



U.S. Department of Justice

Criminal Division

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Washington, D.C. 20530

May 25, 2012

Edward H. Davis, Jr.  
Co-General Counsel to the Joint Liquidators of SIB  
Astigarraga Davis  
701 Brickell Avenue, 16th Floor  
Miami, Florida 33131-2847

Marcus A. Wide and Hugh Dickson  
Joint Liquidators of Stanford International Bank Limited  
Grant Thornton (BVI) Limited  
PO Box 4259  
171 Main Street  
Road Town, Tortola  
BVI

Re: Stanford International Bank Limited

Dear Messrs. Davis, Wide, and Dickson,

Thank you for your May 4, 2012, letter regarding the Stanford International Bank Limited matter and your proposal for the liquidation and distribution of assets currently restrained and subject to forfeiture by the United States.

In our initial meeting, the Department made clear its primary concern in this matter: the rights of the worldwide Stanford fraud victims. Because of that overriding concern, the Department has met with both the SEC Receiver and the Joint Liquidators and hopes to broker a resolution to the long standing, and in our view, counterproductive disagreement between the two parties. It is the Department's position that duplication of effort by, and litigation among, the parties is not in the best interest of the victims (especially given that fees incurred by the Joint Liquidators and the SEC Receiver for such litigation reduces what limited assets are available to victims). Unfortunately, despite our best efforts, the Joint Liquidators have continued to expend victims' money fighting to control assets that are already restrained on behalf of victims.

Despite our articulation of these clear goals, your May 4<sup>th</sup> letter continues to imply that the Department or the U.S. Government as a whole has motives other than the equitable return of money to victims. Let me be clear in our position on two issues. First, the Department is

committed to recovering and returning the maximum amount of assets to victims while incurring the least amount of “overhead” expenses. The Department’s forfeiture efforts are not driven by profit. Unlike counsel for the Joint Liquidators, the Department does not work on a per hour fee basis. Moreover, contrary to your implications, we are not motivated to forfeit money in this case to generate a “statistic” for the Department or this office. On the contrary, the only concern of the Department and this office is to return money to the worldwide victims. Second, as we have previously told the Joint Liquidators in the past, we have confirmed that the U.S. Internal Revenue Service does not intend to file a claim against the funds currently restrained in the United Kingdom, Switzerland, and Canada, thereby alleviating any concern of prejudice to victims of Stanford’s fraud in the distribution of forfeited assets. Any continued suggestion to the contrary is simply wrong and misleading to the Stanford victims.

Because of the Department’s commitment to victims’ rights, we have aggressively pursued criminal forfeiture in this matter. It is for this same reason that we have attempted to work with the Joint Liquidators and the SEC Receiver to determine if there is a cost effective way to return money to victims. To that end, the Department and the SEC Receiver have agreed in principle to use a joint distribution process to avoid any duplication of costs. Due to concerns with costs and transparency, any final agreement between the parties is, among other items, conditioned on (1) Department and U.S. Judicial oversight over the distribution process; (2) Department oversight over any fees incurred as part of the distribution process; and (3) an agreement by the SEC Receiver that 100% of the money forfeited by the Department will be distributed in accordance with the remission regulations set forth at Title 28, Code of Federal Regulations, Part 9, and not used for any other purpose, including “overhead” of any distribution process.

As to your specific proposal, while the Department will honor your request to keep portions of your letter to the Department “private and confidential,” we do not find this opaque process—where parties engage in secret meetings and often take inconsistent positions publically and privately—to be beneficial to finding a reasonable solution to the issues facing the victims. Accordingly, it is our belief that a transparent, face to face, meeting where each stakeholder can share his concerns in a full and open forum is the only way to successfully resolve these issues. To that end, the Department proposes hosting a joint meeting between the Joint Liquidators, the SEC Receiver, representatives from the Official Stanford Investors Committee, the SEC, and the Department to discuss a resolution to the needless infighting that plagues this case, costing the victims millions of dollars in unnecessary legal fees. We have copied all relevant parties on this response and hope that all concerned will take the Department up on this offer to host a “summit” to resolve these issues once and for all. If you are willing to engage in such a dialogue, please contact me so we can work with relevant schedules to find a time that we all can meet face to face to discuss these challenges.

While not an exhaustive list, we would propose discussing the following issues of particular concern to the Department regarding any proposed agreement with the Joint Liquidators. These issues are: (1) the costs incurred by the current Joint Liquidators<sup>1</sup>; (2) the

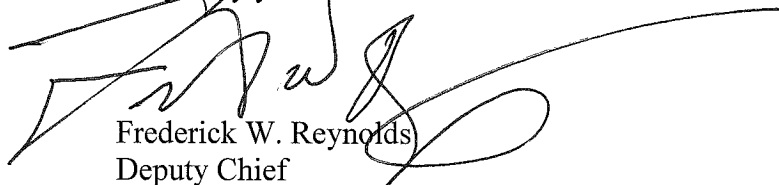
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<sup>1</sup> Though unverified, we are particularly troubled by the allegation made by a non-U.S. victim committee that the Joint Liquidators have a 550% costs to recovery rate, i.e. that you are currently expending in professional fees \$5.50 for each dollar that you have recovered.

Joint Liquidators' unwillingness to be transparent as to their costs; (3) the lack of control and oversight shown by the Antiguan courts as to the prior receiver which resulted in approximately \$18 million of fees being improperly incurred by the former Joint Liquidators; (4) the Joint Liquidators' expressed plan to potentially spend \$100 million of victim money on litigation and property development expenses; (5) inconsistent statements by the Joint Liquidators as to the actual cost of your proposed distribution; and (6) the lack of transparency between the various parties in this case, including the Joint Liquidators' continued refusal to share with relevant stakeholders any specific details regarding your litigation strategy, including asking the U.K. court to bar such stakeholders from seeing documents submitted to that court that allegedly discuss such strategy and costs. That all being stated, we are committed to keeping the lines of communication open, take your proposal seriously, and believe that it is in the best interest of the victims for all parties to work together. Thus, we hope you will accept our offer to attend a summit, where we would like to hash out issues once and for all.

Thank you for keeping the lines of communication open as part of this process, and once again let me assure all parties that the Department's only goal in this litigation is ensuring that the worldwide victims be afforded the fairest and fastest compensation possible.

Very truly yours,



Frederick W. Reynolds  
Deputy Chief  
Asset Forfeiture and Money Laundering Section  
U.S. Department of Justice

cc: Ralph Janvey  
SEC Receiver

Kevin M. Sadler  
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Peter D. Morgenstern  
Official Stanford Investors Committee

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