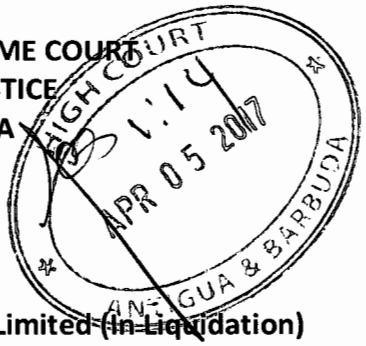
THE EASTERN CARIBBEAN SUPREME COURT
IN THE HIGH COURT OF JUSTICE
ANTIGUA AND BARBUDA



Claim No. ANUHCV 2009/0149

In the Matter of Stanford International Bank Limited (In Liquidation)

-and-

In the Matter of the International Business Corporations Act, Cap 222 of the Laws of Antigua and Barbuda

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EIGHTH REPORT OF THE JOINT LIQUIDATORS OF STANFORD INTERNATIONAL BANK (IN LIQUIDATION)

Contents

1 Introduction

1.1 We refer to the appointment of Marcus A. Wide and Hugh Dickson as the Joint Liquidators ("the JLs") of Stanford International Bank Limited ("SIB") by Order of the High Court of Antigua and Barbuda on 12 May, 2011. In accordance with paragraph 18 of that order, we now submit our eight report to the Court.

1.2 The JLs' Seventh report to the Court was dated 15 November 2015 ("the Seventh Report").

1.3 Highlights of the recent results of the liquidation are set out in the following section with more detailed reporting on each in subsequent sections.

2 Highlights

2.1 We are still attempting to recover approximately US$210 million of frozen assets in Switzerland in conjunction with the US Receiver and the US Department of Justice. As previously reported the principle reason the funds are still frozen is the claim of Societe General (SG) to indemnity from these funds for any judgment made against it in the US Receivership and the putative class action brought in the US.

2.2 It is helpful that Mr. Stanford's final appeal of his criminal conviction was rejected, as this may possibly clear the way for the Department of Justice's claims for forfeiture to be effective even over the SG indemnity claim. This is discussed more fully in section 3(a) below. We have had recent meetings in Switzerland to progress this recovery.

2.3 Despite statements that they were prepared to move forward on production and discovery, TD filed two motions one after the other. The first requested the Court to instruct that our claim should be recast as a Class Action and that our existing claim be dismissed. The second in relation to a recent Canadian case called "Livent", which, TD claimed, was fundamental to our claim and in particular to the measure of damages. TD sought a stay of production pending hearing of the Livent case by the Supreme Court.

2.4 For the reasons discussed in section 3(b) below the court refused both these applications. However, the cost was an extension of time for production by about six months to mid April 2017.

2.5 We were also participating as civil litigants in the criminal proceedings against SG. The Swiss prosecutors have decided not to pursue criminal action against one of SG's senior employees for *inter alia*, facilitating apparent money laundering activity on the part of Robert Allan Stanford ("RAS") and the criminal action against SG itself appears to be in limbo. How we approach a claim against SG may have to be re-thought.

2.6 Examination of the potential of a claim against HSBC continues. However, the agreed productions and disclosures have become protracted. This includes getting access to the HSBC personnel from whom we seek information.

2.7 The SG claim and the HSBC matter are discussed more fully in section 3(c) following.

2.8 We have closed the sale of Pelican Island at US$10 million. This island is the last remaining real estate owned through subsidiaries of SIB.

2.9 The Joint Liquidators for Maiden Island Holdings Limited (MIHL) received and accepted bids for the Crabbs Marina, which is owned by MIHL. The specific terms of the agreement of purchase and sale are under negotiation. The sale of Maiden Island and Barnacle point also owned by MIHL have closed. As the MIHL have not found any other claims in its liquidation, we anticipate the net proceeds can be flowed to the SIB estate in fairly short order by way of a distribution on funds loaned prior to the failure.

2.10 There are sales of land accepted in other Stanford related companies in liquidation, which will ultimately flow back to the SIB estate net of costs and other claims in the individual estates, once these are closed.

2.11 Now that we have substantially completed our investigations, our production obligations in litigation and the claims process we have been able to vacate the Stanford Bank building and store the records elsewhere. This has made the building available for sale in the Stanford Development estate.

2.12 In July 2015 we received the written decision on the Section 204 clawback issue on which the Court had already made its Order. After a full review and consultation with counsel, we formed the view that the Judge had erred in considering the test of oppression was the impact on individual creditors, and how each was potentially affected by a clawback in a number of theoretical cases. This contrasts with the

issue of the fairness/oppression as between the "classes" of creditor, which we are advised is the proper test. We therefore appealed the decision.

2.13 The appeal and cross appeal by the Amicus was heard in October 2016 and we are still awaiting the decision.

2.14 As this issue of clawback remains live, we have had to move forward with issuing claims against both "preferences" and "net winners" in the Antiguan courts to ensure that claims are filed within statutory time limits even though these claims may not ultimately be pursued.

2.15 We are still open to discussing settlement options with net winners and those creditors subject to S204 Claims pending the appeal, on the basis that we can take a more lenient view at this time, than would be the case if our appeal is successful. The issue of the clawback claims is more fully discussed in section 3(f) following.

2.16 The SIB liquidation has been recognised as a main insolvency proceeding in Colombia, and the principal class action in Colombia has been dismissed in the court of first instance. Combined these two events will assist in freeing the funds frozen there, although with the Colombian peso moving down against the US dollar, the value of the funds to the SIB estate have shrunk. See section 3 (g).

2.17 The Bank of Antigua liquidation continues with the potential to recover some part of the Swiss monies. As SIB claims to be the dominant creditor in the estate, virtually all the recoveries, net of costs, should flow to SIB. This is discussed in section 3 (i) below

2.18 The claims against two of SIB's law firms are still at an early stage. Although the Court thought there was sufficient merit in them to authorise service of the claims out of the Antiguan jurisdiction, both firms have challenged the jurisdiction of Antigua to hear the case. Given our limited access to the Court this jurisdictional challenge will not likely be dealt with until well into 2017.

2.19 We are in discussions with Chadbourne & Park LLP, who have settled with the US Receiver parties, and may have an agreement to settle, subject to terms presently under negotiation.

2.20 The issue of the professional fees of the Former Liquidators is still unresolved. We remain in discussion with counsel for the Former Liquidators and their associated firms and insurers. If the matter is to be tried, it is unlikely this will happen until late 2017. This is discussed more fully in section 3(j) following.

2.21 The distribution process for the first interim dividend of 1% is complete. We are still dealing with replacement cheques for those that proved to be difficult to clear in some jurisdictions, or which have become stale dated.

2.22 By agreeing to prepay the multiplier on the initial financing provided to the estate we have been able to reduce the cost from $15million, to $12.5 million a saving of $2.5 million.

3 Update on Recoveries being pursued

3.1 Below we summarise the recoveries currently being pursued by the JLs

a) Swiss Assets

3.2 Approximately $210 million continues to remain tied up in Switzerland, broken down as follows:-

Entity	$m	Detail
SIB Société Générale Private Banking (Suisse) SA ("SG") Bank Accounts	107	Subject to SG's claim of lien and set-off
Other related Stanford Companies	50	Assets held in Bank accounts of related Stanford Companies/may be in part subject to SG's claim of lien and set off
SIB Bank Accounts in various banks other than SG	42	Appear available for release, either in favour of USDoJ or of the Swiss SIB mini-bankruptcy
Stanford Group (Suisse) AG	11	Held by the Trustee of the Swiss SIB mini-bankruptcy
	210	

To be allocated on recovery:

Antiguan Estate	70
US Estate	140
	210

3.3 The Settlement Agreement of March 2013 provides that the proceeds of liquidation of the Swiss assets be split approximately two-thirds to the US estate and one-third to the Antiguan estate.

3.4 All money recovered from Switzerland will be paid into the estate's Distribution Account and be available for distribution to creditors.

3.5 Unfortunately, the Swiss legal process associated with the release of these funds is complicated and likely to take a further considerable period of time, potentially years. We appreciate the frustrations of creditors with this process given that it was hoped that the Settlement Agreement would have removed barriers to the release of these funds.

3.6 In November 2016 and in January 2017, the US Supreme Court denied any further appeal by Mr. Stanford by refusing to hear an appeal of his criminal conviction. Finality of the criminal conviction was necessary to ultimately underpin both the Receivership and the forfeiture proceedings taken by DoJ, including those in Switzerland.

3.7 In view of the dismissal of Mr. Stanford's appeal, it appears that there is the opportunity for DoJ to request from Switzerland the handing over of the forfeited assets. We are in discussion with the US Receiver and DoJ with a view to making further representations to the Swiss authorities. We are confident that the Swiss authorities will decide positively on this request and order the handing over of the forfeited assets to the DoJ. It is, however, likely that SG will oppose and appeal any

such decision by asserting a claim over the assets it holds on account and requesting the postponement of the remittance proceedings until Swiss civil proceedings have finally decided on the matter. We are actively cooperating with the US Receiver, the DoJ and the Swiss authorities to avoid such an unfavourable outcome. The opposition and appeals of SG will in any event delay the handing over of the forfeited assets for at least a year.

3.8 As reported before, the principal issue which is causing the blocking of the recovery of the Swiss funds is the claim by SG. It asserts the right to hold onto these funds as an indemnity against any claims brought against SG by the US Receiver Parties (USR) and Antiguan estates.

3.9 We note that the principal claim on which SG seeks indemnity protection is the US putative Class action and so long as the proceeding is "live" and without final resolution, the claim by SG to indemnity from the assets in Switzerland will likely remain an issue. This has the potential to take considerable further time given that the US action is still in its infancy procedurally.

Assets held in SIB Bank Accounts at SG – Approx US$107 million

3.10 As noted above, these monies are subject to a claim of lien and set-off by SG. SG claims that it has the right to retain these funds to indemnify itself against claims brought against it in the US in connection with its role in providing banking services to SIB. It seems to us illogical that a judgment for improper conduct should give rise to claim against the assets of the entity which successfully proves the

impropriety., FINMA has rejected this claim, and SG has initiated court proceedings in Geneva contesting such rejection and requesting recognition of its claim of lien and set-off. The Geneva Court of first instance has heard arguments by both sides, but has deferred any decision and requested the submission of additional evidence. At this moment, the resolution of this claim is unclear and some way off, also taking into account the possibility to appeal any first instance judgment.

Assets held in related Stanford Companies – US$50 million

3.11 Approximately US$50 million in cash and investments are currently held in accounts in the name of entities other than SIB, albeit related companies of the Stanford Group. The JLs have assisted FINMA and the Trustee of the Swiss mini-bankruptcy of SIB in bringing clawback actions before Swiss courts on the basis that these funds are traceable to SIB, were paid over without apparent benefit or value to SIB, and should be brought into the Swiss mini-bankruptcy of SIB for further distribution.

3.12 The largest component of this amount is money held in the name of Bank of Antigua, which is itself in liquidation.

3.13 We are in discussions with the Antiguan liquidators of BoA with the goal of creating a co-operative process to make demand for these funds and have them paid into the BoA estate, in which SIB is by far and away the largest claimant, and would therefore be the beneficiary of substantially all of the funds paid over. Any cost or

very limited pro-rata sharing would be preferable to waiting for years for the Swiss to resolve the problems.

3.14 However, the fast track recognition of the BoA liquidation in Switzerland as initially approved by FINMA has been challenged by SG. SG asserts that BoA was not a bank at the time of its liquidation having no current banking licence, and therefore it is not within the jurisdiction of FINMA who would otherwise be entitled to exercise authority on the issue of recognition of a foreign proceeding. SG also asserts that it is a preferred Swiss creditor in the liquidation of BoA and that the BoA monies, in particular those deposited with SG, are also subject to a claim for lien and set off and should thus form part of their indemnity pot in addition to the SIB monies deposited with SG.

3.15 This is yet another impediment to returning money in Switzerland for the benefit of SIB claimants.

Assets held in SIB Bank Accounts at Various Banks other than SG – Approximately US$42 million

3.16 As previously reported, these accounts were frozen in February 2009 by the Swiss Office of Justice (the "OoJ") in Berne, Switzerland on the basis of a request by the US DoJ. Other than the untested statement by SG that they view all assets as part of their indemnity pot, we believe there is the opportunity to persuade the Swiss authorities that the US DoJ forfeiture process prevails over any objection which might be raised by SG, and efforts are underway to achieve this.

Assets held by the Trustee of the Swiss SIB mini-bankruptcy proceeding from Stanford Group (Suisse) AG – US$11 million.

3.17 Mr Christophe de Kalbermatten, a Partner in the Swiss law firm of Python (Geneva) is the Trustee of the Swiss SIB mini-bankruptcy in place of FINMA. With the assistance of our Swiss counsels, the Swiss mini-bankruptcy has recovered from Stanford Group (Suisse) AG, a Swiss Stanford entity incorporated in Zurich, a sum of approximately US$ 11 million.

3.18 While the resolution of the SG issue is still the primary obstacle to the release of funds to the Antiguan estate, there is also the requirement to have the Antiguan liquidation process and schedule of claims recognized by a formal decision of FINMA. We will need to show to FINMA that the claims process conducted by the Antiguan liquidation is a fair and proper process resulting in admission of all claims from all jurisdictions, including Swiss claims, and for the Swiss claims to participate in a pro-rata basis with all other claims. While on the face of it this is a simple process, we have had to submit an extensive document under thirty different headings in order to try to satisfy this requirement. Only when satisfied will FINMA permit the payment of these funds and of any other funds which will be recovered by the Trustee and be declared free from any right of lien and set-off by SG from the Swiss mini-bankruptcy to our estate for the benefit of SIB's CD holders.

3.19 As can be seen from the above summary there are several steps and layers of approval required before ultimate release of Swiss funds can be secured for the Antiguan and US estates but we continue our efforts

b) Canada – Claim Against TD Bank

3.20 This claim continues to be a priority for the estate given it has the most potential for generating substantial returns to creditors. We have seen nothing to date that would suggest this is not a well-founded and substantive claim.

3.21 As previously advised, our claim currently seeks the amount of US$5.5 billion in damages based on TD's alleged negligence in the manner in which it provided banking services to SIB and/or knowing assistance in facilitating the breaches of fiduciary duty committed on SIB by certain senior managers of SIB. We estimate that a very significant part of the funds defrauded from SIB and, in turn, not available to pay its creditors, was run through the TD account, and that the fraud could not have been perpetrated without the use of the TD account.

3.22 In our last report we advised that, before this claim could proceed further on the merits, we had to get past a summary judgment motion by TD on the alleged basis that the JLs' claim is limitations barred based on Ontario's two-year limitation period. We also noted that, having heard the parties' positions, the Court dismissed TD's motion and held that the limitations issue must be dealt with at trial. This remains the situation.

3.23 At that time, the parties seemed to concur that this cleared the way for moving forward to agree on an a schedule for production and discovery as the final step before moving the matter on to a trial, and that no further preliminary motions were contemplated. Discussions between counsel were entered into towards this objective.

3.24 However, before any significant progress was possible, TD filed a motion to have our claims restated as a Class Action on the grounds that despite our claim being in two parts, one as SIB the aggrieved customer of TD being a direct claim and the second part as Trustee in Bankruptcy on behalf of creditors, this being a representative claim, the proper process for seeking remedy was that of a Class Action. TD's new motion brought the process of agreeing on discovery to a halt and we had to divert legal time and effort to responding to the Class Action issue.

3.25 Moving forward as a Class Action would have set back the timetable for getting to trial by years, as we would have to re-plead the case and seek class certification given that TD advised it would not consent to class certification. The processes of obtaining class certification is typically a lengthy and highly contentious issue. It was also unclear whether a new limitation issue could arise. Restating the claims as a Class Action therefore could have presented further impediments to the JLs' claims proceeding on their merits.

3.26 The JLs therefore resisted TD's motion to restate the claims as a Class Action. We argued that after several years of litigation in both Quebec and Ontario, including the prior summary judgment motion to strike out our claim without complaint as

to the format, for TD to call foul on the structure of our claim, was unreasonable. We were also of the view that it is for the JLs, as applicants, to make their case as they thought best and not for TD to say how the JLs' case should be pleaded.

3.27 However, at the same time, the JLs applied to the Court for an order requiring TD to disclose certain documents that would better allow us to evaluate whether it was in the best interest of the estate to continue to pursue both the direct claim on behalf of SIB and the representative claim on behalf of SIB's creditors. The JLs were successful in obtaining those documents and, having reviewed them and considered how best to maximize the ultimate prospects of recovery in a timely manner, we agreed to withdraw the representative claim and proceed only with the direct claim on behalf of SIB. In addition, the JLs continue to control and be entitled to the proceeds of recovery from the "Dynasty Action", which is a separate action on behalf of five Canadian creditors of SIB.

3.28 Having been informed of TD's agreement to make early disclosure of the documents sought by the JLs and our decision to pursue only the direct claim on behalf of SIB and the Dynasty Action, the Court was advised that TD Bank would withdraw its motion to convert the JLs' claims to a Class Action on consent. This result maintained the JLs' primary claim on behalf of SIB, avoided the time and expense of a Class Action, and allowed the action to proceed to production and discovery.

3.29 Subsequently, however, and while the parties were negotiating a production agreement and timetable, the Supreme Court of Canada announced that it would

hear an appeal from the Ontario Court of Appeal in Livent v Deloitte, a case that TD argues addresses certain legal issues that may be relevant to the JLs' claims against TD. As a result, TD brought a further motion seeking to stay all steps in the JLs' action until the Supreme Court's decision in Livent was released.

3.30 The JLs' did not agree that there was any legal basis to stay their action pending the Livent decision and insisted that the ongoing production and discovery efforts not be delayed by TD's further motion, particularly given that it could be a long wait until the Supreme Court's decision is released.

3.31 In October 2016, the Court agreed with the JLs and dismissed TD's motion for a stay. In addition, in advance of even hearing TD's motion, the court ordered that if the motion was dismissed, production would occur within six months of the motion decision. Therefore, as a result of the motion being dismissed, the parties are required to exchange their productions by April 7, 2017, which is later than originally anticipated but positive in light of TD's motions over the past year. It is possible there will be further challenges based on the documents produced, which could delay matters further.

3.32 After documentary productions, there is a discovery process where one party from each side is examined in the context of the claim. The parties have agreed that such examinations should take place within six months from the completion of productions, which theoretically could see a trial commencing in late-2018. Given the prospects of further legal skirmishes on the way to trial, this may well

be further extended. In the meantime, we remain open to the possibility of a negotiated settlement that we would conduct jointly with the USR interests.

(c) Possible Claims Against Other Banks

3.33 We continue to investigate whether we have viable claims against HSBC, which also provided banking services to SIB. We were able to obtain voluntary disclosure of documents under threat of a formal application against HSBC under section 236 of the Insolvency Act.

3.34 In our view this disclosure fell short of what we believed had been agreed between the parties. Accordingly, as we previously reported we sent HSBC a lengthy letter of 18 May 2015 covering the various assertions made therein about the alleged deficiencies of their voluntary disclosure to date and the requests for further categories of documents to be provided.

3.35 HSBC have continued to provide us with some additional documents in response to our requests and our solicitors have continued to press for further documentation both in respect of apparent gaps in the documents and also failings in the way in which HSBC have searched for documents. Numerous further tranches of HSBC documents have been disclosed and reviewed in order to build a case against HSBC, however we are still not yet able to determine whether or not we should proceed.

3.36 In addition to documentary disclosure we have identified former and current officers and employees of the bank we wish to examine under section 236 of the

Insolvency Act in light of their involvement with SIB. After HSBC declined to voluntarily make available those persons who are still employed within the HSBC group we applied under s.236 to compel examination.

3.37 At an *ex parte* hearing before the Registrar dealing with the application he determined that he was able to deal with the matter on the basis of the documents filed (and therefore without the need for a hearing at which HSBC could oppose the application), and issued the order to examine, subject to issues with one person who lives overseas. HSBC on being made aware of the Order expressed the view that the matter should not have been dealt with in this way, but should have been determined after a hearing with both parties present. On the advice of counsel that on appeal the Order might well be set aside we agreed to it being withdrawn and a schedule for a proper hearing in front of the Registrar has now been agreed, although presently adjourned.

3.38 As evidence in response to the application to examine HSBC have now served witness statements from those persons we wished to examine which sought to address the questions and issues we had indicated we wanted to examine them on. Whilst we take the view that their content gives rise to further questions and the need for clarification on certain points HSBC have also offered up further documents with more following (we anticipate later this week).

3.39 It was therefore agreed between the parties that the application hearing should be adjourned to allow HSBC to complete the document disclosure exercise. The reason for this was that the documents may address the questions/issues on which

the application to examine is currently focussed and/or further questions may arise from the documents on which we would want to examine the HSBC personnel. In addition the last round of statements made clear the potentially significant role of Richard Whitehouse the incumbent client relationship manager when the fraud was uncovered. We will be making a separate application to examine him shortly.

3.40 Further exchanges between solicitors are in progress and we expect to have a meeting in early March with our solicitors and counsel to make a final determination on proceeding or not against HSBC.

3.41 With regards to SG, as discussed above, we have been assisting the Swiss Prosecutors with the potential for a criminal prosecution, which would support our own claim. The Prosecution office dropped their investigation into SG related individuals some time ago, and it appears may drop their investigation against SG. In which case we have the option to pursue our claim as a civil action.

(d)Real Property Of Stanford International Bank

3.42 We accepted an offer for the sale of Pelican Island, the last remaining real property owned by SIB, for US$10 million. We believe a sale at this price represents excellent value for the estate against our initial expectations for the price of Pelican. Where a single mind operates through multiple entities as in the Stanford matter, it can be the case that legal boundaries are ignored, and the properties treated as one. This can give rise to multiple problems such and the Stanford properties are all subject to these issues. As a result, all the property transactions are challenging and in this case, as in all the Stanford properties, there were hurdles to overcome in translating an offer to a completed transaction with cash in hand. However, this sale has been completed.

(e)Real Property Of Related SIB Group Companies

Stanford Development Company Limited (In Liquidation) (SDC)

3.43 The assets owned by SDC consist of Antiguan real estate. Marcus Wide and Hordley Forbes are the Joint Liquidator's of SDC. The work in this liquidation estate consists primarily of efforts to sell the real estate. In the interim the real estate has needed to be managed, including the collection of rent and other income being generated, maintenance and security, including putting in place insurance as the properties were not on cover previously.

3.44 Recoveries will first go to pay the creditors of SDC before any surplus is paid to SIB. The JL's of SDC anticipate, based on estimated property values and amount of creditor claims that there should be surplus value to flow back to SIB.

3.45 So far the Joint Liquidators of SDC have completed sales for the Stanford Trust building and the Pavilion restaurant building. There is an agreement for the sale of the old airport parking lot, the cricket grounds and Sticky Wicket Building and the Athletic Club as a single parcel, which is not expected to close for some time.

3.46 As the SIB liquidation has removed itself from the main bank building this is now being offered for sale by a bid process with offers to be received on 1st May 2017. The remaining small buildings adjoining the airport below the main bank building are also being offered by a less formal process given their relative value.

Other Related Companies

3.47 Other companies in Antigua over in which we are involved as one of the Joint Liquidators, include Maiden Island Holdings, Stanford Hotel Properties and Gilberts Resort Development. All of these companies own real estate in Antigua and these properties have been actively marketed and sales agreed.

3.48 The major parcels are the Crabbs shipyard and associated electrical generating and water plants, Maiden Island and Barnacle Point.

3.49 The sales of Maiden Island itself, and Barnacle Point became protracted despite deposits being paid. The Maiden Island Joint Liquidators rescinded those agreements and re-offered the properties with four bids being received.

3.50 The highest bid from Pelican Island Limited provides a net benefit to the Maiden Island estate of approximately $6.2 million, and that sale has closed.

3.51 The Crabbs Marina facility obtained a best offer of $8.5 million which fell within a price range pre-approved by the Court. The Joint Liquidators have been negotiating the Sale and Purchase agreement and seeking the payment of the 10% binding deposit. As at the date of this report it appears the hurdles have been overcome and the sale will proceed.

3.52 The total net recoveries from the associated entities in liquidation, which will flow to SIB are likely to be in the range of $15 - $25 million depending on the finalisation of claims in SDC.

3.53 These claim would normally have been quantified at this point however a recent re-assessment of employee claims, given additional legal advice and cross over issues with employment standards legislation with the Offshore Companies Act, has meant that both claims with priority and ordinary unsecured have to be reassessed. Also the reality that there may soon be funds to pay out, has resulted in a final review of claims to ensure they are properly filed in the SDC estate in proper amounts.

3.54 As each of these companies are separate legal entities they are being wound up through their own liquidation processes. These liquidations have to be completed and discharged before the surplus proceeds can flow back to SIB.

3.55 None of these entities, including SDC, had sufficient cash flow to pay for the security, necessary maintenance and insurance required to preserve value. SIB is the ultimate beneficiary of any surplus over the individual company claims, funds to cover these expenses have been loaned to preserve the property, ensure that no further deterioration takes place and to cover marketing and claims process costs. These loans together with interest, were advanced on a priority basis and will be repaid to the SIB estate from the first realisations.

(f) Clawback Claims

3.56 We have pursued in Antigua through the "Amicus" process a direction from the Court with respect to our potential claims against those SIB CD holders who are in our view subject to clawbacks for what can be described as "preferences" or "net winners", using the provisions of Section 204 of the International Business Corporations Act (Section 204 Claims). We also argued the merits of these being preferential payments subject to clawback under common law.

Section 204 Preference Claims

3.57 A substantive hearing was held in March 2015 on whether or not Section 204 gave the JLs the right to pursue clawback claims against the investors of SIB. The court heard from counsel for SIB, an Amicus Curiae advocate appointed to assist the Court and counsel for one individual creditor of SIB who responded to the notice to all creditors advising of their right to be heard if they chose to appear.

3.58 A written Order from this hearing was handed down in August 2015 and is available to be viewed on our website at www.sibliquidation.com/court-orders-filings .The Court found the estate had the right to pursue these clawbacks under the provisions of Section 204 of the Act.

3.59 However, the Judge in his discretion limited the estate's right to seek recoveries to a holdback of current and future distributions to be paid to creditors. The estate is not permitted to pursue collection of preferences beyond the holdback of distributions.

3.60 The amount which can be held back for re-distribution will ultimately depend on the amount distributed by the Liquidation. Obviously the higher the distributions paid out the more preference holders will repay. We have calculated that based on a 10% distribution from Antigua, $126m of funds will be held back and available for re-distribution amongst the creditors unaffected by the Section 204 claims.

3.61 However, as we presently read the ruling, each claim will have to be litigated to establish the preference, and the estate's right to claw-back under s. 204, rather

than the estate being allowed to hold back and deal with creditor challenges as and when they are made. This could severely increase the time and cost of executing the Order as drafted.

3.62 More importantly, giving effect to the Order, in our view, creates an imbalance in the effect on individual creditors. Specifically where a preference is a small part of their residual claim, a holdback even on a small dividend may repay that preference in full, while a preference that is large in the context of the residual claim in the estate may only ever effectively repay a small part of that claim.

3.63 However, these issues are only relevant if the Order as issued stands.

3.64 Following our review of the written decision with our legal counsel we formed the view that the Judge in assessing "fairness" or "oppression" had considered the impact on individual creditors based on a number of possible positions in which those creditors might find themselves. One consideration was whether an order requiring a the repayment of SIB funds would cause an individual creditor/investor hardship; for example, if such money had already been spent on medical care or to purchase vacation property (which would have to be sold..

3.65 It is our view that the proper "fairness" or "oppression" test was to look at the collective impact on each class of creditor in comparison to another class of creditor. . That is to say did one class (e.g, those who got paid out in the dying days of SIB) oppress another class of creditor (e.g. those who did not receive such payments during that time despite also submitting a request for payment),

Net Winners

3.66 The effect of the bar on pursuing collections outside of holdbacks clearly means that the net winners, who by definition have no claim in the estate, are not subject to any clawback. The JLs find it curious that under the ruling of the Court those who actually profited from their investments, out of the pockets of the remaining CD holders, will be allowed to hold onto their gains. It is also inconsistent with the US Receivership, where the US Court has sanctioned the recovery of net wins and granted orders in favour of the Receiver. Given the limited jurisdiction of the US Receiver, he is effectively only able to recover from net winners within the US Court's jurisdiction and has been unable to serve net winners out of the US jurisdiction. The Antiguan Court's Order leaves the net winners who are outside the US Court jurisdiction with no obligation to disgorge their profits.

3.67 In summary, we had concerns with the fairness of the Court's approach to both the issues of "preference creditors" and "net winners"

3.68 The Court in its Order had provided an automatic right of appeal of which we took advantage, citing (broadly speaking) the issues referred to above.

3.69 The appeal, which included a cross appeal by the Amicus, was heard in October, 2016 and we are waiting for the Court of Appeal's judgment.

(g) Stanford Trust Company (STC) And Colombian Subsidiary (SCB)

3.70 The JLs continue with efforts to recover funds via STC over which Messrs Wide and Dickson are also Joint Liquidators. We anticipate that the bulk of the recoveries achieved in the STC liquidation, which has very limited creditors, will be available to STC's shareholder. R Allen Stanford (RAS) is the sole shareholder of STC. However, as a result of claims brought against him through action the JLs have taken in Antigua, we hold judgments that we can execute against any value or dividends that might accrue from the shareholding. Therefore, we will set off any amount due to RAS as shareholder in partial settlement of our judgment against him. This will permit the STC surplus to flow to SIB.

3.71 The principal asset of STC is its interest in a subsidiary brokerage company in Colombia (SCB) which is in liquidation in Colombia. At the time that the current liquidator took office in 2011, SCB held approximately US$12 million in cash and investments. Of this, approximately US$8 million of value at that time, was frozen by the Colombian Superintendence of Finance in 2009, as a result of, among other claims, a class action brought by investors who purchased SIB CD's through SCB. A further amount was held in investments with a value of approximately $4 million, which came under the control of the SCB Liquidator, an amount that has allowed for the funding of the SCB estate.

3.72 Unfortunately, the funds are held in Colombia in Colombian pesos, and not unreasonably, we have been unable to insist they are held in a more stable currency.

As a result, the current value in US dollars has diminished substantially as the Colombian peso has devalued, from approximately US$12 million to somewhere in the region of $7 million depending on continuing currency fluctuations. This is despite the fact that the funds managed by the Colombian Liquidator have increased in value in pesos.

3.73 We are liaising with the Colombian liquidator of SCB and his lawyers in an attempt to resolve this freeze, and challenging the claims of the CD holders under the class action.

3.74 We believe the class action is ill-found for a number of reasons, and have advised the Liquidator to defend the action. Recently, the Liquidator was able to have a court of first instance reject the claim of the putative Class based in Bogota. It is likely this will be appealed; however, it is a good first step.

3.75 This was only after attempts at face-to-face settlement discussions and Court directed mediation had failed to reach a result. Separately, there were two civil proceedings which are not bound by this outcome, one by which the Court resolved in favour of SCB and an Appeals Court upheld the judgement, and a second one that is currently on its evidentiary stage and we are optimistic that this result may be accepted in the case as well.

3.76 In the meantime, it has been the JLs view that those who were entitled to get a benefit from the local litigation, should not participate in the distribution being made as the consequence could result in a double recovery. On this basis, we have

withheld dividends to those that qualify as members of the Class if certified. After consultation with a group of affected creditors, we have drawn up the appropriate legal agreements to allow them to withdraw from the class action. These documents are available on our website. Notice to affected CD holders was done by email. By completing and filing these forms, those presently excluded will become eligible to receive dividends from the estate. Currently, few have taken advantage of this arrangement. It is possible, despite the likelihood of appeal, that others may follow on the initial rejection of the Class Action.

3.77 Once the litigation issues are settled in Colombia, we can reassess the position of the affected creditors, and if appropriate, make a distribution that puts them in the same position as all other creditors.

3.78 We were ultimately able to get the Antiguan proceedings "recognised" as a main proceeding under Colombian law, and this has given us some leverage with having the Class claims declared to be claims in the Antiguan estate, rather than local claims which will hopefully put a final end to the matter.

3.79 However, there remains the niggling issue of the very small minority share interest issued to former officers of the Stanford group to comply with local regulations. These officers have refused to voluntarily turn these back to STC, even recognising they have no beneficial interest, and even if they had, it would be minimal in money terms. The procedure for getting the shares returned or cancelled has become protracted, and the JLs are pursuing the necessary efforts to recover these and be able to send funds up the chain when this is resolved.

(h)Other Litigation Claims

(i) Law Firm Claims

3.80 We brought negligence actions in Antigua against US law firms, Proskauer Rose LLP (Proskauer) and Chadbourne & Parke LLP (Chabourne), which acted for SIB and failed to protect its interests while doing so. These claims are based on a theory of liability and damages that we believe are substantively different from, and not available in the US proceedings taken against the same parties, and therefore in our view stand separate and apart. Permission to serve them out of the jurisdiction of Antigua was obtained, and the claims have been served.

3.81 At this point, and while we are always open to settlement discussions, it is our intention to proceed with our actions in Antigua. However, both law firms challenged the jurisdictional rights of the Court in Antigua to hear our claims against them. A hearing on the merits of this challenge is pending but we anticipate late March or May 2017 might be available.

3.82 We were advised that Chadbourne reached a compromise with the US Receiver parties that has now had the approval of the US Court although there had been joint efforts to settle collectively.

3.83 Subsequently there were further exchanges with Chadbourne through US counsel, and we are optimistic that we have a settlement in principle. At present, the terms of the settlement are under discussion and no funds have been paid. Assuming

there is an agreed term sheet, we will still need the approval of the Court and at present the prospective deal remains confidential.

3.84 If there is a settlement, the jurisdictional issue will be contested solely with Proskauer and if we prevail, this will lead to trial in Antigua. It is not possible to predict when the trail of the merits will take place given our limited access to Court time but it will not be before late 2017 and 2018 is more likely.

(i) Bank Of Antigua

3.85 SIB is a creditor of Bank of Antigua and we are in contact with the liquidator, Mr Mackellar of Zolfo Cooper, to monitor recovery prospects. SIB's claim has yet to be admitted in this liquidation but there has been no move to contest it either. As noted above, SIB is pursuing funds held in Bank of Antigua's name in Switzerland.

3.86 As we believe that we are the dominant creditor in the Bank of Antigua estate, we have approached its Liquidators to see if we can reach an understanding that will permit us to make a combined approach to Switzerland for the release of this money and its prompt distribution to creditors from the Bank of Antigua estate to ours.

3.87 The Liquidators for BoA applied for an obtained recognition in Switzerland with a view to recovering the funds held in their name, and returning them to Antigua for distribution. However, we are advised that SG have launched an appeal against that recognition, and asserted their right to hold the funds as part of their indemnity for claims being brought against them by the US Receiver parties.

(j) Former Liquidators' Costs

3.88 Over the last year or so we have had discussions with and met with, the representatives of the Vantis/FRP parties in London to discuss settlement of their claim for $9,191,133 in fees and remaining disbursements and to express the areas of concern with respect to their claim. As a result, they voluntarily agreed to reductions in their fee claim by a number of specific items that we challenged, primarily their costs of defending the removal and the claims process to promote a settlement.

3.89 We have also made a claim against them for damages suffered by the estate arising from their conduct and the delays they created in bringing forward the application to deal with their potential replacement. We have now drafted a full claim and have applied for, and effected, service out of the jurisdiction.

3.90 The process is complicated as the Vantis, FRP and the Former Joint Liquidators (FJL's) have fragmented as a group and each retained counsel. Essentially Vantis and FRP indicate that our claim for damages should be directed to the FJLs and their insurers, but that the rights to the billings have been acquired by FRP and should be paid to them. This is an attempt to mitigate any cross over of the FRP fee claims and our damage claim against the FJL's. In our view our claim is against the conduct of those that generated the billings and to the extend upheld should result in a reduction of any amount owed for fees.

3.91 The situation is further complicated by claimants who advanced money in partial payment of Vantis billings to the SIB estate, which were used to fund Vantis operations in its final days. It is not clear to us that this is a claim in the estate or in reality a claim against former Vantis Directors and officers. Also the insurers of Vantis, who may be responsible for the failures of its officers although appointed in their own names as Joint Liquidators, may be parties to the discussions.

3.92 In the meantime the solicitors for the FJLs have been pressing for further particulars of the claims against them, and we have been heavily engaged in meeting this demand. Potentially this matter could proceed to a full hearing on both the fee and our claim for damages in the spring, or more likely the autumn of 2017. In the interim, we will continue to explore the possibility of an out of court settlement on these issues.

4 Distribution Update

4.1 We have agreed 16,216 creditor claims totalling US$4.89 billion at the time of the declaration of the first distribution. It is a feature of Antiguan law that, unlike the US barring of claims beyond a date, a creditor can file at any time, although it will not be eligible to participate in distributions declared before that claim is filed. Therefore, it is likely that the total value of claims may escalate, especially if the estate is able to achieve a significant recovery out of the litigation assets. Claims will also rise if Net Winners are obliged to return funds to the estate. In principle, these amounts can be filed as additional claim and receive pro-rated distributions. The consequence is that the total value of claims in the estate will almost certainly

increase with the passage of time over the current values, to an amount that could potentially exceed the book value of approximately $5.5 billion.

4.2 There were significant time and cost issues with wire transfers and the liquidators have on a go forward basis terminated the wire transfer option and with a few exceptions, for example the consolidated claims in the hands of claims buyers, creditors will be receiving their distribution via cheque.

4.3 The original estate bank account was a US dollar account based in the UK, as this was where the funds were situated on appointment. Some creditors encountered issues with attempting to cash US dollar cheques drawn on a British bank into overseas bank accounts and in some cases were met with high levels of fees or long delays.

4.4 In response to that, we undertook to open a US$ account in the US and to transfer funds to that account to make the remainder of the first distribution payments. In doing so we have had some challenges, including the continuing US freeze on monies associated with Stanford, which has the potential to hold up funds. This has resulted in unexpected delays. We have had to use lawyers or other agents from across Latin America to facilitate the distribution of cheques to those countries with unreliable postal systems.

4.5 As noted above we have held back paying claims that relate to those creditors eligible for participation in the class actions in Colombia, except those that have opted out of the action.

4.6 It is not anticipated that any future distributions will be made until, either the Swiss funds, or major litigation wins result in assets available for distribution of in excess of US$50 million. Given the cost of distribution, it is in our view not economical to distribute any amounts less than US$40-50 million, which is equivalent to approximately 1% of claims. Realistically until the funds in Switzerland are released, and absent any substantial settlements or awards from the litigation underway, it is unlikely that there will be a further distribution in the near future.

5 Financial Position of the Estate

5.1 We attach a statement of Receipts and Payments as at 31 December 2016.

5.2 Against the $28m of unallocated cash on hand we have budgeted the costs of operating the estate and pursuing the litigation claims, shown below. We anticipate that the shortfall in funding will be resolved in the next 6 to 12 months through additional recoveries.

	$mil	$mil
Provision for litigation cost		
TD	20	
Other	5	25
Operating costs	2	
Other fees and professional costs	4	
Former Liquidators fees	9	15
Total funding requirement		40

5.3 The costs of the principal litigation claims are self explanatory and include the potential for exposure to adverse costs awards. Operating costs would include rent at the smaller location, maintaining data in a searchable format, costs of Court applications for approval of proposed sales, settlements, fee approvals, other applications for directions not associated with principal litigation claims, other recovery costs for example in Switzerland and from Bank of Antigua other than the fees of the JLs.

5.4 These cost estimates will be reconsidered from time to time as the Liquidation progresses, and as additional recoveries are made, and as we are able to better estimate the continuing costs of the estate. Should it be apparent that there is a surplus that warrants the cost of distribution then that will be carried out. However, we are obliged to be conservative in this, as the worst outcome is that we have insufficient funds to continue with worthwhile litigation given the significant recovery potential.

5.5 The estate obtained initial funding from Hamilton, a venture fund, which was approved by the Court. The upside for the funder was a premium to be paid out of litigation recoveries. At this point in time the multiplier was 3 times funds drawn. We drew the minimum required being $5 million. The multiplier to be paid was therefore $15 million. Approximately $1.7 million had already been paid from recoveries to date, and we anticipated that we would be obliged to pay over the balance shortly. However, we were able to negotiate a discount of $2.5 million for immediate payment, requiring a payment after allowing for payments on account, of $10,803,500.

6 Antiguan Operations

6.1 For the period of the liquidation to date we have continued to occupy the SIB building in Antigua and we have continued to employ several former employees of SIB to assist us with the wind-down process. We have also employed additional Antiguan staff to assist us with various back office tasks.

6.2 This has been relatively inexpensive as the rent on the building had been fully prepaid and there are substantial savings and data security by using local knowledgeable staff over professional staff at professional rates.

6.3 Now that we have substantially completed the claims adjudication process, reviewed and organised the very substantial volume of hard copy records, and the electronic records are uploaded to a searchable database, we have been able to wind down the operations in Antigua, and move the remaining staff and any records that might need immediate review to smaller premises.

6.4 We have transferred all of the relevant data from the 15 servers used by SIB onto 2 new servers which enabled us to streamlining the wind down and the move to new premises. All data has been preserved so that we can access any electronic data that is required as we continue to prosecute our litigation claims.

7 Next Steps

7.1 We will continue our efforts to achieve further asset recoveries from the sources outlined in this report.

7.2 We will provide updates via the liquidation website with regards to any significant developments in these recovery efforts and in particular will update all creditors as soon as we are able to estimate when the second interim distribution to creditors will take place.

Dated at Road Town, Tortola, British Virgin Islands this 24 day of March 2017

Marcus A. Wide
For and On behalf of the Joint Liquidators
Stanford International Bank Limited – In Liquidation

Appendix A

STANFORD INTERNATIONAL BANK LIMITED (IN LIQUIDATION)

Receipts and payments statement account

To 31 December 2016

	Balance b/f at 31 December 2015	1 January 2016 - 31 December 2016	Total as at 31 December 2016
Receipts			
UK recoveries	99,018,910	-	99,018,910
Distributions from sale of Guana and Pelican Islands	64,851,341	-	64,851,341
Non UK Recoveries	11,463,774	-	11,463,774
Loan repayment from Stanford affiliates	1,111,111	-	1,111,111
Settled Claims / Preference Payments	2,868,389	1,371,390	4,239,779
Sale of Maiden Islands (Deposit and refund)	25,731	-	25,731
Sale of Gilberts (Deposit and refund)	-	-	-
Interest earned	255,112	313,730	568,842
Claims transfer income	360,485	83,985	444,470
Miscellaneous income	21,618	167	21,785
	179,976,471	1,769,272	181,745,743
Less: Cost Awarded for removal of former liquidators	- 3,185,338	-	- 3,185,338
Total Receipts	**176,791,133**	**1,769,272**	**178,560,405**
Payments			
Liquidators Fees & Expenses	10,552,173	912,739	11,464,912
Co-Lead Legal Advisors Fees And Expenses	16,314,497	1,988,017	18,302,514
Other Legal Advisors Fees And Expenses	17,898,445	3,229,786	21,128,231
Former Liquidator's Advisors' Fees	5,955,941	-	5,955,941
Other Operational Expenses	3,778,372	687,198	4,465,570
Secured loans to Stanford affiliates [1]	4,123,869	2,273,668	6,397,537
IT / eDiscovery	2,756,951	321,225	3,078,176
Other Advisors Fees	2,480,393	1,726,613	4,207,006
Cost of 3rd party funding	3,481,133	10,803,500	14,284,633
Total Payments	**67,341,774**	**21,942,746**	**89,284,520**
Distributions	- 33,101,138	- 162,927	- 33,264,065
Uncashed dividends to be reissued		5,021,483	5,021,483
Balance on Hand	**76,348,222**	**- 15,314,919**	**61,033,303**

Represented By:		
	Held for First Distribution (2)	14,476,184
	Supplemental Working Capital Account (3)	18,189,084
	Available Estate Funds	28,368,035
		61,033,303

Notes

(1) Advanced to preserve assets. Payable as a first charge on recoveries with interest fully recoverable.

(2) Includes uncashed dividends together with funds held back for distribution to Columbian creditors which have not opted out of the Columbian Actions.

(3) Accessible only if Swiss assets recovered.

THE EASTERN CARIBBEAN SUPREME COURT
IN THE HIGH COURT OF JUSTICE
ANTIGUA AND BARBUDA

Claim No. ANUHCV 2009/0149

In the Matter of Stanford International Bank Limited (In Liquidation)

-and-

In the Matter of the International Business Corporations Act, Cap 222 of the Laws of Antigua and Barbuda

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EIGHTH REPORT OF THE JOINT LIQUIDATORS OF STANFORD INTERNATIONAL BANK (IN LIQUIDATION)

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