Grant Thornton

An instinct for growth™

Stanford International Bank Limited
In Liquidation
171 Main Street
P.O.Box 4259
Road Town
Tortola
British Virgin Islands
VG1110

Tel: +1 284 494 6162

20 August 2012

Stanford International Bank Limited in Liquidation (SIB)

Dear Depositor:

Thank you for taking the time to write to us and express your opinion. We trust that you had the time to read Judge Godbey's ruling before writing to us. If you have not, we are in the process of posting the Order on our website in English with a Spanish translation at "sibliquidation.com".

We know that you are being asked to send letters and e-mails to the Joint Liquidators and we welcome all constructive input. But we also know that in some cases you are being asked to do so, directly or indirectly, by persons who have a personal economic stake in opposing the Joint Liquidators in their efforts to obtain the best results for creditor/victims. Therefore we are inclined to view such correspondence with some scepticism.

We respectfully disagree with Judge Godbey's approach to his ruling and with the ruling itself, mainly because it potentially sets up a very poor outcome for the creditor/victims of Stanford International Bank (SIB). And to be clear, we have only the interests of creditor/victims of SIB to consider, not the creditors of the many other Stanford entities whose interests the Receiver and Judge Godbey are obligated to take into account.

If you are not a lawyer or international insolvency practitioner, we understand that you may not appreciate all of the potential implications of Judge Godbey's ruling and its limited application to this worldwide case if not appealed. We urge you to keep an open mind and read the following in which we set out our approach to obtaining the best results for the creditor/victims such as you. We appreciate the issues are very technical ones relating to international insolvency laws and the difference between a Receiver and a Trustee/Liquidator under US law, but this is what we do day to day. Let us try to explain some of the issues.

1 A Trustee/Liquidator has more rights than an equity Receiver with respect to some of the parties that can be sued and the nature of damages that can be claimed. This is the principal reason why the Madoff case very quickly went into bankruptcy and is making big recoveries for his victims. In the SIB case a group of creditors, through lawyers, urged Judge Godbey to authorise a bankruptcy filing, a right he had unusually reserved to himself. That request was withdrawn when Judge Godbey created the so called "Official Stanford Investors Committee" (OSIC), placed some of the same lawyers who had urged bankruptcy on the OSIC, and approved those same lawyers filing lawsuits on a contingency fee basis. It is our

view that the decision not to take the bankruptcy avenue, limited the remedies available to recover assets by trying to make an international proceeding US centric, and allowed the US Receiver to spend a massive sum, over $115,000,000, on the administration of the receivership. Remember it is the US Receiver who is battling the Joint Liquidators – not the other way around – as normally these Chapter 15 petitions are granted quite quickly and inexpensively. However, the US Receiver has always seen it as a threat to his continued running of his Estate (which you can judge for yourself) rather than as a cooperative tool that would have eased tensions and served to allow the two estates to work in concert – and thus he forced the expenditure of hundreds of thousands of dollars to block what was and remains a reasonable request. Lamentably, Judge Godbey's ruling has the feeling of a parochial, paternalistic and protective ruling which is out of step with the vast body of law developed for these types of proceedings around the world.

2 Unfortunately, the ruling of Judge Godbey makes findings with which we strongly disagree and which we fear will be used by third parties who assisted the fraud, to try and avoid financial responsibility for their misconduct when sued. For example, an issue raised by Judge Godbey, and Mr. Escalona, is why the Joint Liquidators have yet to sue the Government of Antigua and Barbuda for the loans owed. However, despite clear evidence on this point that none of those loans are in the name of SIBL and are actually in the name of entities controlled by the US Receiver or others(like the Bank of Antigua) we feel that the facts are simply being ignored. The fact is that SIBL has no loan claim against the Government of Antigua and Barbuda but we have offered to assist the US Receiver as part of an overall protocol to collect those loans (if we can) but that has fallen on deaf ears. Why do your "advisors" continue to hide that fact from you?

3 By finding that all of Stanford's entities can be aggregated, and treated as one, Judge Godbey has opened the door to SIB depositors having to share assets and recoveries properly attributable to SIB with creditors from other Stanford entities including claims that may rank in the hundreds of millions of dollars, such as the IRS. This cannot happen with recoveries that are distributed through the SIB Liquidation. Our obligation under this application is only to SIB creditor/victims. At the very least the fight between competing creditors from the different Stanford companies over who is entitled to recoveries in the US proceeding may delay distributions for months or years. We have no similar issues in our liquidation estate.

4 Judge Godbey in approving the US Receiver's claims process ignored our written suggestion that the claims process we had been running at that time for many months, at a much lower projected cost, be used in both proceedings; but in his ruling he is critical that we did not agree to a combined process. Had we been recognised as we requested, the US Receiver's more expensive and duplicative process would not have been necessary and it was open to Judge Godbey to accept our process in any event. Had either happened you would not have needed to file two claims nor suffer the higher cost of the Receiver's process. This has or will result in an expenditure of at least $4 million by the US Receiver which could have been significantly reduced. So please ask hard questions of those that advocate the US approach which so far has only enriched a small group of lawyers and forensic accountants and those surrounding them.

5 Judge Godbey, in his conditions to relief, attempts to exert authority for his US Receiver/DoJ in parts of the world where the Liquidation has already been found by the local Courts or responsible authority, to be the "main" proceeding in the winding up of SIB. The

Joint Liquidators in meeting their obligations in those jurisdictions cannot accept this – not because we don't like it – but because:

i it will result in you being denied your proper recovery of assets;
ii it will be delay any distribution to you;
iii it will be more expensive;
iv funds properly payable to you will be shared with creditors of other Stanford entities,
v having been given a mandate in those jurisdictions it would be improper and offensive to them for us to step back;
vi the conditions set by the US Judge for the very limited form of recognition given to the Joint Liquidators include some that are completely contrary to our duties under Antiguan law and our obligations to you, including disclosure of the bank's confidential financial and personal information on depositors; and
vii the conditions of the Order, were we to seek relief under it, prohibits us from making payments "to any US person", which on the plain language of the Order would appear to prohibit distributions to US based creditor/victims.

As a result, the Joint Liquidators present intention is to seek no relief from the US court until these conditions are removed or modified to be fair and balanced and in the interests of all the creditor victims, or an appeal sets the Order aside. Failing that, we will seek no relief from the US court so that those conditions can never apply.

While we respect Judge Godbey and his court, we believe that his decision, unfortunately, is an attempt to bludgeon the Joint Liquidators to submit to the US Receivership, in exchange for very limited assistance from his court. Whilst this is no doubt very welcome to the US Receiver and the US SEC, given their handling of this case to date, we believe that his ruling will actually result in a much lower distribution to the SIB creditor/victims. Further to acquiesce to the DoJ with respect to the "frozen assets", recognising that DoJ cannot distribute them until all Stanford's appeals are finalized, when the Liquidation could distribute the bulk of them forthwith, (a point we have been making for the last 15 months), is not in the best interests of the creditor/victims. This is particularly so in the light of the offer we made to DoJ some months ago which would have put a substantial payment in your hands in September – that is to say a month from now – as opposed to a year to fifteen months from now if DoJ has control of the "frozen assets".

While Judge Godbey describes the Joint Liquidators' actions as interference with the US Receiver we would like to tell you about one specific instance of so-called "interference". The Joint Liquidators asked Judge Godbey to allow them to file damage claims in Washington DC, against four US-based third parties who we allege facilitated the fraud. Judge Godbey refused to allow such suit even though the US Receiver and OSIC, in the instance of two of the targets, had failed to file the claim or otherwise protect the right to file in Texas (where Judge Godbey had ordered all suits be filed) before the filing deadlines required by Texas law had expired. Instead the Judge found for the US Receiver, and with retrospective blessing approved a filing in DC. Having filed those suits, the US Receiver appears to have done nothing of substance to progress them. In our view the combination of Judge Godbey's ruling and the lack of substantive action may end up depriving the estate, and therefore you, of tens if not hundreds of millions of dollars of recoveries. Only time will tell but at least our "interference" forced the US Receiver to file the claim before the statute of limitations expired with just days to spare.

In this and other instances of so-called "interference," our actions are driven by the prospect of trying to increasing the distribution to you as quickly, cheaply and fairly as possible, while

continuing to assert rights given to us in other parts of the world where SIB operated or had assets, to make recoveries on your behalf. Only the Joint Liquidators are authorized to act for you in the United Kingdom and Switzerland, and the US Receiver has purposefully ceased all actions with regard to the frozen funds there. Further, even though the US Receiver had been recognised in Canada, he had taken no action to preserve rights which were about to expire at the time of our intervention there. This failure put at risk a claim of material value which we have filed in Canada on your behalf, with the permission of the Canadian Court. Once again, our so-called "interference" saved a potentially large asset of the Estate from being extinguished by the expiration of the statute of limitations.

We do not intend to, nor have we ever indicated that we want to, "take over" the US Receivership. Those are the US Receiver's words adopted by his supervising Judge, not ours. Indeed, as noted above, we only have authority over SIB and a few other Antiguan-based companies, not the whole group of companies the Receiver is charged with. Regarding SIB, our intention has been clear to all who take the time to read our papers and who want to understand them. We proposed a detailed protocol with the US Receiver to provide assistance where useful, and leadership where necessary – based on an independent "who has the best chance of winning" assessment - a sharing of records and a joint claims process, in a balanced approach that respected the roles and fiduciary obligations of both Court appointees. We were open to discussion on any potentially controversial point of that proposal. Yet in his Order Judge Godbey makes no reference to our proposed protocol for cooperation between the two proceedings.

We continue to deal with the other assets outside of the US in the belief that not only can we make the most timely distribution to you, and our efforts could, if we have the tools we need, greatly increase what you ultimately recover. A favourable ruling on recognition in the US we believe will not only reduce costs but increase recoveries to you, the depositors of SIB.

That is why we are appealing Judge Godbey's ruling.

Rest assured if a deal can be accomplished with the DoJ and the US Receiver that facilitates putting money in your pockets immediately while meeting the needs of the Antiguan process to optimise total recoveries for you, then we are all for it and will champion such a deal. But if it's simply about centralising assets and recoveries in the US Receiver's hands without regard to the size or speed of the distribution to victims and in an attempt to bully other Courts that have made findings adverse to the US Receiver, into accepting US decisions, which tramples on the concept of international comity in the process, then the Joint Liquidators will stand firm in response to such an attack against the rights of the creditor/victims of SIB, and no amount of e-mails or letters will undermine that resolve.

We remain convinced that allowing assets located outside of the US to pass through the US DOJ forfeiture process and then onto the US Receiver is not in the best interests of the victims/creditors. You might think to ask the US Receiver and those working in with him: What is wrong with the plan proposed by the Joint Liquidators regarding these assets? What is wrong with avoiding another 10-12 month delay in getting you a distribution? What is wrong with funding claims against those who assisted the fraud in order to obtain potentially hundreds of millions of additional monies for distribution? What is wrong with using a cheaper claims process than proposed by the US Receiver? What is wrong with avoiding any risk that distributions to you are diluted by payments to US creditors who are not victims of

the fraud? Ask these questions to whomever is urging you to write letters and e-mails to the Joint Liquidators and listen carefully to the answers. Perhaps you might consider the motivations of those urging you to send these letters and e-mails and ask yourself if those motivations are consistent with your expectations to recover as much money as possible, as soon as possible, and in the fairest manner possible.

If you would like more information on the liquidation, we have just filed our third report to our supervising Court, a copy of which will be available on our website shortly in English with a Spanish translation. As noted above our website address on the internet is "sibliquidation.com".

Sincerely,

Marcus A. Wide
for the Joint Liquidators, Stanford International Bank Limited