage provided by this endorsement only, Item C. of the Schedule is deleted and the following is substituted therefor:

Item C. Aggregate Limit of Liability: USD 5,000,000 in the aggregate for the Policy Period, separately in respect of Sections One and Two Sub-Limit of Liability: USD 5,000,000 in the aggregate all Claims under Insuring Clause I.D and Insuring Clause I.E. combined for all Claims under Sections One and Two combined

14. For purposes of the coverage provided by this endorsement only, Item D. of the Schedule is deleted and the following is substituted therefor:

Item D. Retentions: USD NIL each Directors or Officer each Claim under Insuring Clause A.

USD NIL in the aggregate all Directors and Officers each Claim under Insuring Clause A

USD 250,000 each Claim under Insuring Clause B. and/or Insuring Clause C and/or Insuring Clause D and/or Insuring Clause E.

15. For purposes of the coverage provided by this endorsement only, ARTICLE VIII. GENERAL CONDITIONS is amended by the addition of the following:

F. Termination of Employee Pension Benefit Plan, Employee Welfare Benefit Plan or Other Plan as specified in Item J of the Schedule.

In the event the Company terminates any Employee Pension Benefit Plan, Employee Welfare Benefit Plan or Other Plan as specified in Item J of the Schedule after the Inception Date of this Policy, coverage with respect to such terminated plan shall continue to apply but solely in respect of Loss arising out of Wrongful Acts committed or allegedly committed prior to the termination date of such plan.

16. For purposes of the coverage provided by this endorsement only, ARTICLE VI. SETTLEMENTS AND DEFENSE B. is deleted and the following is substituted therefor:

B. It shall be the duty of the Assureds and not the duty of the Underwriters to defend Claims, provided that no Costs, Charges or Expenses shall be incurred without the Underwriter’s prior written consent, such consent not to be unreasonably
withheld. In the event of such consent being given, and subject to all other terms and provisions of the Policy including but not limited to Article V. of this Policy, the Underwriters shall pay Costs, Charges and Expenses no more than once every 60 days.

17. For purposes of the coverage provided by this endorsement only, Item J is added to the Schedule as follows:

   Item J:
   401(K) Plan
   Life AD and D Ltd Std
   Medical Benefits Plan
   Antiguan Savings Plan

18. For the purposes of the coverage provided by this endorsement only, ARTICLE VII. CLAIMS NOTIFICATION B is deleted and replaced as follows:

   If during the Policy Period the Assured's General Counsel or Corporate Risk Manager first become aware of a Wrongful Act and written notice of such Wrongful Act is given to the Underwriters as soon as practicable during the Policy Period then any Claim arising from such Wrongful Act shall be deemed for the purposes of this Policy to have been made at the time such written notice was first given.

   In respect of ARTICLE VII. CLAIMS NOTIFICATION B only, reference to 'Assured's' shall mean:

   (a) Stanford Financial Group Company in respect of all Section One entities

   (b) Stanford Group Company in respect of all Section Two entities.

19. For the purposes of the coverage provided by this endorsement only, ARTICLE IX. SUBROGATION is deleted and replaced as follows:

   In the event of any payments of Loss under this Policy the Underwriters shall be subrogated to the extent of such payments to all of the Assureds rights of recovery therefor against any person or entity. The Assured shall execute all papers required and shall do everything that may be necessary to secure and preserve such rights.

20. For the purposes of the coverage provided by this endorsement only, ARTICLE X. ACTION AGAINST UNDERWRITERS is deleted and replaced as follows:

   No action shall lie against the Underwriters unless, as conditions precedent thereto, the Assured shall have fully complied with all of the terms of this Policy and the amount of the Assureds obligation to pay shall have been fully and finally determined.

21. For the purposes of the coverage provided by this endorsement only, the following paragraph appearing at the end of ARTICLE IV. EXCLUSIONS,

   Any Wrongful Act pertaining to any Director or Officer shall not be imputed to any other person for the purposes of determining the applicability of the Exclusions.
is deleted and replaced as follows:

Any Wrongful Act pertaining to any Assured shall not be imputed to any other person for the purposes of determining the applicability of the Exclusions.

ALL OTHER TERMS, CONDITIONS AND LIMITATIONS REMAIN UNALTERED.
ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN
THE POLICY SCHEDULE

WAR AND TERRORISM EXCLUSION ENDORSEMENT

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

(1) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or

(2) any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (1) and/or (2) above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

NMA2918
08/10/2001
ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK58900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN
THE POLICY SCHEDULE

U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED
NEW & RENEWAL BUSINESS ENDORSEMENT

This Endorsement is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.

It is hereby noted and agreed with effect from inception that the Terrorism exclusion to which this Insurance is subject, shall not apply to any "insured loss" directly resulting from any "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA").

The coverage afforded by this Endorsement is only in respect of any "insured loss" of the type insured by this Insurance directly resulting from an "act of terrorism" as defined in TRIA. The coverage provided by this Endorsement shall expire at 12:00 midnight December 31, 2014, the date on which the TRIA Program is scheduled to terminate, or the expiry date of the policy whichever occurs first, and shall not cover any losses or events which arise after the earlier of these dates. The Terrorism exclusion, to which this Insurance is subject, applies in full force and effect to any other losses and any act or events that are not included in said definition of "act of terrorism".

This Endorsement only affects the Terrorism exclusion to which this Insurance is subject. All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

Furthermore the Underwriter(s) will not be liable for any amounts for which they are not responsible under the terms of TRIA (including subsequent action of Congress pursuant to the Act) due to the application of any clause which results in a cap on the Underwriter’s liability for payment for terrorism losses.

In consideration of the foregoing, Underwriters have allocated an amount of USD 1,512.55 to the coverage afforded by this Endorsement. Such amount being part of the overall premium charged for this Policy.
ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN
THE POLICY SCHEDULE

PREMIUM PAYMENT CLAUSE

The Insured undertakes that premium will be paid in full to Insurers by 29 September 2008.

If the premium due under this policy has not been so paid to Insurers by the above date Insurers shall have the right to cancel this policy by notifying the (Re)Insured via the broker in writing. In the event of the cancellation, premium is due to Insurers on a pro rata basis for the period that Insurers are on risk, but the full policy premium shall be payable to Insurers in the event of a loss or occurrence prior to the date of the termination which gives rise to a valid claim under this policy.

It is agreed that Insurers shall give not less than 15 days prior notice of cancellation to the (Re)Insured via the broker. If premium due is paid in full to Insurers before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Insurer (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Insurers participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Insurers will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

Notice of Cancellation in writing for the purposes of the PPC LSW3000 shall be notice in writing to the Group’s Compliance Officer at The Willis Building, 51 Lime Street, London, EC3M 7DQ and delivered by registered post or received and acknowledged personally by the Compliance Officer. The notice will only be accepted if the risk is properly identified, and includes at least the name of the assured, the Willis slip reference number, the class of business and any other information which will enable the risk to be readily identified. Further, for the avoidance of doubt, a notice of cancellation sent by e-mail to the Company shall not constitute notice in writing for the purposes of the application of LSW3000.

11/01
LSW3000 (Amended)
NUCLEAR INCIDENT EXCLUSION CLAUSE-LIABILITY-DIRECT (BROAD)

For attachment to insurances of the following classifications in the U.S.A., its Territories and Possessions, Puerto Rico and the Canal Zone:-

Owners, Landlords and Tenants Liability, Contractual Liability, Elevator Liability, Owners or Contractors (including railroad) Protective Liability, Manufacturers and Contractors Liability, Product Liability, Professional and Malpractice Liability, Storekeepers Liability, Garage Liability, Automobile Liability (including Massachusetts Motor Vehicle or Garage Liability), not being insurances of the classifications to which the Nuclear Incident Exclusion Clause-Liability-Direct(Limited) applies.

This policy*

does not apply:-

I. Under any Liability Coverage, to injury, sickness, disease, death or destruction
(a) with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
(b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

II. Under any Medical Payments Coverage, or under any Supplementary Payments Provision relating to immediate medical or surgical relief, to expenses incurred with respect of bodily injury, sickness, disease or death resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.

III. Under any Liability Coverage, to injury, sickness, disease, death or destruction resulting from the hazardous properties of nuclear material, if
(a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;
(b) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
(c) the injury, sickness, disease, death or destruction arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (c) applies only to injury to or destruction of property at such nuclear facility.
IV. As used in this endorsement:
    “hazardous properties” include radioactive, toxic or explosive properties; “nuclear material” means source material, special nuclear material or byproduct material; “source material”, “special nuclear material”, and “byproduct material” have the meanings given them in the Atomic Energy Act 1954 or in any law amendatory thereof; “spent fuel” means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; “waste” means any waste material (1) containing byproduct material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof; “nuclear facility” means
    
    (a) any nuclear reactor,
    
    (b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,
    
    (c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,
    
    (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste, and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations,
    
    “nuclear reactor” means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material. With respect to injury to or destruction of property, the word “injury” or “destruction” includes all forms of radioactive contamination of property.
    
    It is understood and agreed that, except as specifically provided in the foregoing to the contrary, this clause is subject to the terms, exclusions, conditions and limitations of the Policy to which it is attached.

    *NOTE:* As respects policies which afford liability coverages and other forms of coverage in addition, the words underlined should be amended to designate the liability coverage to which this clause is to apply.

    17/3/60
    N.M.A. 1256
ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN
THE POLICY SCHEDULE

U.S.A.

RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE-LIABILITY-DIRECT
(Approved by Lloyd's Underwriters' Non-Marine Association)

For attachment (in addition to the appropriate Nuclear Incident Exclusion Clause - Liability - Direct) to liability insurances affording worldwide coverage.

In relation to liability arising outside the U.S.A., its Territories or Possessions, Puerto Rico or the Canal Zone, this Policy does not cover any liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.

13/2/64
N.M.A. 1477
ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN
THE POLICY SCHEDULE

U.S.A.

NEW SHORT RATE CANCELLATION TABLE ENDOURSEMENT

NOTWITHSTANDING anything to the contrary contained herein and in consideration of
the premium for which this insurance is written it is agreed that in the event of cancellation
thereof by the Assured the earned premium shall be computed as follows:-

SHORT RATE CANCELLATION TABLE

A. For Insurances written for one year:-

<table>
<thead>
<tr>
<th>Days Insurance in force</th>
<th>Per cent. of One Year Premium</th>
<th>Days Insurance in force</th>
<th>Per cent. of One Year Premium</th>
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<tbody>
<tr>
<td>1</td>
<td>5</td>
<td>154 - 156</td>
<td>53</td>
</tr>
<tr>
<td>2</td>
<td>6</td>
<td>157 - 160</td>
<td>54</td>
</tr>
<tr>
<td>3 - 4</td>
<td>7</td>
<td>161 - 164</td>
<td>55</td>
</tr>
<tr>
<td>5 - 6</td>
<td>8</td>
<td>165 - 167</td>
<td>56</td>
</tr>
<tr>
<td>7 - 8</td>
<td>9</td>
<td>168 - 171</td>
<td>57</td>
</tr>
<tr>
<td>9 - 10</td>
<td>10</td>
<td>172 - 175</td>
<td>58</td>
</tr>
<tr>
<td>11 - 12</td>
<td>11</td>
<td>176 - 178</td>
<td>59</td>
</tr>
<tr>
<td>13 - 14</td>
<td>12</td>
<td>179 - 182 (6 months)</td>
<td>60</td>
</tr>
<tr>
<td>15 - 16</td>
<td>13</td>
<td>183 - 187</td>
<td>61</td>
</tr>
<tr>
<td>17 - 18</td>
<td>14</td>
<td>188 - 191</td>
<td>62</td>
</tr>
<tr>
<td>19 - 20</td>
<td>15</td>
<td>192 - 196</td>
<td>63</td>
</tr>
<tr>
<td>21 - 22</td>
<td>16</td>
<td>197 - 200</td>
<td>64</td>
</tr>
<tr>
<td>23 - 25</td>
<td>17</td>
<td>201 - 205</td>
<td>65</td>
</tr>
<tr>
<td>26 - 29</td>
<td>18</td>
<td>206 - 209</td>
<td>66</td>
</tr>
<tr>
<td>30 - 32 (1 month)</td>
<td>19</td>
<td>210 - 214 (7 months)</td>
<td>67</td>
</tr>
<tr>
<td>33 - 36</td>
<td>20</td>
<td>215 - 218</td>
<td>68</td>
</tr>
<tr>
<td>37 - 40</td>
<td>21</td>
<td>219 - 223</td>
<td>69</td>
</tr>
<tr>
<td>41 - 43</td>
<td>22</td>
<td>224 - 228</td>
<td>70</td>
</tr>
<tr>
<td>44 - 47</td>
<td>23</td>
<td>229 - 232</td>
<td>71</td>
</tr>
<tr>
<td>48 - 51</td>
<td>24</td>
<td>233 - 237</td>
<td>72</td>
</tr>
<tr>
<td>52 - 54</td>
<td>25</td>
<td>238 - 241</td>
<td>73</td>
</tr>
<tr>
<td>55 - 58</td>
<td>26</td>
<td>242 - 246 (8 months)</td>
<td>74</td>
</tr>
<tr>
<td>59 - 62 (2 months)</td>
<td>27</td>
<td>247 - 250</td>
<td>75</td>
</tr>
<tr>
<td>63 - 65</td>
<td>28</td>
<td>251 - 255</td>
<td>76</td>
</tr>
<tr>
<td>66 - 69</td>
<td>29</td>
<td>256 - 260</td>
<td>77</td>
</tr>
<tr>
<td>70 - 73</td>
<td>30</td>
<td>261 - 264</td>
<td>78</td>
</tr>
<tr>
<td>74 - 76</td>
<td>31</td>
<td>265 - 269</td>
<td>79</td>
</tr>
<tr>
<td>77 - 80</td>
<td>32</td>
<td>270 - 273 (9 months)</td>
<td>80</td>
</tr>
<tr>
<td>81 - 83</td>
<td>33</td>
<td>274 - 278</td>
<td>81</td>
</tr>
<tr>
<td>84 - 87</td>
<td>34</td>
<td>279 - 282</td>
<td>82</td>
</tr>
<tr>
<td>88 - 91 (3 months)</td>
<td>35</td>
<td>283 - 287</td>
<td>83</td>
</tr>
<tr>
<td>92 - 94</td>
<td>36</td>
<td>288 - 291</td>
<td>84</td>
</tr>
</tbody>
</table>
B. For Insurances written for more or less than one year:
   1. If insurance has been in force for 12 months or less, apply the standard short rate table for annual insurances to the full annual premium determined as for an insurance written for a term of one year.

   2. If insurance has been in force for more than 12 months;
      a. Determine full annual premium as for an insurance written for a term of one year.
      b. Deduct such premium from the full insurance premium, and on the remainder calculate the pro rata earned premium on the basis of the ratio of the length of time beyond one year the insurance has been in force to the length of time beyond one year for which the insurance was originally written.
      c. Add premium produced in accordance with items (a) and (b) to obtain earned premium during full period insurance has been in force.

N.M.A. 45.
ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN
THE POLICY SCHEDULE

SERVICE OF SUIT CLAUSE (U.S.A)

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed
to be due hereunder, the Underwriters hereon, at the request of the Insured (or Reinsured), will
submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing
in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to
commence an action in any Court of competent jurisdiction in the United States, to remove an
action to a United States District Court, or to seek a transfer of a case to another Court as
permitted by the laws of the United States or of any State in the United States. It is further agreed
that service of process in such suit may be made upon Mendes and Mount, 750 Seventh Avenue,
New York,
NY 10019-6829, and that in any suit instituted against any one of them upon this contract,
Underwriters will abide by the final decision of such Court or of any Appellate Court in the event
of an appeal.

The above-named are authorized and directed to accept service of process on behalf of
Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to give a
written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon
Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes
provision therefor, Underwriters hereon hereby designate the Superintendent, Commissioner or
Director of Insurance or other officer specified for that purpose in the statute, or his successor or
successors in office, as their true and lawful attorney upon whom may be served any lawful
process in any action, suit or proceeding instituted by or on behalf of the Insured (or Reinsured)
or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby
designate the above-named as the person to whom the said officer is authorized to mail such
process or a true copy thereof.

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN
THE POLICY SCHEDULE

NMA LINES CLAUSE

This Insurance, being signed for 92.3077 % of 100.0000% insures only that proportion of any
loss, whether total or partial, including but not limited to that proportion of associated expenses, if
any, to the extent and in the manner provided in this Insurance.

The percentages signed in the Table are percentages of 100.0000% of the amount(s) of Insurance
stated herein.

NMA 2419
ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN
THE POLICY SCHEDULE

TEXAS SURPLUS LINES CLAUSE

"THIS insurance contract is with an insured not licensed to transact insurance in this state and is
issued as a surplus lines coverage pursuant to the Texas insurance statutes. The State Board of
Insurance does not audit the finances or review the solvency of the surplus lines insurer
providing this coverage, and this insurer is not a member of the Property and Casualty Insurance
percent tax on gross premium."

04/98
LSW 1023
ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN
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percent tax on gross premium."

04/98
LSW 1023
ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN
THE POLICY SCHEDULE

PREMIUM PAYMENT TERMS:

Where any date on which the Premium is due to be paid falls on a weekend or Public Holiday,
presentation to Insurers or their agents on the next working day will be deemed to comply with
the relevant premium payment requirement. For the purposes of this clause, Public Holiday shall
mean any public or statutory holiday in any territory through which the Premium must pass
between the Company and Insurers or their agents.
ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900

IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN
THE POLICY SCHEDULE

(RE)INSURERS LIABILITY:

(Re)Insurers Liability Clause LMA3333 (21/06/07)

(Re)insurer’s liability several not joint
The liability of a (re)insurer under this contract is several and not joint with other (re)insurers
party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten.
A (re)insurer is not jointly liable for the proportion of liability underwritten by any other
(re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that
may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a
Lloyd’s syndicate, the total of the proportions underwritten by all the members of the syndicate
taken together) is shown next to its stamp. This is subject always to the provision concerning
“signing” below.

In the case of a Lloyd’s syndicate, each member of the syndicate (rather than the syndicate itself)
is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate
(that total itself being the total of the proportions underwritten by all the members of the
syndicate taken together). The liability of each member of the syndicate is several and not joint
with other members. A member is liable only for that member’s proportion. A member is not
jointly liable for any other member’s proportion. Nor is any member otherwise responsible for
any liability of any other (re)insurer that may underwrite this contract. The business address of
each member is Lloyd’s, One Lime Street, London EC3M 7HA. The identity of each member of
a Lloyd’s syndicate and their respective proportion may be obtained by writing to Market
Services, Lloyd’s, at the above address.

Proportion of liability
Unless there is “signing” (see below), the proportion of liability under this contract underwritten
by each (re)insurer (or, in the case of a Lloyd’s syndicate, the total of the proportions
underwritten by all the members of the syndicate taken together) is shown next to its stamp and is
referred to as its “written line”.

Where this contract permits, written lines, or certain written lines, may be adjusted (“signed”). In
that case a schedule is to be appended to this contract to show the definitive proportion of liability
under this contract underwritten by each (re)insurer (or, in the case of a Lloyd’s syndicate, the
total of the proportions underwritten by all the members of the syndicate taken together). A
definitive proportion (or, in the case of a Lloyd’s syndicate, the total of the proportions
underwritten by all the members of a Lloyd’s syndicate taken together) is referred to as a “signed
line”. The signed lines shown in the schedule will prevail over the written lines unless a proven
error in calculation has occurred.

Although reference is made at various points in this clause to “this contract” in the singular,
where the circumstances so require this should be read as a reference to contracts in the plural.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
## Willis Global Taxation Schedule - Calculations

### Foreign Direct Insurance Taxation Legislation - Premium Split

This is Willis FINEX prepared estimate of Premium only, calculated on a pre-tax basis, and utilising rates that Willis FINEX believes to be current as at the date of this document version. The purpose of this document is to supply information and utilising rates that Willis FINEX believes to be current as at the date of this document version. The estimates in this document have been provided for general information purposes only and shall not be treated as offer or solicitation to sell any product or service or recommendation to take any action.

**Note: 1:** Where the policy is MTI, the Premium is the downside only. The Upside will not be charged and the provisions for basis movement will be indicated in "Other".

**Note 2:** The insurance premium rates are indicative as these may vary from policy to policy depending on the insurer and underwriting terms.

### Underwriter

Standard Group Companies

### Policy No:

### reinsurer:

### 100% Gross Premium:

<table>
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<tr>
<th>COUNTRY</th>
<th>Attachment Date</th>
<th>Assumed %</th>
<th>Premium</th>
<th>Tax Allowed</th>
<th>2nd</th>
<th>Market Rate</th>
<th>Market Rate</th>
<th>Market Rate</th>
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</thead>
<tbody>
<tr>
<td>ANTIGUA</td>
<td>00.00%</td>
<td>76.20%</td>
<td>224,164.00</td>
<td>2,241.64</td>
<td>76.20%</td>
<td>224,164.00</td>
<td>224,164.00</td>
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</tr>
<tr>
<td>CANADA (ONT.</td>
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<td>100.00%</td>
<td>247,540.00</td>
<td>2,475.40</td>
<td>100.00%</td>
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<td>247,540.00</td>
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<td>CANADA (QC)</td>
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<td>197,527.00</td>
<td>1,975.27</td>
<td>100.00%</td>
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<td>CUBA</td>
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<td>242.14</td>
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<td>CAYMAN IS</td>
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<td>34,126.00</td>
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<td>ST PETER &amp; W. MARY</td>
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<td>204,100.00</td>
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<td>2,241.64</td>
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<td>8,883.62</td>
<td>100.00%</td>
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<td>888,362.00</td>
<td></td>
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*Willis FINEX*

*Version 1.12*

*Released: 03-06-2008*
The Table of Syndicates referred to on the face of this Policy follows:

<table>
<thead>
<tr>
<th>BUREAU REFERENCE</th>
<th>61044 10/09/2008</th>
<th>BROKER NUMBER</th>
<th>0576</th>
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<td></td>
<td></td>
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<tr>
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THE LIST OF UNDERWRITING MEMBERS
OF LLOYD'S IS IN RESPECT OF 2008
YEAR OF ACCOUNT

BUREAU USE ONLY
NUX5 72 10607

RISK CODE: D4
Companies
Insurance
Policy

Whereas the Assured named in the Schedule having paid or agreed to pay the premium specified in the Schedule to us, the Company, to insure against loss as stated herein during the period of insurance stated in the Schedule.

Now know ye that we the Company do hereby bind ourself to pay or make good to the Assured or the Assured's Executors, Administrators and Assigns, all such loss not exceeding the sum insured or other limits as stated in the Schedule that the Assured may sustain during the said period after such loss is proved.

Warranted that this Policy shall run concurrently with and shall be subject to the same gross rate, terms, conditions, definitions and endorsements, if any, approved by the Underwriters, appearing in the Policy numbered 576/MNK558900 and subscribed by the Warranty Underwriters stated in the Schedule and covering the identical subject matter and risk.

In witness whereof I, being a representative of the Company and authorised by the said Company to sign this Policy on their behalf, have hereunto subscribed my name this day of 20
Policy No. 576/MNK558900

THE SCHEDULE

The Name of the Company: Section One: Stanford Financial Group Company
Section Two: Stanford Group Company

and any Subsidiary and as more fully defined in the policy wording

of: Principal Address: Section One: 1000 Airport Boulevard
St John’s
Antigua
West Indies

Section Two: 5050 Westheimer
Houston
Texas 77056
United States of America

Premium: Section One: USD 10,606.46 being this Policy’s proportion of USD 137,884.08
(which includes this policy’s proportion of USD106.06 in respect of TRIA)
Plus taxes as per attached schedule.

Section Two: USD 8,720.88 being this Policy’s Proportion of USD 113,371.60
(which includes this Policy’s Proportion of USD 87.21 in respect of TRIA)
Plus taxes as per attached schedule.

Limit of Liability: USD 5,000,000 in the aggregate each Policy Period, to apply separately in respect of Sections One and Two

The Perils and Interest Insured: Claims-Made Directors and Officers Liability, Company Reimbursement and Entity Insurance all as more fully defined in the Policy of the Warranty Company.

Period of Insurance: From: 15 August 2008
To: 15 August 2009
Both days at 12:01 AM Local Standard Time at the Principal Address of the Company.
Details of Warranty Policy:  
Number: 576/MNK558900

Warranty Company: Certain Underwriting Members of Lloyd's, London

This Policy, being signed for 7.6923 % of 100.0000%, insures its pro-rata proportion of the Limit of Liability as set forth above.
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<tr>
<th>The Insurers</th>
<th>Proportion %</th>
<th>Reference</th>
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ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN
THE POLICY SCHEDULE

(RE)INSURERS LIABILITY:

(Re)Insurers Liability Clause LMA3333 (21/06/07)

(Re)insurer's liability several not joint
The liability of a (re)insurer under this contract is several and not joint with other (re)insurers
party to this contract. A (re)insurer is liable only for the proportion of liability it has
underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by
any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other
(re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of
a Lloyd's syndicate, the total of the proportions underwritten by all the members of the
syndicate taken together) is shown next to its stamp. This is subject always to the provision
concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate
itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the
syndicate (that total itself being the total of the proportions underwritten by all the members
of the syndicate taken together). The liability of each member of the syndicate is several and
not joint with other members. A member is liable only for that member's proportion. A
member is not jointly liable for any other member's proportion. Nor is any member otherwise
responsible for any liability of any other (re)insurer that may underwrite this contract. The
business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The
identity of each member of a Lloyd's syndicate and their respective proportion may be
obtained by writing to Market Services, Lloyd's, at the above address.

Proportion of liability
Unless there is "signing" (see below), the proportion of liability under this contract
underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the
proportions underwritten by all the members of the syndicate taken together) is shown next to
its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed").
In that case a schedule is to be appended to this contract to show the definitive proportion of
liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's
syndicate, the total of the proportions underwritten by all the members of the syndicate taken
together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the
proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred
to as a "signed line". The signed lines shown in the schedule will prevail over the written lines
unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular,
where the circumstances so require this should be read as a reference to contracts in the plural.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
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September 26, 2008

Barbara Fortin
Stanford Financial Group
5050 Westheimer
Houston, TX 77056

Re: Stanford Financial Group
Directors & Officers Liability Policy No. MNK55899
Crime / Professional Liability Policy No. MNA8513
August 15, 2008 – August 15, 2009

Dear Barbara,

We have received and reviewed the enclosed policies. These policies set out the benefits and coverage of the insurance we have placed for you in accordance with your instructions. We recommend that you read the policies very carefully; particularly sections regarding the claims reporting procedures.

If you consider the policies are not consistent with your instructions or if there are any errors or discrepancies, please advise us as soon as possible.

Sincerely,

Amy Baranoucky
Vice President
Executive Risks
### INVOICE

**INVOICE DATE**: 26-AUG-2008  
**INVOICE NO.**: 0004480  
**DUE DATE**: Upon Receipt

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Total for Reference 01 $249,870.83

Information only - Financed Premium

Please pay according to Financed agreement.

For Your Convenience Funds May Be ACH/Wired To:

Suntrust Bank  
100 Colony Square  
Atlanta, GA 30361  
Willis Affinity Programs of Colorado, Inc  
Acct# 1000011274767  
ABA# 061000104

***PLEASE REFERENCE INVOICE NUMBER***  
**US DOLLAR ACCOUNT ONLY**

**PLEASE INCLUDE INVOICE NUMBER WITH YOUR PAYMENT**  
**AMOUNT DUE**: $249,870.83
Fortin, Barbara

From: Hunt, James [hunt@willis.com]
Sent: Friday, January 23, 2009 5:58 AM
To: Fortin, Barbara
Cc: Payne, Mark; Holmes, Duncan
Subject: RE: ERISA Bond - Stanford Financial Group 401(K) Plan

Barbara,

Ok, I think I understand what you are saying.

We all understand that a loss derived directly from fraudulent or dishonest acts of those employees involved in the 401(k) plan is covered by the Erisa Bond Rider. We believe your Professional Indemnity policy to be the most relevant for the for the example you make. Your PI policy covers you for any Loss resulting from any Claim first made during the Policy Period for a Wrongful Act in the performance of Professional Services. Your filing and meeting regulatory requirements on behalf of the beneficiaries of the Plan are part of your professional services and the plan is a Named Insured.

Loss derived from being sued for inappropriate accounting or incorrect filings due to a fraudulent or dishonest act is covered by your E&O policy as long you can prove there has been no collusion or association with the employee(s) who committed the fraudulent or dishonest act, as you have a write back in the dishonest, fraudulent, or criminal act or omissions exclusionary language, which reads as follows:

E. brought about or contributed to in fact by any dishonest, fraudulent, or criminal act or omissions or any personal profit or advantage gained by any of the Directors, Officers and Employees to which they were not legally entitled, provided, however, no Wrongful Act shall be imputed to any other person for the purpose of determining the applicability of this Exclusion.

Your Fiduciary Liability policy has a similar exclusion, but with no write back, so we believe your E&O policy is the most likely applicable policy for the example of claim you describe. This is subject to its full policy terms, conditions and limitations.

Most other claims derived from Wrongful Acts due to direct Breach of Fiduciary Duty and the Administration in the operation of any of Stanford's Plans are covered by your Fiduciary Liability Policy, subject to its terms, conditions and limitations.

Trust this is now clear but do get back to me if we've misunderstood. I will be at the ABA next week - so not back until Friday of next week - but will have limited access to e-mails if you have any other queries.

Best regards
James

James Hunt
Executive Director
Willis Limited
FINEX UK & Ireland
The Willis Building
5th Level
51 Lime Street
London
EC3M 7DQ
Direct Line: +44 (0)20 3124 7572

[Signature]

1/23/2009

2/6/09
From: Fortin, Barbara [mailto:BFortin@StanfordEagle.com]
Sent: 22 January 2009 17:54
To: Hunt, James
Cc: Payne, Mark; Holmes, Duncan
Subject: RE: ERISA Bond - Stanford Financial Group 401(K) Plan

James,

Thank you for your response, but I think I am not being clear. The 401K committee does not control, operate, or engage in handling funds. We make sure that all government filing and regulations are met with regard to 401K. I know we have Fiduciary (coverage for person who holds funds or property of another in trust) coverage under the D&O. What I have asked is to get Fidelity coverage (for losses caused by dishonest or fraudulent acts) to protect should we be sued due to improper accounting or filings done. We are required by laws to carry both coverages.

Can you please have wording clarified to state that any and all members of 401K committee are covered for the performance of the duties as members of this committee?

Barbara

-------------------------------------------------------------------------------------------------------------------------------------

From: Hunt, James [mailto:huntj@willis.com]
Sent: Thursday, January 22, 2009 3:24 AM
To: Fortin, Barbara
Cc: Payne, Mark; Holmes, Duncan
Subject: RE: ERISA Bond - Stanford Financial Group 401(K) Plan

Barbara,

Thanks for your e-mail. Please note my response to your queries below.

The definition of Employee for the effects of this endorsement reads as follows:

"Employee" as used in the attached Policy shall include any natural person who is a director or trustee of the Insured while such director or trustee is engaged in handling funds or other property of any Employee Welfare or Pension Benefit Plan owned, controlled or operated by the Insured or any natural person who is a trustee, manager, officer or employee of any such Plan.

This cover includes anyone sitting on the committees / boards of any of Stanford’s Plans. Section 412 under ERISA states every fiduciary of an employee benefit plan and every person who handles funds or other property of such a plan shall be “bonded” against fraud or dishonesty. This Rider covers that. Your fiduciary liability is covered by the Fiduciary liability section in your D&O policy.

On question #9 this covers Stanford on a primary basis but not Newport as this works as a contingent policy for Newport as they purchase their own insurance. This rider would therefore only trigger in excess of any relevant bond policies Newport already purchases.

Please do give me a call if you need further clarification.

Regards
From: Fortin, Barbara [mailto:BFortin@StanfordEagle.com]
Sent: 21 January 2009 20:30
To: Hunt, James
Cc: Payne, Mark; Holmes, Duncan
Subject: RE: ERISA Bond - Stanford Financial Group 401(K) Plan

We need to alter the insured word to include anyone sitting on the 401K committee. Right now it only covers a trustee engaged in handling funds. We do not handle funds but have a GREAT fiduciary responsibility. Also, I have questions regarding #9. This coverage is primary for Stanford. It would be excess for Newport, our plan administer, but not Stanford. So can you tell me the reason behind this wording?

Lastly, does the $250,000 deductible apply to this bond coverage?

Barbara

____________________________________________________________________
From: Hunt, James [mailto:huntj@willis.com]
Sent: Tuesday, January 20, 2009 11:39 AM
To: Fortin, Barbara
Cc: Payne, Mark; Holmes, Duncan
Subject: ERISA Bond - Stanford Financial Group 401(K) Plan
Importance: High

Barbara,

Many thanks for the information you sent me to include the above coverage.

BRIT have agreed to the following being added by endorsement to your BBB / PI Policy No. MNA8513:

UNIQUE MARKET REFERENCE: B0576MNA8513
ENDORSEMENT REF: 001
INSURED: Stanford Financial Group Company

LIMIT OF INDEMNITY: USD 5,000,000 each and every loss but USD 10,000,000 in the annual aggregate

EFFECTIVE DATE: 12:01 PM hours 15 August 2008 local standard time at the Principal Address of the Insured.
It is hereby noted and agreed that with effect from the Effective Date above, and in consideration of the premium charged for this Policy to which this Rider is attached, it is understood and agreed that:

1. The following shall be included as an Insured: Stanford Financial Group 401 (K) Plan.

2. "Employee" as used in the attached Policy shall include any natural person who is a director or trustee of the Insured while such director or trustee is engaged in handling funds or other property of any Employee Welfare or Pension Benefit Plan owned, controlled or operated by the Insured or any natural person who is a trustee, manager, officer or employee of any such Plan.

3. If this Policy, in accordance with the agreements, limitations and conditions thereof, covers loss sustained by two or more Employee Welfare or Pension Benefit Plans or sustained by any such Plan in addition to loss sustained by an Insured other than such Plan, it is the obligation of the Insured or the Plan Administrator(s) of such Plans under Regulations published by the Secretary of Labor implementing Section 13 of the Welfare and Pension Plans Disclosure Act of 1958 to obtain under one or more bonds issued by one or more Insurers an amount of coverage for each such Plan at least equal to that which would be required if such Plans were bonded separately.

4. In compliance with the foregoing, payment by the Underwriters in accordance with the agreements, limitations and conditions of this Policy shall be held by the Insured, or if more than one by the Insured, first named, for the use and benefit of any Employee Welfare or Pension Benefit Plan sustaining loss so covered and to the extent that such payment is in excess of the amount of coverage required by such Regulations to be carried by said Plan sustaining such loss, such excess shall be held for the use and benefit of any other such Plan also covered in the event that such other Plan discovers that it has sustained loss covered thereunder.

5. If money or other property of two or more Employee Welfare or Pension Benefit Plans covered under this Policy is co-mingled, recovery for loss of such money or other property through fraudulent or dishonest acts of Employees shall be shared by such Plans on a pro rata basis in accordance with the amount for which each such Plan is required to carry bonding coverage in accordance with the applicable provisions of said Regulations.

6. The Deductible Amount applicable to loss sustained through acts or defaults committed by Employees shall not apply to loss sustained by any Employee Welfare or Pension Benefit Plan covered through acts or defaults committed by any Employee of any such Plan.

7. Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of this Policy other than as stated herein.

8. This Rider shall become effective as of 12.01 a.m. on 15 August 2008 Local Standard Time at the Principal Address of the Insured, as specified in the attached Policy.

9. Coverage hereunder shall apply in excess of any more specific insurance purchased by the Stanford Financial Group 401 (K) Plan or trustees, managers, officers or employees.

1/23/2009
It is understood and agreed that, except as specifically provided in the foregoing to the contrary, this Rider is subject to the terms, exclusions, conditions and limitations of the Policy to which it is attached.

For Form 24 (January 1986)
SR6145a (amended)

All other terms and conditions remain unchanged.

Once we have seen the rest of the market we will revert with our formal confirmation of cover.

Best regards
James

James Hunt
Executive Director
Willis Limited
FINEX UK & Ireland
The Willis Building
5th Level
51 Lime Street
London
EC3M 7DQ
Direct Line: +44 (0)20 3124 7572
Direct Fax: +44 (0)20 3124 6375
Email: huntj@willis.com

For information pertaining to Willis' email confidentiality and monitoring policy, usage restrictions, or for specific company registration and regulatory status information, please visit http://www.willis.com/email_trailer.aspx
For information pertaining to Willis' email confidentiality and monitoring policy, usage restrictions, or for specific company registration and regulatory status information, please visit http://www.willis.com/email_trailer.aspx