

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

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

STANFORD INTERNATIONAL BANK, LTD., ET AL.,

Defendants.

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Case No. 3:09-CV-0298-N

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**RECEIVER’S MOTION FOR APPROVAL TO  
RELEASE PORTION OF HOLDBACK AND BRIEF IN SUPPORT**

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## I. INTRODUCTION

The Receiver's investigation of the Stanford fraud over the past five years has revealed that Stanford operated a scheme the complexity, breadth, and scope of which simply has no precedent in U.S. history. The task of unwinding, and marshalling the assets dissipated by, that scheme has fallen to the Receiver and his dedicated team of professionals, who have faced enormous and unprecedented challenges in addressing the damage left in the wake of Stanford's fraud. Neither the Receiver nor the professional firms he retained had any control over the circumstances that Stanford left behind, but they have made every effort to maximize the value of the Stanford estate—performing the work necessary to stop the rapid dissipation of assets, ensure that the assets left behind were secured, and return assets to the estate for distribution to the victims.

The Court has noted previously the enormously difficult task that faced the Receiver, observing in one hearing that “in many respects the Receiver is the person in the room with the most difficult job.” (App. at 10, Feb. 11, 2010 Hrg. Tr. at 55:7–8.)

The daunting task of unwinding the fraud and putting a stop to the Stanford empire's rapid depletion of assets imposed significant strain and cost on the Receivership. As the Court has observed, the Receiver “was forced to spend \$47.4 million just in winding down the Stanford empire . . . , which consisted of 130 separate Stanford entities employing over 3,000 employees located across the U.S., Europe, the Caribbean, Canada, and Latin America.” (App. at 17, Doc. 1471 at 5.) Yet that work unquestionably had to be done by the Receiver as part of his court-ordered duties.

The Receiver's work has also been made substantially more difficult by the fact that so much of the investors' billions of dollars entrusted to Stanford had been dissipated by the time the Receiver took over, and thus, as the Court has previously recognized, (*see, e.g.*,

App. at 9, Feb. 11, 2010 Hrg. Tr. at 54:12–15), litigation has represented the largest source of potential recovery for the Receivership. To complicate matters further, the required litigation has not been simple or straightforward. As the Court has noted, the lawsuits involving the Receiver “raise complex legal issues, sometimes of first impression or for which little authority exists.” (App. at 18, Doc. 1471 at 6.)

Additionally, contrary to the early predictions of the SEC’s now former Regional Director in Fort Worth, Stanford no longer had billions of dollars in assets by the time of the Receivership, and recovery of the international assets, which turned out to represent the bulk of the remaining Stanford assets, quickly proved to be an extraordinarily difficult, complex, and time-consuming undertaking. The SEC responded to these circumstances by raising objections to the cost of the Receiver’s work and expressing the fear in July 2009 that the assets of the Receivership would be “eaten away and there’s going to be nothing and then everyone’s a net loser and nobody gets any money until there’s a [] final judgment in the criminal case.” (App. at 38–39, July 31, 2009 Hrg. Tr. at 38:25–39:3.)

But the SEC’s fears about the fate of the Receivership were not realized. The Receiver is still here; his professionals are still here; and, together, they have reversed the direction of the losses and damages created by Stanford over more than 20 years. Had Stanford’s far flung and expensive operations continued, there would have been nothing left. And make no mistake. If the Receiver had not prudently, skillfully, and effectively managed his job, the limited assets left at the time the Receiver took over would have quickly been picked clean by Stanford creditors, including, for example, the very banks that held Stanford’s deposit accounts that so many have erroneously assumed represented easily recoverable liquid assets for the Receivership estate.

Although the SEC's concern expressed in July 2009 was an understandable reaction to the harsh fact that so little in the way of assets were left by the time the Receiver took over, it is no longer understandable or reasonable to view the prospects or circumstances of this Receivership in the same light they were viewed in the summer of 2009. This will not likely ever be a Receivership that returns 100 cents on the dollar, but that die was cast before the Receiver entered the picture. What this is, however, is a Receivership that has been managed effectively and prudently and that is positioned as well as reasonably possible under the extraordinarily difficult circumstances that existed as of February 17, 2009.

The Receiver is cognizant of the fact that it may appear to those who have failed to take the time to familiarize themselves with all the relevant facts that his efforts are not as effective as his detractors think they should have been or that he has something in mind other than the best interests of the beneficiaries of the Receivership estate. To that point, however, the Court's words at the February 11, 2010 bankruptcy hearing are an appropriate response:

Mr. Janvey, I think you're in large measure doing the job that the Court and the SEC intended that you be doing, and I appreciate the fact that, although you may disagree with what some of the investors are saying, you're doing it out of a reasoned disagreement about what's best for them and that your goal is to get the most money possible in their hands as quickly as you are able to do that. And I appreciate the fact that you're doing that on behalf of the Court.

(App. at 10, Feb. 11, 2010 Hrg. Tr. at 55:13–21.)

Indeed, in November 2011, in response to the most strident of written objections by a would-be intervener claiming that the Receiver had spent too much, had recovered too little, and had inefficiently and inappropriately spent assets of the Estate, the Court observed the following:

[T]he Movants' allegations against the Receiver lack merit. . . . The Movants . . . ignore that [the Receiver] was forced to spend \$47.4 million just in winding down the Stanford empire . . . . Had the Receiver opted

against paying those expenses, the money saved would not have redounded to the Receivership Estate's benefit. The most likely outcome would have been to create additional – almost certainly meritorious – claims against the Estate that would have required the Receiver futilely to expend even more funds in litigation. . . . The Receiver's professionals, furthermore, collectively have spent tens of thousands of hours on Receivership-related business. . . . [W]hatever other courts might have to say about the reasonableness of other professional fees in other receivership cases, the Court reiterates, as it implicitly has in almost every fee application order, that the Receiver's professional fees and expenses generally have been spent gainfully and billed reasonably.

(App. at 16–19, Doc. 1471 at 4–7.)

In the five years the Receivership has been in place, the Receiver and his professionals have performed the necessary work of the Receivership at a significant discount. Additionally, pursuant to the Court's order of September 10, 2009, the Court has withheld payment of \$17.3 million of the professionals' discounted fees and expenses incurred during the period from February 17, 2009 to October 31, 2013 for general Receivership Estate matters (*i.e.*, matters other than work pursuant to the Court-ordered claims and distribution process).

Given the significant milestones that the Receiver has thus far accomplished and the amount and quality of work that necessarily was performed in order to achieve those milestones, the Receiver requests that the Court approve payment to the Receiver and his professionals of one-third of the fees and expenses held back. If this motion is approved, approximately \$5.8 million of fees and expenses incurred over the last five years will be paid, more than \$11.5 million will remain subject to the holdback, and more than \$95 million will remain available for distributions and for the payment of fees and expenses associated with the administration of the Receivership Estate.

The Receiver has conferred with the SEC and the Examiner concerning this motion, and he is advised that they are both opposed to the motion. In the view of the SEC and the Examiner, it is too soon to release any of the holdback to any of the professional firms on

whom the Receiver most heavily relies. The SEC and the Examiner also share with one another the view that the Receiver's other professional firms are entitled to somewhere between no part of the holdback and fifty cents on every dollar held back to date. But an objection to payment of the holdback cannot be based on the bare wish that there had been more money available to start with or that there would have been more money readily available to recover.

Administrative expenses have priority in a receivership for a reason. A receivership, just like a bankruptcy estate, cannot be properly and effectively administered without professionals willing and able to handle the work of the estate. What is left after the administration of the estate is largely dependent on the circumstances that existed prior to the retention of the professionals. In this case, had the Receiver been able to accomplish all that he has in five years, not with the work of professionals, but instead with a magic wand and pixie dust, at the cost of not a single dollar to the Estate, then the assets of the Estate would still represent but a small fraction of the enormous amount of claims created by the actions and inactions of persons who preceded the appointment of the Receiver.

The argument against paying all or any portion of the holdback is grounded on the facile assertion that a dollar not paid for administrative expenses is a dollar that is available to be distributed. But to use that argument to avoid paying reasonable administrative expenses presents a false choice, because it is only through the continued efforts of the Receiver and his professionals that the estate continues to exist and grow. Indeed, over the last year, the Receiver's cash in-flows have exceeded all Receivership expenses by more than \$20 million. As a result, if instead of continuing to work during that time, the Receiver had simply shut down his operations, the estate would have suffered substantially.

Further, with respect to the impact on investors, there is no principled basis for distinguishing the instant motion from every fee application the Receiver has filed—the last twenty-four of which have been approved by the SEC and the Examiner. Nor is there any principled basis for distinguishing the instant motion from any of the fifteen fee applications the Examiner has filed and that the Court has approved, all but two without any amount subject to a holdback.

The fees and expenses held back to date make up part of the compensation for reasonable and necessary services already performed, and it is now appropriate to release a part of that compensation. The Receiver respectfully requests that the motion be granted.

## **II. BACKGROUND**

Over a period of more than twenty years, Allen Stanford built a massive enterprise to orchestrate a fraud on more than twenty-thousand investors. By the time the Receiver was appointed in February 2009, Stanford's empire comprised more than 130 entities, which were then incurring operating expenses at a rate of more than \$33 million *per month*, and Stanford had already spent billions of dollars of investor money to fund his lavish lifestyle and to further his fraudulent scheme, all to the severe detriment of over 18,000 victims. By these metrics, Stanford's scheme was the largest and most complex Ponzi scheme in U.S. history.

Immediately after his appointment, the Receiver began the time-sensitive and resource-intensive process of securing the Receivership Estate, winding down the insolvent Stanford entities, and identifying and reclaiming assets traceable to the Receivership Estate. “[T]hat process necessarily entailed making expenditures that the Receivership Estate was legally obligated to pay, including ‘taxes, payroll obligations, lease obligations, maintenance fees for various personal and real property holdings, and other [mandatory] expenditures.’” (App. at 17, Doc. 1471 at 5.) As the Court correctly observed, “[h]ad the Receiver opted against

paying those expenses, the money saved would not have redounded to the Receivership Estate's benefit. The most likely outcome would have been to create additional – almost certainly meritorious – claims against the Estate that would have required the Receiver futilely to expend even more funds in litigation.” (*Id.*)

To assist the Receiver in performing this complex and challenging work, the Receiver retained professionals with the experience and special expertise required to fulfill the Court's orders. Through the course of the Receivership, the Receiver has paid those professionals only after first filing a fee application and obtaining the Court's approval for such payments.

Following a hearing on the Receiver's first and second fee applications in September 2009, the Court directed that 20% of the professional fees and expenses incurred by the Receiver, which were already billed at rates discounted by 20% or more, would be held back for determination at a later date.<sup>1</sup> At that hearing, the Examiner stated that the release of the holdback should be tied to “the benefits and results obtained” by the Receiver and his professionals. (*See App. at 50, Sept. 10, 2009 Hr'g Tr. at 21:11.*) And the Court stated that the Receiver would be permitted to seek approval to release a portion of the holdback when enough time had passed that the results obtained for the Receivership were more certain. (*See App. at 54, Sept. 10, 2009 Hr'g Tr. at 47:17–22.*)

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<sup>1</sup> Since then, all of the Receiver's fee applications have been subject to a holdback of between 10% and 35%, with the majority of the Receiver's professional fees being subject to a 20% holdback. Beginning with the Receiver's fee application related to work performed by the Receiver and his professionals in September and October 2010, the Court approved the Receiver's request for full payment of out-of-pocket expenses (*i.e.*, no holdback), but the 20% holdback remained in place with respect to professional fees, as well as FTI's charges for hosting Receivership data. In April 2012, the Court entered an order reducing the holdback amount from 20% to 10% for all professional fees incurred on or after January 1, 2012. (*See Doc. 1565.*)

More than four years later, the Receivership has now reached a stage where it is fair and reasonable to release a portion of the amounts held back since September 2009. The results obtained for the Receivership by the Receiver and his professionals are very clear:

- The Receiver has substantially completed the process of shutting down the more than 130 Stanford entities that existed upon his appointment, with the few remaining activities related to those entities consisting of securing or liquidating assets and resolving liabilities.
- The Receiver has reduced the Stanford entities' operating expenses from \$33 million per month to approximately \$113,000 per month (based on the Receivership's average monthly operating expenses during the most recent full quarter).
- The Receiver has collected approximately \$263.4 million in cash, and, despite having distributed \$30 million to investors, the Receivership currently has 2.5 times more unrestricted cash than it had when the Court imposed the holdback.
- The Receiver has successfully defended against litigation claims seeking to recover Receivership assets, including successfully litigating an evidentiary hearing in which Allen Stanford attempted to secure substantial estate assets to fund his criminal defense. (*See, e.g.*, App. at 59–67, Jan. 20, 2012 Hrg. Tr. at 3:1–7:11, 87:7–90:23.)
- The Receiver has filed substantial litigation to recover additional assets for the Receivership Estate. To date, the Receiver has recovered approximately \$20.8 million through these litigation efforts, and he has successfully secured an injunction against another \$27 million that may be available to satisfy a future judgment against former Stanford employees.
- The Receiver has been forced to litigate with the Antiguan Liquidators, who the Court has recognized had a long history of interfering with the Receiver's performance of his duties. (Case No. 3:09-cv-00721, Doc. 176 at 54.) The Receiver achieved a significant litigation victory in the United States against the Antiguan Liquidators, defeating the Liquidators' quest for foreign main recognition and control of Stanford assets in the United States. (*See id.*)
- Thanks in no small part to his litigation victory over the Antiguan Liquidators, the Receiver was able to reach a global settlement with the Antiguan Liquidators and others. As a result of that settlement agreement, the Receiver has recently secured \$17.8 million from Canada, which will be distributed in the near term, and he expects to recover and distribute additional amounts in excess of \$140 million once all Stanford assets from Switzerland have been recovered.

- Due to his successful efforts to obtain recognition in Canada and to overcome the objection of Antiguan-appointed liquidators of the Bank of Antigua, the Receiver has recovered \$4 million in Stanford assets from Quebec, with additional funds expected to be received in the coming months.
- The Receiver has developed and implemented a formal claims process and has obtained the Court's approval to make an interim distribution of approximately \$55 million to the Stanford victims.

In achieving these results, the Receiver and his professional firms have been paid \$64.2 million for general Receivership Estate work.<sup>2</sup> Approximately \$17.3 million of the professional fees and expenses incurred by the Receivership during the period from February 17, 2009 to October 31, 2013 for general Estate matters remains held back.<sup>3</sup> For the reasons discussed in each of the Receiver's fee applications and as further set forth herein, the Receiver and his professionals have earned and should now be paid the portion of their fees and expenses that has been held back. Accordingly, the Receiver at this time requests that the Court release one-third of the cumulative holdback amount for the Receiver and his professionals and reserve authorization for payment of the remaining amount held back for future consideration.<sup>4</sup>

The total amount of the holdback requested in this motion is approximately \$5.8 million—to be apportioned and paid as described herein to the twenty professional firms who have performed services for the Receiver and who have had fees or expenses held back to date.

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<sup>2</sup> This amount does not include work related to the Court-ordered claims and distribution process. The Receiver is not seeking a release of the holdback related to the claims and distribution process at this time.

<sup>3</sup> The cumulative holdback amount—for work performed by the Receiver and his professionals in connection with general Estate work during the period from February 17, 2009 through October 31, 2013—is approximately \$17.3 million. The cumulative holdback amounts by firm are as follows: Baker Botts—\$6,470,704.36; FTI Consulting—\$5,986,260.15; Ernst & Young—\$1,712,098.90; Thompson & Knight—\$965,099.75; FITS—\$727,293.72; Osler—\$446,612.31; Krage & Janvey—\$364,675.33; Stuart Isaacs—\$176,900.00; Strategic Capital Corporation—\$104,244.40; Roberts & Co—\$85,806.42; Altenburger—\$96,764.06; Pierpont—\$67,099.82; Felicity Toube—\$54,522.61; Jeremy Goldring—\$14,781.68; Gerald Groner—\$11,930.88; Liskow & Lewis—\$4,889.87; Georgina Peters—\$4,303.65; Dudley Topper & Feuerzeig—\$3,704.33; Conyers Dill & Pearman—\$3,439.19; Fowler White Burnett—\$1,348.59; Deloitte—\$910.87; Mattlin & Wyman—\$821.20; Basham, Ringe y Correa—\$501.92.

<sup>4</sup> The Receiver has attached a chart showing the cumulative holdback amounts for each professional firm and the amounts that the Receiver seeks to disburse to each firm. (*See App.* at 2.)

### **III. DISCUSSION**

When the Court imposed the holdback in September 2009, the Court stated that the Receiver would be permitted to seek approval to release a portion of the holdback when enough time had passed that the results obtained for the Receivership were more certain. (*See App. at 54, Sept. 10, 2009 Hr'g Tr. at 47:17–22.*) The Receivership is now in its sixth year, and the Receiver has made significant progress in winding down the affairs of the Stanford entities. Further, although the size of the Estate at the time of the Receiver's appointment was completely out of the Receiver's control, as was the fact that Stanford had dissipated assets in such a way as to make their recovery difficult and sometimes impossible, the Receiver and his professionals have gathered substantial, additional Estate assets for ultimate distribution to the Stanford investors and creditors. For the reasons that follow, the Court should approve the Receiver's request to release one-third of the fees held back by the Court for the period from February 17, 2009 to October 31, 2013.

**A. The factors that led to the holdback in September 2009 now weigh in favor of releasing a portion of the cumulative holdback amount.**

At the time that the Court imposed the holdback, it was unknown both what the overall scope of the Receiver's work would be and what amounts would be available for distribution as a result of the Receiver's efforts. The amount of work required of the Receiver and his professionals during the first few months of the Receivership had been very significant, and there was a concern expressed by some that some of that work had been discretionary. (*See App. at 51–53, Sept. 10, 2009 Hr'g Tr. at 39:17–41:4.*) There were also concerns expressed that the amount of professional fees incurred and expected to be incurred in the near future might literally exceed the liquid assets of the Receivership. (*See App. at 49, Sept. 10, 2009 Hr'g Tr. at 20:16–21.*)

But now that the Receivership is no longer in its early stages, it is clear that although the work required of the Receiver and his professionals during those early months was indeed substantial, it was by no means discretionary. Given the Receiver's duties at common-law and under the order appointing him, the work performed by the Receiver and his professionals has been of critical importance to the Receivership, including when the purpose of the Receiver's work has been to wind down the affairs of the Stanford entities or to minimize their operating expenses and ongoing liabilities rather than to bring additional assets into the Receivership Estate.

Further, rather than being depleted by the very substantial operating costs that were being incurred prior to the Receiver's appointment, the liquid assets available to the Receivership have grown over time as a result of the Receiver's work. Thus, with the added benefit of hindsight, it is now clear that the Court correctly ruled on each of the Receiver's twenty-eight fee applications that the professional fees and expenses incurred by the Receivership from February 17, 2009 to October 31, 2013 were both reasonable and necessary. Accordingly, it is appropriate at this time for the Court to revisit the fees and expenses that have been held back to date.

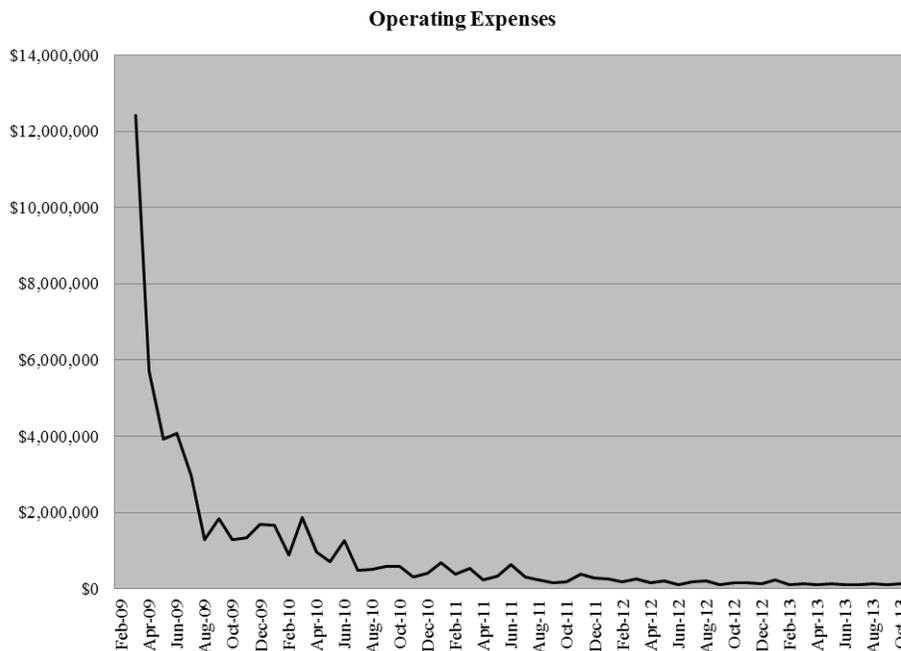
**1. The Receivership's operating expenses and the scope of the Receiver's work have been reduced substantially from the levels that prevailed during the first few months of the Receivership.**

**a. Operating Expenses**

When the Receiver was first appointed in February 2009, he faced the daunting task of winding down more than 130 Stanford entities, which were then employing more than 3,000 employees located across the United States, Latin America, Europe, Canada, and the Caribbean. At the time of the Receiver's appointment, the Stanford entities were hemorrhaging cash. Between September 30, 2008 and February 16, 2009, SIB's assets lost over *\$1.29 billion*

in value, including a decrease in its cash account balances of more than \$700 million. (See App. at 71, April 3, 2012 Decl. of Karyl Van Tassel at ¶ 4.) The Stanford entities were incurring operating expenses at a rate of more than \$33 million per month. At the rate they were going, the limited liquid assets available to the Stanford enterprise would have been quickly depleted.

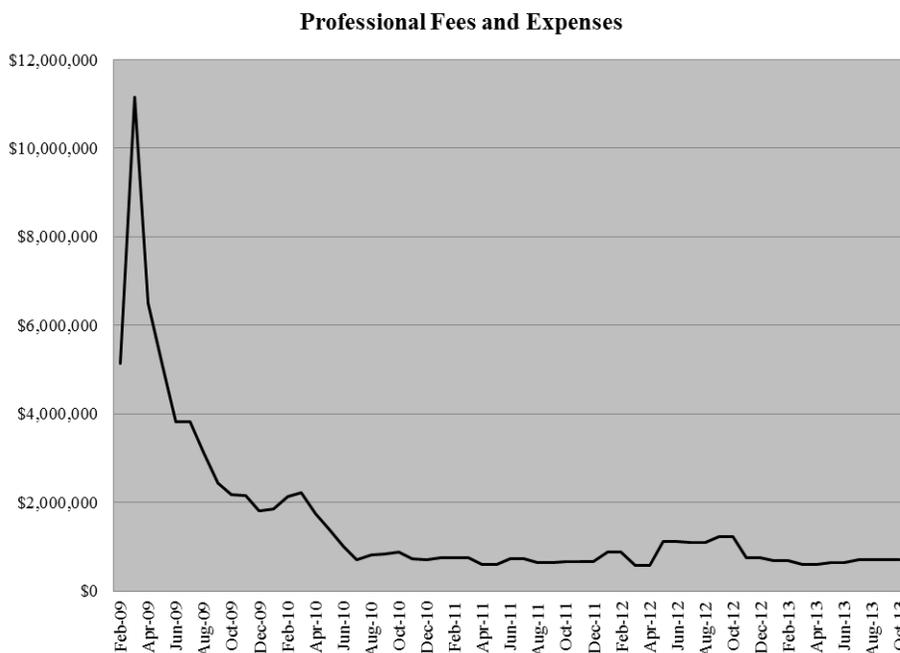
However, as a result of the efforts of the Receiver and his professionals—who swiftly secured Receivership Estate assets located in North America, South America, and Europe—the Stanford entities’ operating expenses were dramatically reduced in a short period of time, and the Receivership’s cash position was not depleted. In fact, as of February 28, 2014, the Receivership had incurred, in over five years, approximately \$54.9 million in operating expenses—less than would have been spent in two months without the appointment of the Receiver.<sup>5</sup>



<sup>5</sup> During the first full quarter of the Receivership, the Receiver was able to reduce the Stanford entities’ operating expenses from \$33 million per month to \$4.6 million per month. In the most recent full quarter of the Receivership, the Receivership’s operating expenses averaged approximately \$113,000 per month, most of which was attributable to personnel expenses for the few remaining Receivership employees and utilities and rent for the Receiver’s large warehouse space and limited office space leased specifically for Receivership operations.

**b. Professional Fees and Expenses**

Although the Receiver was required to devote substantial time to securing the Receivership Estate during the first few months of the Receivership, the work performed by the Receiver and his professionals during those early months led to the swift reduction in operating expenses discussed above and the substantial asset recoveries discussed below. Further, all of the work performed by the Receiver is frequently examined (and re-examined) in light of his Court-ordered duties and in light of the cost-benefit effect of any proposed undertaking. As demonstrated by the chart below, the amount of professional fees and expenses incurred by the Receiver has declined significantly as this Receivership has progressed.



For example, the Receiver incurred approximately \$22.1 million in professional fees and expenses during the first 100 days of the Receivership. Those professional fees and expenses related primarily to securing the Receivership Estate, to investigating the scope of the Stanford enterprise, to winding down the affairs of the Stanford entities, and to identifying and reclaiming assets traceable to the Receivership Estate. If the Receiver had not undertaken those

efforts, the Receiver could not have recovered the assets he was ultimately able to recover, and he likely would have lost those assets he was able to recover early on.

In contrast to the amount of professional fees and expenses incurred during the first 100 days, the Receiver incurred approximately \$2.0 million in professional fees and expenses during the 123-day period from July 1, 2013 to October 31, 2013.<sup>6</sup> The Receiver expects that professional fees incurred for work performed on an hourly basis (as opposed to contingent fee awards, which are paid only if there is a recovery for the Receivership) will remain relatively stable and consistent with recent experience.

For well over the past four years, the Receiver has worked with the SEC and the Examiner to ensure that his fee applications provide sufficient detail. The Receiver provides the SEC and the Examiner with the Receiver's fee applications, including the underlying work records, in draft form weeks before they are submitted to the Court for approval. The SEC and the Examiner have the opportunity to review the detailed work records prepared by the Receiver and his professionals and to raise any questions or concerns. The Receiver then revises or supplements his fee applications to any extent necessary, including at times reducing the amounts being sought, in response to the comments received from the SEC and the Examiner, thereby eliminating any need for the Court to resolve disputes among the SEC, the Examiner, and the Receiver with respect to the Receiver's fee applications.<sup>7</sup> Indeed, the Receiver's last

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<sup>6</sup> This figure does not include the professional fees and expenses incurred in connection with the Receiver's court-ordered claims and distribution process during the same period.

<sup>7</sup> The Receiver and his professionals devote substantial time to preparing these detailed and lengthy fee applications and to addressing the questions and concerns raised by the SEC and the Examiner. Baker Botts, for example, estimates that it has incurred more than \$1.25 million in fees related to the fee applications that have been submitted to the Court. To date, the Receiver has not asked the Court for approval to reimburse Baker Botts or the other professional firms for this work, despite the fact that case law supports such a reimbursement. *See, e.g., In re Worldwide Direct, Inc.*, 334 B.R. 108, 111–12 (D. Del. 2005) (“By definition, every fee petition is for the benefit of the petitioning professional. It is not that the professional benefits that is of consequence; what matters is whether the professional's obtaining of reasonable compensation is also a benefit to the estate. As several citations already

twenty-four fee applications (through the 28th Fee Application) have been filed and approved without the Court being required to resolve a single objection by the SEC or the Examiner.

**2. Through the Receiver's efforts, the amount of cash available for distribution has grown substantially over time.**

At the time that the Court imposed the holdback, there was still substantial uncertainty regarding the overall size of the Receivership Estate, and there was a concern expressed by some that the professional fees and expenses incurred by the Receiver in connection with his asset-recovery efforts would outpace the size of the Receivership Estate. However, as of March 15, 2014, the Receiver has collected approximately \$263.4 million for the Receivership Estate by, among other things, recovering assets and funds from third parties and liquidating non-cash assets.

Further, when the Court imposed the holdback, it was unknown what amounts would be available for distribution as a result of the Receiver's efforts. Since then, as a direct result of the Receiver's asset-recovery efforts, the Receivership has distributed \$30 million to date and has an additional \$101.4 million in unrestricted cash as of March 31, 2014.

The following chart, which shows the unrestricted cash made available to the Receivership through the Receiver's efforts as of October 31, 2013 (net of the Receivership's operating expenses and the professional fees and expenses incurred through October 31, 2013, including the amounts that have been held back), demonstrates the efficacy of the work performed by the Receiver and his professionals.

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provided demonstrate, it has been emphatically determined by the numerous courts that have addressed the issue that reasonable compensation for professionals is a benefit to the estate.”).



Moreover, the Receiver and the Antiguan Liquidators have entered into a settlement agreement that will make additional assets available for distribution to the defrauded investors. Through the middle of 2012, the Receiver and the DOJ had both been engaged in complex and costly litigation with the Antiguan Liquidators over the control of approximately \$310 million in Stanford cash, assets, and other investments located in Canada, the United Kingdom, and Switzerland.

Through several years of litigation and settlement negotiations, a settlement between the Receiver and the Antiguan Liquidators had proved elusive, as DOJ had control of a substantial portion of the assets in which the Antiguan Liquidators claimed an interest. In 2012, after DOJ began to engage with the Receiver and the Antiguan Liquidators in settlement negotiations, the Receiver, the Antiguan Liquidators, the DOJ and others were able to resolve all litigation between and among them, entering into a complex, multi-party and multi-national

Settlement Agreement and Cross-Border Protocol (the “Settlement Agreement”).<sup>8</sup> The Settlement Agreement will expedite the distribution of a substantial portion of these foreign assets to the victims of the Stanford fraud. The Receiver has already received \$17.8 million in funds as a result of the Settlement Agreement, which the Receiver expects to distribute soon. The Receiver anticipates that he will receive, over time, in excess of \$140 million more for additional distributions to the Stanford victims through the Receiver’s claims and distribution process.

In light of the additional assets that the Receiver expects to receive as a result of the Settlement Agreement with the Antigua Liquidators, as well as other reasonably-foreseeable recoveries through the Receiver’s ongoing litigation and asset-liquidation efforts, the Receiver expects that the general upward trend in assets made available for distribution will continue for the foreseeable future.

**B. As the Court has recognized in ruling on each of the Receiver’s twenty-eight fee applications, the professional fees and expenses incurred by the Receiver have been reasonable and necessary in light of the extraordinary complexity and difficulties of this case and in light of the results obtained by the Receiver and his professionals.**

Courts examining a request for fees and expenses incurred by a receiver must determine whether the time spent, services performed, expenses incurred, and hourly rates charged are reasonable and necessary under the factors set forth by the Fifth Circuit.<sup>9</sup> *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714, 717–19 (5th Cir. 1974).

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<sup>8</sup> The Settlement Agreement is between and among the Receiver, the Antigua Liquidators, the Examiner, the Official Stanford Investors Committee, the SEC, and the DOJ.

<sup>9</sup> These factors, often referred to as the *Johnson* factors, are: (1) the time and labor required for the litigation; (2) the novelty and complication of the issues; (3) the skill required to properly litigate the issues; (4) whether the attorney was precluded from other employment by the acceptance of this case; (5) the attorney’s customary fee; (6) whether the fee is fixed or contingent; (7) whether the client or the circumstances imposed time limitations; (8) the amount involved and the results obtained; (9) the experience, reputation, and ability of the attorney; (10) the “undesirability” of the case; (11) the nature and length of the attorney-client relationship; and (12) awards in similar cases. *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714, 717–19 (5th Cir. 1974). In applying the *Johnson* factors, “the district court must explain the findings and the reasons upon which the award is based. However, it is

Determining reasonableness and necessity should take into account all of the circumstances surrounding the receivership. *See SEC v. W.L. Moody & Co., Bankers (Unincorporated)*, 374 F. Supp. 465, 480 (S.D. Tex. 1974), *aff'd*, 519 F.2d 1087 (5th Cir. 1975). Because all receiverships are different, a court's analysis of the fees and expenses must be tailored to the particular case. *Id.*; *see SEC v. Tanner*, No. 05-4057, 2007 WL 2013606, at \*3 (D. Kan. May 22, 2007). Cases in this district have focused primarily on the complexities of the case, the difficulties encountered by the receiver, and the results obtained for defrauded investors. *See SEC v. Megafund Corp.*, No. 3:05-CV-1328-L, 2008 WL 2839998, at \*2 (N.D. Tex. June 24, 2008); *SEC v. Funding Res. Group*, No. 3:98-CV-2689-M, 2003 WL 145411, at \*1 (N.D. Tex. Jan. 15, 2003).

The complexity and difficulty associated with the receivership are highly relevant factors in determining the reasonableness of professional fees. *See SEC v. Fifth Ave. Coach Lines, Inc.*, 364 F. Supp. 1220, 1222 (S.D.N.Y. 1973) (awarding interim fees and expenses to law firm for role in receivership and noting that it involved wide variety of complex legal matters requiring the time, competence, and diverse resources of a law firm of high caliber); *W.L. Moody & Co.*, 374 F. Supp. at 484 (“An equitable receivership is by its very nature, a legally complex process.”); *Tanner*, 2007 WL 2013606, at \*3 (noting that the identification of investors and the location of their funds was made “excruciatingly difficult” by lack of assistance from defendants and the fact that funds were located in multiple institutions around the world); *Funding Res. Group*, 2003 WL 145411, at \*1 (finding fees and expenses were reasonable in light of difficulties encountered by receiver); *SEC v. Mobley*, No. 00 CV 1316, 2000 WL 1702024, at \*2 (S.D.N.Y. Nov. 13, 2000) (finding that fees requested in early stages of receivership were not

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not required to address fully each of the 12 factors.” *Curtis v. Bill Hanna Ford, Inc.*, 822 F.2d 549, 552 (5th Cir. 1987) (citation omitted).

excessive where receiver was faced with deconstructing an “enormous” fraud of seven years, in which defendant utilized over forty entities to funnel investors’ money throughout the world and where there were few, if any, verifiable financial records); *see Johnson*, 488 F.2d at 718 (attorneys should be rewarded for accepting the challenges of a difficult case).

As the Court has recognized every time it has evaluated one of the Receiver’s twenty-eight fee applications, the professional fees that the Receiver has incurred have been both reasonable and necessary. (*See App.* at 19, Doc. 1471 at 7 (“[T]he Court reiterates, as it implicitly has in almost every fee application order, that the Receiver’s professional fees and expenses generally have been spent gainfully and billed reasonably.”).) Through his fee applications, the Receiver has already briefed the Court concerning the work that he and his professionals have performed. The Receiver will not repeat all of that briefing here, which is on record with the Court. Instead, in the following sections, the Receiver will generally summarize the work that he and his professionals have performed, highlighting some of the particular successes they have achieved, and thereby illustrating the propriety of releasing the holdback amounts requested herein.

**C. In light of the results obtained for the Receivership, it is appropriate to release one-third of the cumulative holdback at this time; further, a sufficient amount will remain held back to address any remaining contingencies in the Receivership.**

As discussed herein, the results obtained by the Receiver and his professionals for the Receivership establish that the professional fees and expenses incurred by the Receiver have been reasonable and necessary to carrying out the Receiver’s Court-ordered duties. Nevertheless, at this time, the Receiver only seeks approval to release one-third of the cumulative holdback amount through October 31, 2013, with the release of the remainder of the holdback to be addressed in the future. Releasing one-third of the cumulative holdback through October 31, 2013 is reasonable at this stage in the Receivership, especially when viewed in light

of the fact that the Receivership Estate has grown substantially since the Court imposed the holdback and will likely continue to grow as a result of the Receiver's efforts.

Moreover, the Court can address the remainder of the cumulative holdback at a later date. Because a substantial sum will remain held back (approximately \$11.5 million), the Court can determine whether to release the remainder of the cumulative holdback based on the outcome of any contingencies that remain in this Receivership.

**1. Baker Botts L.L.P.**

Baker Botts serves as the Receiver's lead counsel and provides the Receiver with essential legal expertise and management related to nearly all aspects of the Receivership, including with respect to both litigation and non-litigation matters. These matters have required expertise in a wide range of legal subject matters, including bankruptcy, labor and employment, securities, broker-dealer matters, employee benefits, banking, trust law, real estate, tax, fiduciary issues, insurance, private equity, and aviation.

The following categories of work performed by Baker Botts support the Receiver's request for payment of a portion of Baker Botts's cumulative holdback:

**Cross-Border Receivership Issues (including Canada, Antigua, United Kingdom, and Switzerland Matters):** As described above, this Receivership has involved substantial and difficult cross-border elements. As a result, the Receiver has been required to engage in litigation and negotiations in Canada, Antigua, the UK, and Switzerland.

In Canada, for example, Baker Botts assisted the Receiver in several legal proceedings, including separate proceedings involving the Ontario Attorney General, two different sets of liquidators appointed for Stanford International Bank by Antiguan courts, and liquidators appointed for Bank of Antigua.

In Ontario, the Ontario Attorney General had imposed a criminal freeze on \$23 million of Stanford assets. The Ontario Attorney General's view was that these funds should be forfeited to the Canadian government, with no written agreement as to whether or how these funds would be made available to the victims of the Stanford fraud. The Receiver's view, expressed on behalf of this Court, was that the funds should be returned to the Receivership Estate for the benefit of all of Stanford's victims. At the same time, the Antiguan Liquidators were demanding that those same funds be paid to them to administer. The best case litigation outcome was that the Receiver would prevail over the Ontario Attorney General after years of litigation involving thorny Canadian constitutional issues and the worst case litigation outcome would have been the Canadian government simply taking the funds for that government's own use and benefit.

The Receiver refused to accept the choice between a stalemate in negotiations and continuing with expensive and risky litigation. Baker Botts attorneys led the Receiver's efforts to negotiate an agreement with the Ontario Attorney General and the U.S. Department of Justice. These negotiations were difficult and protracted but ultimately resulted in three different agreements among the Ontario Attorney General, DOJ and the Receiver, signed in 2011 and 2012.

But those agreements alone were not enough. The Receiver was also required to lead the fight against the Antiguan Liquidators, who were vehemently opposed to the very agreements the Receiver had worked so hard to reach. As the Court knows, the Receiver successfully opposed the Antiguan Liquidators' efforts in both the U.S. and Canada, and ultimately concluded an agreement with the Liquidators that cleared the way for the fight with the Antiguan Liquidators to end and for the funds to actually be returned to the Receiver.

As a result of the Receiver's efforts, \$17.8 million of the \$23 million seized by the Ontario Attorney General have been returned to the Receiver. Pursuant to that settlement, the remainder of funds in Canada will be distributed through a claims process in Ontario, and, failing that, through the Receiver's claims process. Only \$100,000 of the Canadian funds was ear-marked for the use of the Canadian government to pay for the expenses of the Ontario Attorney General's proceedings. None of this would have happened without the persistent efforts of the professionals in the Receiver's lead law firm.

In addition to the funds in Ontario, there were approximately \$5 million in Stanford funds seized by the Receiver in Quebec. With the help of attorneys from Baker Botts, the Receiver successfully defeated efforts by the Antiguan-appointed liquidators of Bank of Antigua to take control of Stanford assets for the benefit of the Government of Antigua. Most of those funds have now been transferred to the Receiver.

Baker Botts also assisted the Receiver in fighting off the efforts of the Antiguan-appointed liquidators of SIB to displace the Receiver with respect to all of the assets in Canada. Consequently, the Receiver has already recovered from Canada nearly \$23 million for distribution to victims,<sup>10</sup> with some additional funds still to be received.

In addition to helping the Receiver reach the successful negotiated and litigation results described above, Baker Botts assisted the Receiver in reaching the Settlement Agreement and Cross-Border Protocol, described in more detail above, that resolved disputes over the control of approximately \$310 million in Stanford cash, assets, and other investments located in the United Kingdom, Switzerland, and Canada.

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<sup>10</sup> Approximately \$17.8 million of this amount makes up part of the funds addressed by the Settlement Agreement and Cross-Border Protocol.

As a result of the foregoing, the Receiver's involvement in Antigua and the UK is essentially complete and his involvement in Canada is rapidly coming to a close. The Receiver continues to be involved with litigation issues in Switzerland, but in his efforts there, he is aligned with the DOJ and the Antiguan Liquidators for Stanford International Bank to attempt to repatriate the Swiss Stanford assets as quickly as possible.

**Litigation (*SEC v. Stanford International Bank, Ltd.*):** As the Receiver's lead counsel, Baker Botts represents the Receiver and the Receivership entities in all proceedings arising from the subject matter of the SEC civil action, as well as all cases filed by claimants in other U.S. jurisdictions.

During the early months of the Receivership, Baker Botts provided the Receivership with the personnel necessary to address a variety of activities necessitated by the institution of the Receivership. For example, Baker Botts was involved in taking control of and securing numerous Stanford offices throughout the United States, including the main Stanford offices in Houston, Texas. Baker Botts also marshaled valuable real and personal property belonging to the Receivership Estate. Baker Botts also ensured that this Court's Receivership Order was applied to approximately 240 banks or bank branches in the United States and abroad. In order to avoid set off or other dissipation of Receivership Estate assets, Baker Botts was required to move swiftly to assert and secure the Receiver's control over those assets and to engage in negotiations or litigation to acquire possession of those assets. Baker Botts was instrumental in obtaining more than \$58 million in funds from various entities and bringing those funds under the Receiver's exclusive control and possession.

Baker Botts filed several motions seeking to enforce the Court's Receivership Order against entities who refused to voluntarily transfer Receivership Estate assets in their

possession. For example, Baker Botts devoted substantial time and resources to obtaining possession of approximately \$2.1 million in Receivership Estate assets that were held on deposit with Trustmark National Bank. Trustmark refused to transfer those assets to the Receivership until the Court ordered it to do so. Trustmark then appealed the Court's Turnover Order to the Fifth Circuit Court of Appeals. The Receiver opposed that appeal, and the Fifth Circuit ultimately affirmed this Court's Order.

Baker Botts conducted the research, gathered the evidence, and drafted the pleadings related to substantially all of the Receiver's court papers filed in this Court and many of those filed in other courts in the United States and abroad. Baker Botts also drafted and filed numerous motions seeking Court approval in connection with the sale of various Receivership Estate assets; attended several status conferences ordered by the Court regarding the status of cases, briefing schedules, and other issues; consulted with the Receiver regarding overall litigation strategy and other matters; and prepared for and attended oral arguments in several Fifth Circuit appeals of this Court's orders.

At the Court's request, Baker Botts also prepared a thorough review of the Receivership's activities, including an assessment of the additional work (and potential costs) necessary to bringing the Receivership to conclusion.

Baker Botts also devoted substantial time to developing and seeking the Court's approval of the Receiver's formal claims process and interim distribution plan, pursuant to which the Receiver is in the process of distributing approximately \$55 million to the defrauded Stanford investors.

**Receivership Corporate Matters:** Baker Botts assists the Receiver in coordinating the efforts of the Receiver's other professionals. During the early months of the

Receivership, Baker Botts participated in daily meetings and telephone calls with the Receiver, other members of his team, Stanford creditors, former Stanford employees, and other parties with claims against the Receivership Estate regarding requests for information from the Receiver, the status of claims, and other issues. Among other things, Baker Botts reviewed findings and analyses regarding the operations of the Receivership and recommended courses of action; assisted with the daily operations of the Receivership by reviewing and coordinating the payment of expenses and other Receivership obligations; and negotiated various contracts for services needed by the Receivership.

Baker Botts also developed and implemented several strategies for reducing the Receivership's operating expenses and monetizing assets, including assisting in the wind-down of the Receivership's remaining operations. Baker Botts reviewed executory contracts and assessed the Receiver's right to terminate such contracts, including real estate leases, vendors' contracts, and insurance policies; supervised and coordinated the return of hundreds of thousands of dollars in political contributions made by Stanford's political action committee; and worked with the Receiver's other professionals to develop a protocol for liquidating Receivership Estate assets. In connection with the Receiver's Court-ordered duty to take possession of all Receivership records, Baker Botts also coordinated the centralization of millions of Stanford business records.

**Other Asset Recovery Litigation:** The Receiver has a Court-ordered duty to collect and marshal all assets traceable to the Receivership Estate. Because much of the Stanford entities' assets and funds were fraudulently transferred to third parties before the Receiver was appointed, the Receiver has been required to pursue the recovery of those assets through

litigation. These litigation efforts, which Baker Botts has led on behalf of the Receiver, have yielded positive returns for the Receivership Estate.

Political Committees Matter: In February 2010, the Receiver asserted claims to recover certain fraudulent transfers received by the Democratic Senatorial Campaign Committee, the National Republican Congressional Committee, the Democratic Congressional Campaign Committee, the Republican National Committee, and the National Republican Senatorial Committee (collectively, the “Political Committees”). In June 2011, after months of time-intensive and protracted discovery and briefing conducted and prepared by Baker Botts, the Court granted a final judgment in favor of the Receiver. Following the Court’s judgment, Baker Botts researched, drafted, and filed a motion seeking to recover the Receiver’s costs and reasonable attorneys’ fees, which the Court also granted. In October 2012, the Fifth Circuit affirmed this Court’s final judgment in favor of the Receiver, which provided for the payment of more than \$2.2 million to the Receivership Estate.

Aitken and Thacker Matter: In October 2009, the Receiver brought fraudulent transfer claims against former Stanford employees Christopher Aitken and Stephen Thacker to recover the substantial payments they received upon joining one of the Stanford entities in November 2008. Baker Botts performed substantially all of the legal work related to the Receiver’s claims against Aitken and Thacker, including reviewing the evidence related to the Receiver’s claims, drafting and filing the Receiver’s complaint, and negotiating with opposing counsel regarding the merits of the Receiver’s claims and the possibility of settlement. As a result of these efforts, the parties reached an agreement to settle the Receiver’s claims against Aitken and Thacker for \$4.4 million.

Susan Stanford Matter: In November 2010, the Receiver brought fraudulent transfer and unjust enrichment claims against Susan Stanford, Allen Stanford's wife. The Investors Committee later intervened in that lawsuit. In November 2011, the Receiver, the Investors Committee, and Mrs. Stanford entered into a settlement agreement through which the Receiver obtained possession and control of certain real estate belonging to the Receivership Estate and on which Susan Stanford was residing at the time the Receivership was instituted. The Receiver sold the property, and after payment of costs associated with the sale transaction and payment of the contingency fee owed to counsel for the Investors Committee pursuant to the claims prosecution agreement approved by the Court, the Receivership Estate received approximately \$1.4 million in net proceeds.

**Government Production:** Baker Botts works with the Receiver to provide various state and federal authorities—including, but not limited to, the SEC, the DOJ, the FBI, the United States Postal Inspector, the IRS, and the Department of Labor—with requested information and documents, as required by the Court's Receivership Order. (*See* Doc. 1130 at ¶ 5(k) (directing the Receiver to “[p]romptly provide the [SEC] and other governmental agencies with all information and documentation they may seek in connection with its regulatory or investigatory activities”).) Baker Botts also coordinated the Receiver's responses to more than 20 securities and banking regulatory agency investigations conducted by more than 15 states, including investigations conducted by the Texas State Securities Board and the Louisiana Attorney General.

In responding to these various requests, Baker Botts participated in numerous telephone conferences and meetings with governmental and regulatory agency representatives; coordinated with FTI and other members of the Receiver's team to identify and gather the

information and documents requested; and prepared the information and documents for production.

The information and documents provided by the Receiver have been instrumental in sending Allen Stanford and his associates to prison and in obtaining orders against other Stanford personnel who violated federal securities laws, including: Jay Comeaux (\$3,386,974.50 plus prejudgment interest); Daniel Bogar (\$1,815,485.75 plus pre-judgment interest); Bernerd Young (\$851,992.46 plus pre-judgment interest); and Jason Green (\$2,873,506.47 plus pre-judgment interest).

**Brokerage and Trust Matters:** One of the Receiver's primary duties is to wind down the various Stanford entities, including SGC and STC. In order to facilitate this process, Baker Botts worked with the Receiver to develop and implement account release and transfer protocols for SGC brokerage accounts and STC customer accounts. As a result of these and other efforts, the Receiver has completed the wind-down of STC and has substantially completed the wind-down of SGC.<sup>11</sup>

**Banking Matters:** In the early months of the Receivership, Baker Botts devoted substantial time and effort to identifying, gaining control of, and maintaining bank and investment accounts in various banks and jurisdictions. Baker Botts ensured that this Court's Receivership Order was applied to approximately 240 banks or bank branches in the United States and abroad, including jurisdictions in which the Court's Receivership Order had not yet been recognized. In order to avoid set off or other dissipation of Receivership Estate assets, Baker Botts moved swiftly to assert and secure the Receiver's control over those assets and to engage in negotiations or litigation to acquire possession of those assets. Baker Botts was

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<sup>11</sup> SGC has a single remaining brokerage account, which remains frozen at JP Morgan pursuant to the Court's preliminary injunction against the broker defendants.

instrumental in ensuring that certain funds were properly frozen and in bringing substantial funds from various entities under the Receiver's exclusive control and possession.

**Aviation Matters:** At the time of the Receiver's appointment, the Stanford entities owned or leased six jet aircraft, and the costs associated with maintaining this fleet of aircraft was over \$2.7 million per month. As soon as the Receiver was appointed, Baker Botts completed settlements with a secured lender in connection with five of the six aircraft, resulting in the return of \$4.8 million in cash collateral to the Receivership Estate and the full discharge of the related debt. Baker Botts also obtained the release of several aircraft liens filed on those five aircraft by fuel and maintenance providers. With regard to the sixth aircraft in the Receivership's possession, Baker Botts assisted in relocating the aircraft to a commercial facility to reduce the Receivership's operating expenses and worked with an aircraft broker to facilitate the aircraft's eventual sale. As a result of Baker Botts's efforts, the Receiver was able to eliminate the \$2.7 million that Stanford had been spending on aviation expenses every month.

**Labor and Employment:** With the assistance of Baker Botts, the Receiver terminated all of Stanford's employee benefit plans. For example, with respect to the 401(k) plan, Baker Botts advised the Receiver on the legal requirements associated with the termination; assisted with the preparation of the necessary documentation; and advised Stanford human resource personnel on several issues related to termination, including the implementation of safe harbor procedures for locating lost participants. Baker Botts also advised the Receiver on certain reporting and withholding obligations related to the payment of wages to terminated employees, various wage-related claims filed by former employees, and the subrogation rights related to claims under the terminated health and welfare plans.

In addition, Baker Botts reviewed and responded to Department of Labor audits and investigations related to the Stanford employee benefit plans, as well as several wage and hour back-pay claims. The Department of Labor also launched a criminal investigation aimed at determining whether third-party pension and other plans invested in the SIB CDs. In response to requests from the Department of Labor, Baker Botts reviewed files located in Houston, Baton Rouge, and other U.S. locations and provided relevant account documents. Baker Botts also addressed issues related to claims brought before the Texas Workforce Commission and an investigation by the Wage & Hour Division of the Department of Labor.

**Disclosures and Communications:** Baker Botts advises and assists the Receiver in communicating with claimants, former employees, the media, and the public. Among other things, Baker Botts drafted descriptions of recent developments, public statements by the Receiver, and Frequently Asked Questions (FAQs) regarding numerous subjects for the Receivership's website; supervised the translation of materials into Spanish for the Receivership's website; addressed issues regarding inquiries and other communications received from customers, employees, the media, regulatory authorities, and others; participated in developing responses to many of those e-mails; and coordinated the Receivership's communication efforts with the Receiver's other professionals.

**Coin and Bullion Operations:** Baker Botts worked with an expert selected by the Receiver to analyze the operations of Stanford Coins & Bullion ("SCB"). Baker Botts analyzed customer claims and researched applicable law to determine title to coins and bullion held by SCB; obtained Court approval of the protocol for addressing customer claims and returning coins and bullion to customers; reviewed and responded to customer inquiries regarding the status of their coin-and-bullion claims; and responded to inquiries from federal and

state regulators regarding outstanding coin-and-bullion claims and issues. As a result, substantially all work related to SCB is complete, with only a handful of claims against SCB remaining to be resolved.

**Investors Committee Matters:** Baker Botts works closely with the Receiver and the Investors Committee regarding various Receivership matters. Baker Botts worked with the Investors Committee to implement the litigation agreement between the Receiver and the Investors Committee, including by identifying claims that are being pursued by the Investors Committee; investigating and overseeing FTI's investigation of those claims; subpoenaing records relevant to those claims; addressing issues related to claims assignments and tolling agreements; developing a plan regarding the Investors Committee's intervention in pending actions; and facilitating the Investors Committee's access to extensive Receivership records relating to existing and potential claims. In addition, Baker Botts prepared for and attended regular, face-to-face meetings between the Receiver and the Investors Committee.

**Preservation and Liquidation of Receivership Estate Assets:** As required by this Court's orders, the Receiver has devoted substantial time to preserving and liquidating real and personal property, including private equity investments, belonging to the Receivership Estate. The Receivership Estate has received approximately \$58.6 million in cash proceeds from the liquidation of these assets.<sup>12</sup>

Private Equity Matters: The Stanford entities held private equity investments in a variety of diverse ventures, including travel services, health care software, precious metals,

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<sup>12</sup> This figure includes only the amounts under the Private Equity, Real Estate, and Miscellaneous Asset Sales categories discussed in the Receiver's most recent interim report to the Court. (*See* Doc. 1955 at 2-3.) This figure does not include approximately \$8.0 million recovered in connection with the disposition of airplanes owned or leased by Stanford or the sales of the Sea Eagle yacht, the Little Eagle yacht, and the Robust Eagle tugboat. It also does not include approximately \$12.9 million recovered by liquidating Latin American assets in Panama, Ecuador, and Peru.

antiques, and children's toys. Baker Botts has worked with the Receiver and his other professionals to address various issues related to these holdings.

Among other things, Baker Botts reviewed corporate records to complete comprehensive listings of Stanford's private equity holdings, including information regarding ownership, potential current value, and loans outstanding; reviewed information and contracts related to certain private equity investments and evaluated the Receiver's rights and responsibilities with respect thereto; communicated with portfolio companies and counsel regarding the status of certain investments; evaluated various investment holdings for potential sale to third parties; developed a protocol for the public sale of the Receivership Estate's private equity investments; identified and engaged an advisor to help market those investments; and reviewed and negotiated offers from third parties seeking to purchase certain investments.

As a result of these efforts, as well as the efforts of the Receiver's other professionals, the Receiver has collected approximately \$37.6 million in net cash proceeds from the liquidation of the Receivership Estate's private equity investments and expects to receive approximately \$300,000 more from closed or pending private equity liquidations.

Real Estate Matters: The Stanford entities owned and leased a significant amount of commercial and residential real property located throughout the United States. Baker Botts has worked with the Receiver and his other professionals to address various issues related to the properties, including analyzing legal documents to establish the Receivership Estate's interest in the properties, advising the Receiver in connection with the potential sale or disposition of the properties, and drafting instruments and court papers to effect the Receiver's instructions or to seek the Court's approval regarding the sale of certain properties.

With regard to real property owned by the Receivership Estate, Baker Botts developed and obtained Court approval of the procedures that have been used to sell the properties in a manner that has been expeditious and has maximized value for the Receivership Estate. Baker Botts also negotiated listing, consulting, and brokerage agreements with outside professionals in accordance with the Court's order regarding real property sales. Baker Botts also drafted the form contracts used in connection with the Receivership's real property sales; reviewed and responded to inquiries from potential buyers interested in the properties; reviewed and negotiated service contracts with various consultants for surveys, environmental reports, and property condition reports; drafted and negotiated property tax reimbursement agreements; advised the Receiver regarding potential sales and expected net proceeds; coordinated the inventorying of personal property located at certain properties; and coordinated the payment of property taxes, insurance premiums, and maintenance costs in order to preserve the value of the properties for the Receivership Estate.

Baker Botts also prepared motions to show cause directed at parties who refused to give up possession of real property belonging to the Receivership Estate; addressed legal issues related to tenants' leases, including sending default letters to tenants who had failed to make rent payments owed to the Receivership; addressed and resolved title company issues; prepared deeds in lieu of foreclosure for certain St. Croix residential properties; and engaged consultants to contest property taxes assessed against certain properties located in Texas and Florida.

Baker Botts also coordinated the liquidation of certain Receivership properties, including residential and commercial properties located in Florida, Texas, Tennessee, and Mississippi; Stanford's former headquarters in Houston; Stanford's hangar in Sugar Land, and

several properties in St. Croix. In connection with these sales, which were conducted pursuant to the real property sales procedures approved by the Court, Baker Botts attorneys worked with real estate brokers to solicit bids on the properties; prepared confidentiality agreements for execution by potential bidders; prepared a form purchase-and-sale agreement for execution by the stalking horse; assisted the Receiver in selecting the bidder to act as the stalking horse; negotiated the purchase-and-sale agreement with the stalking horse's attorneys; worked with local brokers to schedule a public auction of the property; prepared a notice of public auction; arranged to have notice of the public auction posted on the Receivership's website and advertised in a local newspaper; answered potential bidders' questions regarding the Court's real property sales procedures; analyzed competing bids, including evaluating the qualifications of competing bidders; negotiated with competing bidders; conducted the public auction; filed a motion with the Court to confirm the sale; and, after entry of an order approving the sale and the expiration of the appeal period, prepared for and conducted a closing of the sale. At this point, as a consequence of Baker Botts' efforts, the Receivership has only two remaining real estate holdings, one in Houston and one in St. Croix. The Houston property is currently under contract, and the St. Croix property is actively being marketed.

With regard to real property leased by the Receivership Estate, Baker Botts, among other things, implemented a lease rejection process; negotiated and drafted settlement agreements with landlords; and negotiated the amounts that the Receiver paid to landlords for the period of the Receivership's occupancy.

With regard to office fixtures, equipment, and furniture owned by the Receivership Estate, Baker Botts, among other things, engaged outside professionals to identify liquidators and third-party purchasers in various markets; negotiated an asset-purchase

agreement for the sale of personal property in Atlanta, Dallas, and Memphis; and identified potential purchasers for pre-fabricated steel, trailers, and a generator located on the Virgin Islands Port Authority ground lease site.

As a result of these efforts, as well as the efforts of the Receiver's other professionals, the Receiver has collected approximately \$18.7 million in net cash proceeds from the liquidation of real estate belonging to the Receivership Estate, and the Receivership's recurring property insurance, tax, and maintenance costs have been substantially reduced.

Other Assets: In addition to the real property assets and private equity investments discussed above, the Receivership Estate owned substantial personal property assets at the time of the Receiver's appointment. Baker Botts has been responsible for addressing a variety of issues related to the preservation and liquidation of these assets. The Receiver has collected approximately \$2.3 million from the sales of miscellaneous Receivership Estate assets, including, but not limited to, furniture, coins, vehicles, and assorted equipment.

As noted above, the Receivership Estate has received approximately \$58.6 million in cash proceeds from the liquidation of these assets.

**Investor Litigation:** Baker Botts is responsible for prosecuting the Receiver's claims against the Stanford investors who received SIB CD proceeds. The Receiver originally named as relief defendants 652 persons or entities who had received SIB CD proceeds based on the proposition that all SIB CD funds should be returned for pro rata distribution to all CD victims. The equity of such a collection and pro rata distribution was even clearer in light of the fact that such a large proportion of Stanford's assets were dissipated in the last four and a half months before the Receivership. (*See App. at 71, April 3, 2012 Decl. of Karyl Van Tassel at ¶ 4*

(establishing that SIB lost over \$1.29 billion in value between September 30, 2008 and February 16, 2009).)

This Court observed that if the Receiver was correct about the law applicable to his relief defendant claim, then the Receiver “was absolutely righteous in trying to pull money into the Receivership to be passed out.” (App. at 33, July 31, 2009 Hrg. Tr. at 29:16–19.) The Court went on to observe that the Receiver was “doing just exactly what he was appointed to do.” (App. at 33, July 31, 2009 Hrg. Tr. at 29:19–20.) Although this Court ultimately disagreed with the Receiver’s view of the law, the Court recognized that the Receiver’s claim was colorable and that it would be “prudent” to appeal the Court’s determination.<sup>13</sup> (App. at 30, 36, 41, July 31, 2009 Hrg. Tr. at 30:1–16, 34:7–9, 48:3–13.)

Ultimately, the Fifth Circuit issued its ruling agreeing with this Court as to the relief defendant issue. At the urging of the SEC, the Receiver was forced to release all investor funds that had theretofore been frozen, including funds that represented payments to investors in excess of their investments. The Receiver then amended his complaint to assert fraudulent transfer claims against many of those same Stanford investors to seek the return of some of the very same funds that he had just released. In the first amendment following the Fifth Circuit’s ruling, the number of defendants was reduced but still remained substantial, with 202 individuals or entities named. Additional investor-defendants have been added since that time and the Net Winners who have been named as defendants by the Receiver received a total of approximately

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<sup>13</sup> The Receiver understands that the SEC intends to object to payment of any fees incurred by the Receiver in connection with the litigation of the relief defendant issue. Although that is certainly the SEC’s prerogative, the Receiver observes that the Court has already stated on the record that the Receiver was “doing just exactly what he was appointed to do” and that the Court was “not going to second guess” the Receiver’s decision to appeal the Court’s ruling on the relief defendant issue. (App. at 35, July 31, 2009 Hrg. Tr. at 33:22–24.) The Receiver infers that the Court’s intent not to second guess the appeal necessarily includes an intent not to second guess the decision to litigate the issue in the first place.

\$1.2 billion in SIB CD proceeds—approximately \$208 million of which constitutes amounts that they received in excess of their respective investments (“Net Winnings”).

In June 2011, Baker Botts filed a motion for partial summary judgment seeking a judgment that the more than \$32 million in Net Winnings received by the Net Winners involved in that motion are, as a matter of law, voidable fraudulent transfers under the Texas Uniform Fraudulent Transfer Act. Baker Botts has devoted substantial time to settling the Receiver’s claims against Net Winners and has negotiated with opposing counsel with respect to such claims. To date, the Receiver has entered into settlements with 165 former investors/investor groups—for a total recovery of approximately \$13.2 million.<sup>14</sup> These settlements have involved communicating with Net Winners or their counsel, negotiating the necessary agreements and pleadings to settle and release the Receiver’s claims, and ensuring receipt of the Net Winner’s settlement payments.

**Tax Matters:** Among other things, Baker Botts coordinated the efforts of Ernst & Young described below; attended to numerous tax-related discovery requests, including providing the DOJ with requested information and documentation; researched the priority of tax liens and related claims against Receivership Estate assets; and provided the Receiver with tax research and advice on various issues. In addition, Baker Botts also drafted submissions to the IRS and attended a Collection Due Process (CDP) hearing related to approximately \$226.6 million in taxes and penalties assessed against Allen Stanford by the IRS.

Baker Botts has been paid \$26,472,306.66 of its total fees and expenses for general Estate work for the period from February 17, 2009 to October 31, 2013. To date, \$6,470,704.36 of its total fees and expenses for the same period remains held back. The

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<sup>14</sup> Of this amount, approximately \$125,000 remains to be paid to the Receiver in installments over time.

Receiver requests approval of payment to Baker Botts for \$2,156,901.45 of Baker Botts' cumulative holdback amount.

**2. Thompson & Knight LLP**

Thompson & Knight ("T&K") provides the Receiver with essential expertise related to many aspects of the Receivership, including, among other things, serving as the Receiver's counsel with regard to identifying and taking possession of Receivership Estate assets located in Latin America.

The following categories of work performed by T&K support the Receiver's request for payment of one-third of T&K's cumulative holdback:

**Latin America Matters:** T&K has served as the Receiver's lead counsel with regard to identifying and taking possession of Receivership Estate assets located in Latin America. The Stanford entities had substantial business operations and assets in Mexico, Venezuela, Ecuador, Panama, Peru, Guatemala, and Columbia. During the early months of the Receivership, T&K served as the Receiver's primary counsel in connection with operations, asset analysis and recovery, legal requirements, and government and regulatory activities related to Latin America. Most importantly, T&K secured legal recognition of the Receiver's authority and jurisdiction over Receivership Estate assets located in Latin America. T&K researched and coordinated substantial resources to determine the locations of Stanford offices and Receivership assets and records located in Colombia, Ecuador, Guatemala, Mexico, Panama, Peru, and Venezuela.

T&K also secured and closed several of Stanford's Latin American offices. For example, T&K closed Stanford offices in Mexico City, Monterrey, and Puebla, Mexico and prepared the documentation necessary to effect the transfer of authority to the Receiver. T&K prepared originals and translations of authorization letters, apostilles, powers of attorney,

corporate minutes, and other documents required by the *Comision Nacional Bancaria Y De Valores* (CNBV) (Mexico's agency for securities regulation). T&K also worked closely with CNBV officials to facilitate the distribution of Stanford investor monies held in traditional brokerage accounts in Mexico.

T&K also represented the Receiver in court in Mexico and before the Mexican Labor Board in actions brought against the Receiver by individual former employees and contract employees. In addition, T&K oversaw the interviewing, selection, and formal appointment of a Mexican liquidator for all of the Stanford entities in Mexico; worked with the Mexican liquidator to prepare and execute a liquidation plan; managed salary and payroll issues related to the liquidation and wind-down of Stanford's operations in Mexico; attended to issues related to the resignation of the directors and employees of several Stanford entities in Mexico; researched Mexican investor status and other issues at the request of the CNBV; prepared the stock purchase agreements for Stanford Fondos, Stanford Agresiva, Stanford Cobertura, Stanford Crecimiento, and Stanford Crecimiento Balanceado; and prepared the corporate resolutions, shareholders' meeting minutes, and proxies necessary to facilitate the transition of all remaining Stanford assets and operations to the Mexican liquidator. T&K also represented the Receiver in negotiations related to the insurance coverage pertaining to the defense of the employment claims brought by the former employees and contract employees mentioned above.

T&K also negotiated the termination of certain leases and managed the transfer of physical control of certain premises to landlords. T&K was also responsible for securing, appraising, insuring, storing, and, in some cases, liquidating a wide array of Receivership Estate assets located throughout Latin America, including a race horse, furniture, artwork, equipment, and vehicles.

T&K also served as a liaison between the Receiver and the governments and/or supervising governmental agencies of Colombia, Ecuador, Guatemala, Mexico, Panama, Peru and Venezuela. Among other things, T&K responded to government notices, represented the Receiver in meetings with government and regulatory officials, and advised the Receiver regarding the laws of each country where Receivership Estate assets were located. For example, in connection with the closure of Stanford's offices in Mexico, T&K was required to negotiate with employees and analyze issues related to severance, payroll, taxes, and termination.

With respect to Stanford's operations in Peru, T&K conferred with and negotiated with the Peruvian Embassy regarding the concerns of Peruvian investors; undertook efforts to recover Receivership Estate assets located in Peru; and prepared shareholder proxies and additional documentation required by Peruvian regulators in advance of a shareholders meeting required to effect the transfer of authority over Stanford's Peruvian assets to the Receiver.

T&K also addressed issues related to the political-risk insurance policy insuring against the expropriation of Stanford assets by the government of Venezuela, including by preparing a notice of claim under the policy and by hiring local counsel in Venezuela to prepare the documentation and resolutions necessary to appoint the Receiver as the Director of the Venezuelan entities. These actions were required to avert government intervention and to facilitate the securing of Stanford offices and Receivership Estate assets located in Venezuela. T&K also worked with the Receiver's Venezuelan counsel to resolve existing litigation issues.

T&K also addressed issues related to Stanford's operations in Ecuador, including by supporting the Receiver's efforts to reclaim Receivership Estate assets held by the Attorney General of Ecuador and the Ecuadorian court-appointed receiver. In addition, T&K advised the

Receiver in connection with potential litigation claims in Ecuador and addressed other issues related to the Stanford brokerage business and trust company in Ecuador.

T&K also facilitated the sale of Stanford Bank (Panama) S.A. and the Panamanian brokerage business. T&K negotiated and prepared the asset-purchase agreement and acted as a liaison between the Receiver, Panama's Banking Superintendant, the Panamanian Bank Reorganizer, various other regulatory and government authorities, and potential purchasers. T&K also communicated with the Receiver's Swiss counsel regarding certain Swiss court rulings and the release of Stanford Bank (Panama)'s funds held in Switzerland; responded to inquiries from the Receiver regarding the release of Stanford Bank (Panama)'s Swiss accounts; and reviewed Swiss counsel's submissions to FINMA.

As a result of T&K's efforts with respect to Stanford's Latin America operations, as well as the efforts of the Receiver's other professionals, the Receiver has collected approximately \$12.9 million from the liquidation of Receivership Estate assets located in Panama, Ecuador, and Peru.<sup>15</sup>

**U.S. Office Closures and Liquidation of Assets:** T&K collaborated with the Receiver's other professionals to secure and close several Stanford offices in the United States, including offices in Texas, Florida, Mississippi, Colorado, Georgia, Louisiana, Massachusetts, New York, North Carolina, Arkansas, Pennsylvania, and Washington, D.C. Among other things, T&K reduced the Receivership's ongoing cash expenditures by facilitating the termination of Stanford's nonviable businesses and the termination of leases and utilities associated with these offices. T&K also supervised and facilitated employee and vendor access; transferred possession of properties to landlords; transferred Receivership records to a centralized location; and secured

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<sup>15</sup> This figure comprises the following: (a) over \$7.7 million in net proceeds from the sale of Stanford Bank (Panama) S.A. and Stanford Casa de Valores; (b) approximately \$612,000 from the sale of the Stanford Peruvian brokerage business; and (c) over \$4.5 million through the liquidation of Stanford Ecuadoran assets.

substantial real and personal property belonging to the Receivership Estate, including a residential condominium, office equipment and technology, artwork, electronics, coin-and-bullion inventory, and several vehicles. T&K also advised the Receiver regarding the value and proper disposition of various other Receivership Estate assets, including Stanford trademarks and other intellectual property, and addressed various claims arising from Stanford employees' work-related expenses and vendors' invoices.

**Pre- Receivership Litigation:** T&K has handled all litigation involving or pending against the Stanford entities at the time of the Receiver's appointment. T&K has also managed all litigation related to Stanford intellectual property and worked on the withdrawal of all Stanford trademarks worldwide, including those in Australia, India, Pakistan, New Zealand, Switzerland, Canada, the UAE, and the United Kingdom. T&K has also served as the Receiver's lead counsel with regard to identifying and taking possession of Receivership Estate assets located in Latin America.

T&K has been paid \$3,366,394.09 of its total fees and expenses for the period from February 17, 2009 to October 31, 2013. To date, \$965,099.75 of its total fees and expenses for the same period remains held back. The Receiver requests approval of payment to T&K for \$321,699.92 of T&K's cumulative holdback amount.

### **3. Krage & Janvey L.L.P.**

The Receiver and other professionals at Krage & Janvey have managed every aspect of the Receivership since day one. This requires the Receiver and his colleagues to think strategically about and oversee the Receivership's litigation docket, the Receivership's operational and administrative needs, and decisions about the management and liquidation of assets, among other things. In addition to his myriad other duties, the Receiver is responsible for keeping the Court and public informed of his activities. The Receiver also works closely with

the Examiner, the Investors Committee, and the SEC to ensure that they each have appropriate input on issues of importance to the Receivership.

In the early weeks of the Receivership, the Receiver discharged his Court-ordered duties by assembling a multi-disciplinary team of skilled professionals and personally securing Stanford offices from San Francisco to Orlando, bank accounts from Houston to Toronto, personal property from Miami to Mexico City, and real estate from Geneva to St. Croix. The Receiver's diligence was particularly necessary during the early stages of the Receivership, as it was important to avoid the dissipation of Receivership Estate assets by those who had such assets under their control or who sought to gain control of such assets in contravention of this Court's orders. Without the diligent and effective work of the Receiver and his firm, none of the successes achieved by the Receivership would have been possible.

The following categories of work performed by Krage & Janvey support the Receiver's request for payment of one-third of Krage & Janvey's cumulative holdback amount:

**Estate Administration:** Krage & Janvey manages the Receiver's efforts to minimize the costs of the Stanford entities' operations and the Receivership's professional fees and expenses. Among other things, Krage & Janvey worked with the Receiver's counsel and other professionals to prepare interim reports regarding the status of the Receivership's asset collection and liquidation efforts for the Court and the SEC; corresponded with the Examiner, the SEC, investors, and other claimants regarding various Receivership matters; addressed various issues related to real and personal property belonging to the Receivership Estate; and supervised the management of the Receivership's outgoing checks, wires, and accounts payable.

Krage & Janvey was responsible for oversight and management of the extensive document production activities that resulted in the conviction and imprisonment of five former Stanford employees and the regulatory sanctions achieved against several more.

The Receiver is also ultimately responsible for making all decisions (subject to the Court's approval) related to the preservation and disposition of the real and personal property belonging to the Receivership Estate.

**Litigation Supervision:** Krage & Janvey supervises and oversees all aspects of the Receivership's litigation docket, and the Receiver reviews all major pleadings drafted on behalf of the Receivership and provides substantive input prior to their filing. Among other things, Krage & Janvey directed the actions of the Receiver's counsel and other professionals, reviewed and edited pleadings and other briefing, and executed affidavits in support of the Receiver's litigation efforts.

As of this filing, the Receiver has collected approximately \$20.8 million from settlements and other litigation efforts. The Receiver has fraudulent-transfer, unjust-enrichment, breach of fiduciary duty, and other claims pending against numerous defendants. The Receiver seeks to recover more than \$700 million through these claims.

The cross-border Receivership issues described above have required the Receiver's extensive personal involvement, including, among other things, strategic decision-making, attendance and testimony at hearings, preparing written declarations, reviewing and commenting on court papers, and participating in complex multi-party negotiations.

**Investors Committee:** The Receiver also works closely with the Investors Committee. In December 2010, the Receiver entered into an agreement pursuant to which the

Investors Committee took over the day-to-day prosecution of many of the Receiver's asset-recovery lawsuits.

The Receiver worked with the Investors Committee to develop a framework for how the Investors Committee cases are managed, assigned certain Receivership claims to the Investors Committee, and provided the Investors Committee with the documents and information necessary to prosecute such claims. The Receiver also prepared for and attended regular, face-to-face meetings with the Investors Committee.

The Receiver continues to work with the Investors Committee in connection with prosecuting the more than two dozen asset-recovery lawsuits that have been filed by the Receiver and/or the Investors Committee.

Krage & Janvey has been paid \$1,510,194.57 of its total fees and expenses for the period from February 17, 2009 to October 31, 2013. To date, \$364,675.33 of its total fees and expenses for the same period remains held back. The Receiver requests approval of payment to Krage & Janvey for \$121,558.44 of Krage & Janvey's cumulative holdback amount.

#### **4. FTI Consulting, Inc.**

FTI Consulting ("FTI") provides the Receiver with various services, including forensic accounting and asset tracing, electronic evidence acquisition, electronic evidence processing and review, complex data analysis, litigation support, accounting and financial support, technological support, and interim management and operational support. FTI's services have been critical to carrying out the Receiver's Court-ordered duties.

The following categories of work performed by FTI support the Receiver's request for payment of one-third of FTI's cumulative holdback:

**General Receivership Matters:** FTI assists with the Receivership's day-to-day operations by, among other things: supporting the Receiver's cost-reduction efforts; receiving

and reviewing competing bids for vendor services; managing the Receivership's office space and staff; managing real estate and vehicles owned by the Receivership; addressing issues related to the Receivership's insurance policies and policy renewals; overseeing the services provided by the Receivership's third-party IT provider; preserving files contained on the Receivership's servers; overseeing the move of the Receivership's operations in St. Croix; and providing support in connection with identifying, inventorying, and liquidating personal and real property belonging to the Receivership Estate.

FTI's work during the early weeks of the Receivership was instrumental to preserving the electronic data from numerous Stanford offices in the United States and Mexico, including Stanford's Houston headquarters and more than thirty Stanford branch offices. FTI gathered data from more than 500 personal computers and other storage devices and created an electronic repository of more than 2.5 million documents and e-mails from approximately 22 custodians.

FTI also identified and preserved electronic data from available accounting, financial, and operational systems. That data has been instrumental in identifying potential asset recoveries, identifying potential fraudulent activity, and assisting in the wind-down of the Stanford entities. In one case that is illustrative of the complexities that were encountered with much of the available data, the database supporting investment activities contained more than 1,000 complex tables requiring individual evaluation to determine the nature, relationship, and context of the data and to manually recreate the necessary links to permit accurate and efficient use of the data. Overall, FTI has collected more forty terabytes of electronic stored information, including e-mails for more than 120 user accounts.

Among other things, FTI also identified and confirmed bank and investment account balances for approximately sixty-five Stanford entities; ensured that more than 170 accounts were frozen in accordance with the Court's orders; set up the Receivership's bank accounts and transferred the available funds to those accounts; and supported Baker Botts's efforts to negotiate with banking and financial institutions to obtain possession of funds belonging to the Receivership Estate.

FTI has also devoted substantial time and effort to assisting the Receiver in the preservation and liquidation of real and personal property belonging to the Receivership Estate, including private equity investments owned by the Receivership Estate. As noted above, the Receivership Estate has received approximately \$58.5 million in cash proceeds from the liquidation of these assets.

**Investor and Employee Litigation:** The Receiver's claims against certain Stanford investors, former Stanford employees, and other parties holding assets traceable to the Receivership Estate represent a very substantial source of potential recovery available to the Receivership.

FTI has played—and continues to play—a central role in the investigation and analysis of the Receiver's fraudulent transfer claims against investors. FTI gathered and reconciled data from SIB records, SGC records, bank records, documents submitted by investors, and other information available to the Receivership to provide a comprehensive analysis of the flow of funds into and out of SIB CD accounts. FTI analyzed and classified payments representing the redemption of purported principal versus payments of purported interest and identified investors who received returns in excess of their investment—the Net Winners. FTI's analysis involved numerous types of transactions and SIB accounts and required the

development of a methodology for assessing the treatment of each distinct transaction, as well as the treatment of related accounts. Although the process was complicated, FTI provided the Court, the SEC, and the Examiner with a “road map” to allow easier review of the work that FTI performed, including by matching specific time entries in FTI’s work records to the recoveries sought from specific investors.

FTI’s interest/principal analysis was complicated by several factors, including: (1) accounting for reinvestments of SIB CD proceeds, especially where multiple transfers, accounts, and investors were involved; (2) internal and external transactions among multiple accounts with disparate denominations and varying classifications; (3) the requisite investigation of family, business, and other relationships among hundreds of investors and their accounts; and (4) transfers of SIB CD proceeds among multiple groups of investors. FTI was compelled by time pressures from investors, the SEC, and the Examiner, as well as this Court’s orders, to complete its review as quickly as possible. FTI’s interest/principal breakdown has been crucial to the Receiver’s ability to assert fraudulent transfer claims against investors.<sup>16</sup>

FTI also assisted with the Receiver’s investigation of fraudulent transfer claims against former Stanford financial advisors and other employees. FTI analyzed the compensation structure for former Stanford employees and identified the categories of compensation with a connection to SIB CD sales. A full review of these categories of compensation—including loans, SIB CD commissions, SIB quarterly bonuses, Performance Appreciation Rights Plan

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<sup>16</sup> Although the Fifth Circuit ultimately ruled that the Receiver could not pursue relief defendant claims against investors, the pursuit of those relief defendant claims was reasonable, prudent, and within the purview of the Receiver’s duties under the Court’s Receivership Order, as discussed above. FTI’s thorough analysis of SIB CD proceeds allowed the Receiver, the Court, and the Fifth Circuit to make fully informed decisions regarding those issues. This Court stated that if the Receiver was ultimately “correct about the law, then [the Receiver] is absolutely righteous in trying to pull money into the Receivership to be passed out. He’s doing just exactly what he was appointed to do.” (App. at 33, July 31, 2009 Hearing Tr. at 29:16–20.) Moreover, the results of FTI’s analysis were vital to the Receiver’s pursuit of fraudulent transfer claims against investors, and FTI’s work in this area would have been necessary even if the Receiver had elected at the outset to pursue only fraudulent transfer claims rather than relief defendant claims.

(“PARS”) payments, branch managing director quarterly compensation, and severance payments—required FTI to review all compensation and payroll records available to the Receivership, as well as numerous accounting records.

FTI also conducted a comprehensive analysis of Stanford bank accounts in the United States and Canada. FTI confirmed that the Stanford entities generated only minimal revenue from any actual business operations, that the cash inflows were predominantly from SIB CD sales, and that purported SIB CD redemptions, purported SIB CD interest payments, and the SIB CD compensation described above were paid from the proceeds of new SIB CDs sold to the defrauded investors.

In addition, FTI analyzed substantial evidence in connection with the declarations and depositions of Karyl Van Tassel, the Receiver’s forensic accounting expert. Ms. Van Tassel’s testimony has been instrumental in determining that the Stanford entities were operated as a massive Ponzi scheme from the very beginning.

**General Litigation:** FTI conducted extensive research and analysis in connection with the declarations and briefs filed on behalf of the Receiver in the Court’s Chapter 15 proceedings. FTI also analyzed various documents, previous court filings and declarations, and electronic data to assist in both document production and in support of Ms. Van Tassel’s testimony in connection with those proceedings. FTI also conducted extensive research and analysis in connection with the Receivership’s Canadian proceedings. For example, FTI analyzed the source and destination of funds that flowed through various Stanford bank accounts in Canada. The Receiver’s successes in handling the substantial and complex cross-border issues discussed above would not have been possible without the work and support provided by FTI.

FTI also reviewed all vendor payments made by the Stanford entities during a certain period. For each vendor payment, FTI reviewed the available supporting documentation and analyzed the purpose of the payment, as well as the relationship between the vendor and the Stanford entities. The Receiver used this information to assert claims against several entities who received payments from the Stanford entities. The Receiver also used this information in support of his efforts seeking the return of political contributions made by the Stanford Defendants and related entities prior to the Receivership.

**Investors Committee:** FTI has provided substantial support to the Investors Committee in connection with their claims on behalf of the Receivership. FTI analyzed pre-Receivership payments from Stanford entities to dozens of vendors, third-parties, and Stanford executives, employees and insiders. This work involved analyzing and synthesizing a substantial volume of financial records and data from a number of sources. FTI also coordinated the Investors Committee's access to electronic and hardcopy Receivership records maintained by the Receiver.

**Government Document Production:** FTI devotes substantial time to supporting the Receiver's efforts in connection with responding to various requests for documents, data, and electronic evidence from regulators and government entities, including the SEC, the FBI, the DOJ, the IRS, and others. For example, FTI imaged the hard drives of certain custodians at the request of the FBI, responded to IRS requests in connection with "John Doe" subpoenas issued to the Receivership, and performed searches of former employee e-mail files for specific attachments requested by the SEC.

As discussed above, the Receiver's document production efforts have assisted DOJ in convicting five criminal defendants who are collectively serving prison sentences of

more than 150 years, as well as the SEC's efforts to obtain disgorgement remedies against former Stanford employees totaling in the millions of dollars.

**Cash Management and Receivership Accounting:** FTI processes all invoices submitted to the Receivership and tracks every dollar paid into and out of the Receivership Estate. The Receivership's finances must be handled in accordance with prudent and appropriate business accounting practices, which dictate that appropriate cash-management and record-keeping protocols be employed as long as the Receivership is in existence. Although the Receivership Estate's outgoing payments are generally made through one central account, the payments are allocated by entity (for claims and tax purposes), which requires separate tracking.

In addition, FTI performs treasury functions, prepares cash flow and forecasting models, assists in the accounting function, coordinates cash reconciliations and journal entry support, and reviews monthly balance sheets. As part of this effort, FTI prepares, reviews, and tracks all ordinary-course-of-business accounts payable and payroll payments. FTI also tracks the funds paid into the Receivership Estate in connection with settlements with former investors, former employees, and other parties subject to ongoing or potential litigation. FTI's tracking reports are used to respond to inquiries from many sources, including, but not limited to, the Receiver, the Examiner, the Receiver's lead counsel, third-party vendors, investors, and other claimants.

FTI has been paid \$21,356,111.47 of its total fees and expenses for general Estate work for the period from February 17, 2009 to October 31, 2013. To date, \$5,986,260.15 of its total fees and expenses for the same period remains held back. The Receiver requests approval of payment to FTI for \$1,995,420.05 of FTI's cumulative holdback amount.

**5. Ernst & Young LLP**

Ernst & Young (“EY”) provides the Receiver with forensic accounting, tax accounting, and investigative support services. At the time of the Receiver’s appointment, even the existence of many of the Stanford entities was not known. EY’s work during those early months permitted the Receiver to gain an understanding of the complex corporate structure of the Stanford entities, to assert his jurisdiction with respect to those entities, and to secure Receivership Estate assets located around the world. In order to acquire reliable data regarding the scope, size, and location of the Receivership Estate, EY gathered company books and records, collected and analyzed electronic and documentary evidence, and engaged in extensive interviews with Stanford personnel. Because internal Stanford financial statements were determined to be highly unreliable, EY was required to prepare combined balance sheets for the Stanford entities as of the date the Receivership commenced and as of December 31, 2008.

EY identified Receivership Estate assets by analyzing listings of assets referenced in the financial statements of the Stanford entities as of December 31, 2008. EY also analyzed private equity investments, ownership interests, and loans outstanding for potential sources of liquidation or recovery. Through its review of Stanford’s financial records, EY discovered real estate properties with approximately \$24 million in net book value that had not been previously identified for potential liquidation.

EY was also involved in the development of cash budget projections intended to assist the Receiver in understanding the Receivership’s cash expenditures and controlling such costs going forward. EY also assisted the Receiver by collecting information in response to requests from the SEC, the FBI, and the DOJ in connection with their respective investigations.

EY also provided the Receiver with various tax services, including services related to tax returns, tax consultation, tax administration, and various tax notices and audit

requests. EY prepared and filed tax returns for the various Stanford entities that were required to file state and federal tax returns. EY devoted special attention to identifying Stanford entities that were eligible for filing “final” tax returns, which ended the entities’ filing obligations and thus minimized the Receivership’s costs associated with such filings.

EY also filed more than \$720,000 in tax refund requests in Texas and Florida on behalf of the Stanford entities and worked with officials in those states to provide documents and information in support of the Receiver’s claims. In March 2010, after EY worked through the appeals process for the Receiver’s refund claims, Texas authorities refunded approximately \$285,000 to the Receivership Estate. EY also worked through the appeals process for the Florida refund claims, including by preparing for and attending meetings with Florida officials in Tallahassee and gathering documentation to support the Receiver’s claims at the request of Florida auditors. In April 2010, Florida authorities agreed to all three of the Receiver’s tax refund claims, resulting in the recovery of more than \$437,000 for the Receivership Estate.

EY also addressed issues related to various tax notices and audit requests submitted by various state and local taxing authorities, including notices and requests related to sales-and-use tax, franchise tax, income tax, and property tax matters. EY coordinated with various taxing authorities regarding such notices and requests and coordinated the Receiver’s efforts to protect the Receivership from tax defaults, penalties, and interest. For example, in November 2009, the Texas Comptroller issued a tax assessment in the amount of \$811,777.54 (inclusive of tax, penalty, and interest) against Stanford Aviation III in connection with its 2006 purchase of a Hawker aircraft. In 2012, as a result of EY’s efforts on behalf of the Receiver, the Texas Comptroller agreed to settle and dismiss its assessment against Stanford Aviation III for \$22,000.

EY has continued to pursue tax refunds on behalf of the Receivership Estate. For example, EY recently secured a payroll tax refund of approximately \$63,000 from the City of San Francisco.

EY has been paid \$6,298,345.90 of its fees and expenses for the period from February 17, 2009 to October 31, 2013. To date, \$1,712,098.90 of its total fees and expenses for the same period remains held back. The Receiver requests approval of payment to EY for \$570,699.63 of EY's cumulative holdback amount.

**6. Financial Industry Technical Services, Inc.**

Financial Industry Technical Services ("FITS") is a securities industry consulting firm that provides services to the Receiver in connection with SGC and STC, both of which were heavily involved in the sale of SIB CDs. In the early months of the Receivership, thousands of SGC and STC customer accounts required ongoing services. Because replacing all Stanford employees with outside professionals would have increased the Receivership's expenses dramatically, FITS supervised a small number of Stanford employees who remained employed by the Receivership.

FITS also advised the Receiver regarding the day-to-day operations of SGC and STC. FITS also facilitated the implementation of both the Court's freeze order and the subsequent release of customers' brokerage accounts. As the Receiver's expert on the brokerage account transfer process, FITS analyzed, reviewed, and screened all accounts and transfers to ensure that the Court's orders were properly implemented and that all eligible accounts were released.

In addition, FITS analyzed customer accounts for SIB CD proceeds; analyzed records related to the employee compensation structure, including commissions, forgivable loans, and PARS payments; developed procedures for the partial release of IRA accounts;

provided information responsive to third-party subpoenas and to requests from governmental and regulatory agencies, including the SEC, the DOJ, the FBI, and state regulators; provided information responsive to requests from investors, former Stanford employees, FINRA, and the Examiner; developed protocols and procedures for transferring accounts to successor trustees; executed transfers of trust accounts to successor trustees; developed detailed procedures and necessary controls for liquidating assets that could not be transferred to successor trustees; reconciled physical SIB CD information to other records; consolidated and liquidated Stanford proprietary trading accounts; processed the release of accounts pursuant to stipulations with customers; and developed processes to identify accounts eligible for bulk transfers.

FITS has also been responsible for addressing issues related to the “residual” customer accounts still held by SGC and the substantial number of accounts (held in the name of former Stanford employees) that are subject to the Court’s account freeze. FITS has addressed various issues related to the wind-down of SGC’s operations and the dissolution of Stanford Trust Company. With respect to STC, FITS addressed issues related to the termination of the contract between STC and the entity providing it with brokerage-related services. The termination of that contract will save the Receivership Estate approximately \$54,000 per year.

FITS has been paid \$2,223,339.20 of its fees and expenses for the period from February 17, 2009 to October 31, 2013. To date, \$727,293.72 of its total fees and expenses for the same period remains held back. The Receiver requests approval of payment to FITS for \$242,431.24 of FITS’s cumulative holdback amount

**7. Osler, Hoskin & Harcourt LLP**

Osler, Hoskin & Harcourt serves as the Receiver’s local counsel and representative in proceedings in three Canadian provinces. Osler represented the Receivership in connection with the competing claims of three different sets of liquidators to significant

Receivership Estate assets located in Canada, including the \$17.8 million that has been returned to the United States pursuant to the court-approved settlement between the Receiver and the Ontario Attorney General and the additional \$4 million that has been returned to the United States from Quebec. Among other things, Osler's services included:

- Conducting research, drafting court papers, and preparing oral arguments in support of the Receiver's motion to revoke, suspend, and rescind an ex parte order recognizing the Antiguan Liquidators as Stanford receivers.
- Conducting research, drafting court papers, and preparing oral arguments in support of the Receiver's motion to enforce the Receivership Order and petition for recognition of the Receivership in Ontario.
- Advising the Receiver on the requirements of various Canadian statutes, including the Canadian Bankruptcy and Insolvency Act, Business Records Act, Civil Code of Quebec, Class Proceedings Act, Civil Remedies Act, Income Tax Act, Mutual Legal Assistance in Criminal Matters Act, and related treaties.
- Drafting and editing court papers, including affidavits and motions, filed on behalf of the Receiver.
- Representing the Receiver in argument at hearings.
- Advising the Receiver in connection with court claims filed by investors against SIB in a Canadian class action in Alberta.
- Investigating SIB Canadian regulatory filings.
- Advising the Receiver on the effect of a freeze order obtained by the Ontario Attorney General.

Osler has been paid \$1,365,340.97 of its fees and expenses for the period from February 17, 2009 to October 31, 2013. To date, \$446,612.31 of its total fees and expenses for the same period remains held back. The Receiver requests approval of payment to Osler for \$148,870.77 of Osler's cumulative holdback amount.

## **8. Altenburger**

Altenburger is a Swiss law firm that has advised the Receiver in connection with Stanford's operations in Switzerland, including with respect to Receivership Estate assets located in Switzerland and the winding down of Stanford Group (Suisse) ("SGS").

In the early stages of the Receivership, Altenburger devoted substantial time to supporting the Receiver's attempt to gain recognition in Switzerland and opposing the Antiguan Liquidators' recognition application. Altenburger represented the Receiver in the Swiss proceedings; participated in meetings and communications with Swiss government officials on behalf of the Receiver; advised the Receiver regarding the Swiss federal prosecutor's investigation of the Stanford entities; analyzed Stanford bank statements; drafted various court papers; assisted the Receiver in addressing various discrete issues related to Stanford bank deposits held in Swiss banks; and communicated with the Swiss Financial Market Supervisory Authority on behalf of the Receiver.

Altenburger also worked with the Receiver's lead counsel to determine the effect of Allen Stanford's criminal conviction and the civil forfeiture order on the forfeited Stanford accounts located in Switzerland. In response to a request from U.S. civil forfeiture authorities, Altenburger provided information concerning the status of the Swiss insolvency proceedings.

Altenburger continues to assist the Receiver in the orderly liquidation of SGS, including with respect to the Receiver's efforts to preserve the assets of SGS for the benefit of the victims of the Stanford fraud. Among other things, Altenburger represents the Receiver in the ongoing discussions with the Swiss federal prosecutor investigating Stanford's activities in Switzerland.

Altenburger has been paid \$408,857.15 of its fees and expenses for the period from February 17, 2009 to October 31, 2013. To date, \$96,764.06 of its total fees and expenses

for the same period remains held back. The Receiver requests approval of payment to Altenburger for \$32,254.69 of Altenburger's cumulative holdback amount.

**9. Gerald T. Groner, ESQ.**

Gerald T. Groner, a St. Croix attorney, advised the Receiver in connection with Receivership real estate and litigation matters in the U.S. Virgin Islands. Groner also attended and assisted with the auctions and closings of several St. Croix properties.

Groner has been paid \$50,990.27 of his fees and expenses for the period from February 17, 2009 to October 31, 2013. To date, \$11,930.88 of his total fees and expenses for the same period remains held back. The Receiver requests approval of payment to Groner for \$3,976.96 of Groner's cumulative holdback amount.

**10. Basham, Ringe y Correa S.C.**

Basham, Ringe y Correa represents the Receiver in defending the Stanford entities in Mexico against labor claims initiated by a number of former Stanford financial advisors. The former employees convinced the Mexican labor court to freeze certain Receivership Estate assets located in Mexico, thus hindering the Receiver's efforts to liquidate the Stanford entities located there.

Basham has been paid \$4,517.25 of its fees and expenses through October 31, 2013. To date, \$501.92 of its total fees and expenses for the same period remains held back. The Receiver requests approval of payment to Basham for \$167.31 of Basham's cumulative holdback amount.

**11. Deloitte**

Deloitte has been supporting the Receiver's efforts in Mexico. Deloitte provided the Receiver with support in his fraudulent transfer action filed in this Court against Wealth Management Services, Ltd. ("WMSL"), a company owned by David Nanes, a former Stanford

financial advisor who oversaw the expansion of the Stanford entities into Mexico. Deloitte searched Stanford's records in Mexico for documents responsive to certain requests for production from WMSL. Deloitte also searched Stanford's records in Mexico for information concerning two former Stanford financial advisors who have filed claims against the Receivership in Mexico.

Deloitte has been paid \$8,197.87 of its fees and expenses through October 31, 2013. To date, \$910.87 of its total fees and expenses for the same period remains held back. The Receiver requests approval of payment to Deloitte for \$303.62 of Deloitte's cumulative holdback amount.

**12. Fowler White Burnett, P.A.**

Fowler White Burnett ("Fowler") is a Florida law firm that represented the Receiver in litigation that was pending against certain Stanford entities and employees in Florida when the Receivership was instituted. Fowler assisted the Receiver in staying and settling and/or dismissing four separate suits involving Stanford entities and employees. Among other things, Fowler communicated with the parties and counsel, including the Receiver's counsel, and prepared relevant pleadings.

Fowler has not provided the Receivership with any services since June 2010. Fowler has been paid \$5,394.35 of its fees and expenses. To date, \$1,348.59 of its total fees and expenses remains held back. The Receiver requests approval of payment to Fowler for \$449.53 of Fowler's cumulative holdback amount.

**13. Strategic Capital Corporation**

Strategic Capital Corporation ("SCC") provided the Receiver with strategic and turnaround advice to businesses (including brokerage firms). In the early stages of the Receivership, SCC advised the Receiver on various issues related to the wind-down and

liquidation of the Stanford entities, including advice related to accounting matters (*e.g.*, staffing, cash projections, accounts payable, treasury functions, reconciliation, and banking practices), employment matters (*e.g.*, staffing, benefits, life insurance, unpaid compensation, qualified plans, Antigua retirement plan, and payroll), real estate matters (*e.g.*, mortgages, lease negotiations, moving the Stanford headquarters from leased to owned space in Houston, and rent arrearages), asset preservation and liquidation issues (*e.g.*, private equity, aircraft and equipment), and the closing of Stanford branch offices (*e.g.*, employee access, customer information, security, termination, and records retention).

In addition, SCC interviewed former Stanford management regarding operational and staffing issues; participated in the development of protocols for the partial release of brokerage accounts; coordinated and facilitated the review of large amounts of Receivership data in connection with requests from the SEC and the Examiner and for use as evidence in litigation; and assisted with preparing data regarding the commissions paid and loans made to financial advisors in support of the Receiver's claims for the recovery of those funds.

SCC has not provided the Receivership with any services since February 2012. SCC has been paid \$356,458.00 of its fees and expenses. To date, \$104,244.40 of its total fees and expenses remains held back. The Receiver requests approval of payment to SCC for \$34,748.13 of SCC's cumulative holdback amount.

**14. 3-4 South Square (Stuart Isaacs, Felicity Toubé, Georgina Peters, Jeremy Goldring)<sup>17</sup>**

The barristers of 3-4 South Square represented the Receiver in connection with the Receivership's affairs in the United Kingdom. In particular, the barristers supported the

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<sup>17</sup> 3-4 South Square is not a law firm. It is an arrangement for sharing office space and administrative staff. Stuart Isaacs, Felicity Toubé, Georgina Peters, and Jeremy Goldring were members of the 3-4 South Square chambers at all relevant times.

Receiver's efforts to obtain recognition and to oppose the Antiguan Liquidators' attempts to take exclusive possession and control of substantial Receivership Estate assets located in the United Kingdom. Many of the legal matters addressed by the barristers were matters of first impression for the U.K. courts. The barristers prepared the Receiver's application for recognition as SIB's foreign representative; briefed issues and prepared and filed skeleton arguments (briefs); analyzed the Antiguan Liquidators' application for recognition and evidence in support thereof; and attended hearings regarding procedural and other issues related to the recognition proceedings.

Although the Receiver was not ultimately successful in obtaining recognition in the U.K., the assets at issue in the U.K. proceedings were very substantial, and the Receiver had to make every reasonable effort to obtain recognition and thereby assert a claim to them. Although the U.K. courts ultimately reached a conclusion under U.K. law that was adverse to the Receiver's position, the barristers of 3-4 South Square nevertheless provided necessary and high-quality legal services to the Receiver, ably assisting him in making the best case possible for recognition.

The barristers also provided the Receiver with information regarding Stanford's U.K. assets; analyzed European case law addressing various issues; participated in discussions regarding the Receivership's Antiguan and Canadian court proceedings, where similar issues were in dispute; collaborated with the Receiver's Antiguan counsel and assisted with the drafting of court papers filed in the Antiguan court; and participated in the selection of evidence used to support the Receiver's application for permission to appeal the Antiguan court's judgment refusing to acknowledge this Court's orders, placing SIB into liquidation, and appointing the

Antiguan Liquidators. The barristers also participated in the drafting of court papers used in the Receivership's Canadian proceedings.

Other than two very brief consultations with Toube (one in December 2011 and one in February 2012; totaling less than 2 hours), the Receivership has not required the services of the barristers of 3-4 South Square since April 2010, and the Receiver does not anticipate any further need for Toube's services going forward. Isaacs, Toube, Peters, and Goldring have been paid \$772,790.39 of their total fees and expenses. To date, \$250,507.94 of their total fees and expenses remains held back. The Receiver requests approval of payment to the barristers of 3-4 South Square of one-third of their respective cumulative holdback amounts—\$58,966.67 to Isaacs, \$18,174.20 to Toube, \$1,434.55 to Peters, and \$4,927.23 to Goldring.

**15. Roberts & Co**

Roberts & Co, including its principal, Sir Clare K. Roberts, provided the Receiver with a range of services related to the Antiguan proceedings, including providing information regarding Stanford assets that were targets of possible governmental action; appearing in the Antiguan court to protect Stanford's Antiguan assets from the claims of the Antiguan Liquidators; analyzing and reporting on the Antiguan judgment regarding the liquidation of SIB; representing the Receiver at meetings with the Deputy Chairman of the Antiguan Financial Services Regulatory Commission, the Antiguan Deputy Solicitor General, the Deputy Chief Registrar of the Eastern Caribbean Court of Appeal, and the Antiguan Labor Commissioner; drafting court papers for filing in the Antiguan court; appearing on behalf of the Receiver at court hearings; and investigating the location of Stanford assets in Antigua, including those owned by Stanford entities other than SIB. Because court papers filed in the Antiguan court were not being served on the Receiver in the United States in a timely manner, the services provided by Roberts & Co as local counsel were vitally important to the Receivership.

As with the proceedings in the U.K., the Receiver was not successful in obtaining recognition in Antigua. Not trying, however, was simply not an option. And the fact that the Receiver was not recognized in Antigua is not a reflection of the quality of legal services provided by Roberts & Co. Indeed, Roberts & Co provided the necessary legal services to the Receiver both diligently and competently.

Roberts & Co has not provided the Receivership with any substantial services since December 2010, and the Receiver does not anticipate that Roberts & Co's services will be required going forward. Roberts & Co has been paid \$284,207.97 of its fees and expenses. To date, \$85,806.42 of its total fees and expenses remains held back. The Receiver requests approval of payment to Roberts & Co for \$28,602.14 of Roberts & Co's cumulative holdback amount.

**16. Liskow & Lewis**

Liskow & Lewis—a law firm with offices in New Orleans, Lafayette, and Houston—provided the Receiver with necessary guidance and assistance related to the operations of STC, a Louisiana corporation. Specifically, Liskow & Lewis advised the Receiver on Louisiana trust and regulatory law, including with respect to regulatory limitations on trust companies and capital maintenance requirements.

Liskow & Lewis also assisted the Receiver in developing the protocol by which STC customers were able to transfer their released accounts to successor trustees and/or financial institutions; acted as a liaison between the Receiver and the Louisiana Office of Financial Institutions (the regulatory agency charged with overseeing STC's operations and activities); and assisted in gathering and reviewing trust instruments and other documents located at STC's Baton Rouge office.

Liskow & Lewis has not provided the Receivership with any services since March 2010, and now that the Receiver has surrendered STC's charter, the Receiver does not anticipate any further need for Liskow & Lewis's services. Liskow & Lewis has been paid \$19,559.46 of its fees and expenses. To date, \$4,889.87 of its total fees and expenses remains held back. The Receiver requests approval of payment to Liskow & Lewis for \$1,629.96 of Liskow & Lewis's cumulative holdback amount.

**17. Dudley, Topper and Feuerzeig, LLP**

Dudley, Topper and Feuerzeig ("DTF"), a law firm located in the U.S. Virgin Islands, has particular expertise regarding USVI labor and employment, maritime, and banking law. During the early months of the Receivership, DTF advised the Receiver in connection with the legal ramifications (under USVI's protectionist labor laws) of terminating Stanford employees and communicated on behalf of the Receiver with USVI's Commissioner of Labor. DTF also conducted legal research regarding the Receiver's ability to arrest and relocate a Stanford yacht and to take possession of other real and personal property belonging to the Receivership Estate, including cash on deposit at the Bank of St. Croix.

DTF has not provided the Receivership with any services since September 2009. DTF has been paid \$13,670.35 of its fees and expenses. To date, \$3,704.33 of its total fees and expenses remains held back. The Receiver requests approval of payment to DTF for \$1,234.78 of DTF's cumulative holdback amount.

**18. Conyers Dill & Pearman**

Conyers Dill & Pearman assisted the Receiver in connection with the sale of the Stanford Panamanian bank and its building in 2010. In connection with the sale of the building, Conyers responded to numerous inquiries related to BVI law.

Conyers has not provided the Receivership with any services since March 2010. Conyers has been paid \$14,515.35 of its fees and expenses. To date, \$3,439.19 of its total fees and expenses remains held back. The Receiver requests approval of payment to Conyers for \$1,146.40 of Conyers's cumulative holdback amount.

**19. Mattlin & Wyman, P.L.**

Mattlin & Wyman, a South Florida law firm, served as local counsel to the Receiver and assisted Thompson & Knight in representing the Receiver in connection with the federal criminal prosecution of former Stanford employees T. Raffanello and B. Perraud. Mattlin & Wyman assisted Thompson & Knight in connection with several issues arising out of that criminal action, including issues related to several subpoenas requesting production of attorney e-mail files and computer hardware, the preparation of documents for *in camera* review, and requests for protective orders from the defendants in that action.

Mattlin & Wyman has not provided the Receivership with any services since September 2009. Mattlin & Wyman has been paid \$3,284.80 of its fees and expenses. To date, \$821.20 of its total fees and expenses remains held back. The Receiver requests approval of payment to Mattlin & Wyman for \$273.73 of Mattlin & Wyman's cumulative holdback amount.

**20. Pierpont Communications, Inc.**

Pierpont is a communications firm that assisted the Receiver during the early months of the Receivership. The establishment of the Receivership and the implementation of the Court's Temporary Restraining Order significantly affected the lives and financial affairs of many people and businesses, including investors, employees, vendors, creditors, and landlords. The Receiver required Pierpont's services to review, sort, and forward to the Receiver's other professionals the more than 15,000 e-mails that the Receivership received during the first 7 months of the Receivership. Pierpont worked with the Receiver's team to make the

Receivership's website a source of important information for investors, creditors, employees, other interested parties, the media, and the public.

Pierpont has not provided the Receivership with any services since September 2009, and the Receiver does not anticipate any further need for Pierpont's services going forward. Pierpont has been paid \$220,727.27 of its fees and expenses. To date, \$67,099.82 of its total fees and expenses remains held back. The Receiver requests approval of payment to Pierpont for \$22,366.61 of Pierpont's cumulative holdback amount.

#### **IV. Conclusion**

At the time of the Receiver's appointment in February 2009, the Stanford entities were incurring operating expenses at a rate of \$33 million per month. At that rate, the limited liquid assets available to the Estate would have been completely depleted in only a few months. However, as a result of the efforts of the Receiver and his professionals—who quickly secured the Receivership Estate and began to wind down the insolvent Stanford entities immediately after the Receiver's appointment—the Receiver was able to preserve the Estate's liquid assets by reducing the Stanford entities' operating expenses to \$4.6 million per month during the first full quarter of the Receivership. The Receiver has since been able to further reduce the Receivership's operating expenses to approximately \$113,000 per month during the most recent full quarter.

In addition to securing and preserving the Receivership Estate's assets, the Receiver has increased the amount of cash available to the Receivership Estate through his asset-recovery and liquidation efforts. Overall, the Receiver has collected a total of approximately \$263.4 million in cash for the Receivership Estate and is in the process of distributing approximately \$55 million to the defrauded Stanford investors—\$30 million of which has already been distributed. The Receivership currently has \$101.4 million in

unrestricted cash, and the Receiver expects to recover additional amounts—in excess of \$140 million—as a result of the Settlement Agreement with the Antiguan Liquidators. The Receiver also seeks to recover more than \$700 million through asset-recovery and other litigation pending in this Court.

At the time that the Court imposed the holdback in September 2009, it stated that the Receiver would be permitted to seek approval to release a portion of the holdback when the results obtained for the Receivership were more certain. Because the Receivership has now reached a stage where the results obtained by the Receiver and his professionals, including in connection with winding down the Stanford entities and collecting assets traceable to the Receivership Estate, are much more certain, the Receiver requests that the Court enter an order approving the release of the holdback amounts requested above.

Dated: April 18, 2014

Respectfully submitted,

BAKER BOTTS L.L.P.

By: /s/ Kevin M. Sadler

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**ATTORNEYS FOR RECEIVER RALPH S. JANVEY**

**CERTIFICATE OF CONFERENCE**

Counsel for the Receiver conferred with the parties to this case.

Counsel for the Receiver conferred with David Reece, counsel for the SEC, who stated that he is opposed to this motion and the relief requested herein.

Counsel for the Receiver conferred with John Little, the Court-appointed Examiner, who stated that he is opposed to this motion and the relief requested herein.

Counsel for the Receiver conferred with Stephen Cochell, counsel for R. Allen Stanford, who did not provide a response regarding Mr. Stanford's position on this motion or the relief requested herein.

Counsel for the Receiver conferred with Jeff Tillotson, counsel for Laura Pendergest-Holt, who did not provide a response regarding Ms. Pendergest-Holt's position on this motion or the relief requested herein.

Counsel for the Receiver conferred with Kenneth Johnston, counsel for Trustmark National Bank, who stated that Trustmark is opposed to this motion and the relief requested herein.

Counsel for the Receiver conferred with Manuel P. Lena, Jr., counsel for the DOJ (Tax Division), who did not provide a response regarding the DOJ (Tax Division)'s position on this motion or the relief requested herein.

Counsel for the Receiver conferred with David Finn, who is listed on the docket sheet as attorney to be noticed for James Davis, who did not provide a response regarding Mr. Davis's position on this motion or the relief requested herein.

Counsel for the Receiver conferred with Andrew Warren, counsel for the DOJ (Fraud Division), who stated that the DOJ (Fraud Division) takes no position on this motion or the relief requested herein.

Counsel for the Receiver conferred with John Helms, Jr., counsel for Mark Kuhrt, who did not provide a response regarding Mr. Kuhrt's position on this motion or the relief requested herein.

The motion, therefore, is opposed.

/s/ Kevin M. Sadler

Kevin M. Sadler

**CERTIFICATE OF SERVICE**

On April 18, 2014, I electronically submitted the foregoing document with the clerk of the court of the U.S. District Court, Northern District of Texas, using the electronic case filing system of the court. I hereby certify that I have served the Court-appointed Examiner, all counsel and/or pro se parties of record electronically or by another manner authorized by Federal Rule of Civil Procedure 5(b)(2).

/s/ Kevin M. Sadler  
Kevin M. Sadler