

Stanford International Bank
12/07/2011 - 11am ET
Conference ID # CR278007

Operator: Hello and welcome to the webinar presentation by the Joint Liquidators of Stanford International Bank Ltd. We have just a few announcements before we begin. The slides will advance automatically throughout the presentation. To enlarge the slides, click the "enlarge slides" button that's located above your presentation window. Should you need technical assistance, click on the "help" button. If your screen freezes or the slides do not appear to be advancing as they should, please try exiting and restarting the session, as it may be an issue with your connectivity. At any time you can submit a question using the "ask a question" box that's located in the bottom left-hand corner of your screen. I would now like to turn the call over to Ed Davis so we may begin. Please go ahead.

Mr. Edward Davis: Thank you. Good morning everyone. My name is Ed Davis and I serve as the Co-General Counsel, along with Martin Kenney, to the Stanford International Bank Joint Liquidators. Welcome to the second webinar, or internet-based creditors committee meeting of the Stanford International Bank Liquidation. I'm here with the joint liquidators, Marcus Wide and Hugh Dickson. Marcus Wide is a Chartered Accountant, a Chartered Insolvency and Restructuring Professional, and a member of the Insolvency Institute of Canada. He's licensed at under the Bankruptcy and Insolvency Act of Canada, and has practiced in the insolvency field full time since 1974. During the last fifteen years, Marcus has specialized in dealing with insolvent financial services enterprises, or banks, across the eastern Caribbean. Currently, Marcus is based in the British Virgin Islands where he is the Managing Director of Grant Thornton BVI Ltd. Good morning, Marcus.

Mr. Marcus Wide: Good morning, everybody.

Mr. Edward Davis: The other joint liquidator, Hugh Dickson. Hugh Dickson is a Chartered Accountant and a qualified Insolvency Practitioner in the Cayman Islands and the United Kingdom. He has more than twenty-five years of insolvency experience across a large number of countries and legal systems. His case experience includes the recovery of assets for victims and creditors of high-value frauds such as this one, and Ponzi schemes such as the Stanford and National Bank case, including a case with over 10,000 creditors. He's a specialist in large, complex and contentious international and cross-border cases involving asset tracing, recovery, and litigation in multiple jurisdictions, including those relevant to this case, in Switzerland, the United Kingdom, the United States, and Canada. Good morning, Hugh.

Mr. Hugh Dickson: Good morning, everyone.

Mr. Edward Davis: In the last webinar, we received many questions, and we are also receiving questions even now. Marcus, what is your plan with regard to answering those questions?

Mr. Marcus Wide: The issue of the questions, as we said last time, is that we would try and post on our website answers to all the questions that were outstanding. This is going to be posted in the day or two. In the meantime, we have [INDISCERNIBLE] did this to answer those questions, and as these questions come in today, we will try and deal with those as they come up. -- And I can see already a significant number of questions asking about when am I going to get my money and how much am I going to get, and I promise you we will get to that question as being one of the big ones.

Mr. Edward Davis: Great. Thank you. What has the estate been doing for the victims and the creditors since the last webinar in early October?

Mr. Marcus Wide: We've had a really busy couple of months. There's been a lot of activity. Just to give you some of the highlights, which I hope are up on the screen right now, we found about \$9 million in Colombia, which is through a company called Stanford Trust Company. Hugh and I have been made receivers of that and we expect to be made liquidators shortly. Once we have done that, we believe we will be able to recover if not all that, but a significant amount of it. We've also [PH] heeded the purchase and sale agreement for the Eastern Caribbean Bank Building at \$4.5 million, and that money should be in our hands within the next 40 days. We've also worked very hard to establish what other third-party claims we have, and to that end, we have retained investigators and experts to analyze information, and we already uncovered a significant number of red flags, issues that perhaps those who were supporting Mr. Stanford's efforts should have known about, and which now may give us the ability to claim against them. There's another issue in Canada. We believe there are significant claims to be brought in Canada, and unfortunately we were not recognized there. Mr. Janvey, the U.S. receiver, was recognized in Canada as being the proper party. We discovered that rights to file claims were about to expire and we had to bring, on a very urgent basis, an application to, if you like, supersede Mr. Janvey's recognition for the sole purpose of establishing new timeframes for bringing those claims, and we were successful in that. These claims are substantial, and had we not done that, those rights would have expired and lost forever. We've also spent a significant amount of time getting ready to do the forensic examination of the records of the bank, both the financial records and the electronic data such as emails. There is a huge amount of data in our possession, called 2 terabytes, which is a term that not many of us understand properly, but it's a vast amount of data. The cost of doing that has been substantial, and our access to funds from the UK was delayed while we had to deal with one of the holders of that money who was reluctant to part with it, I think is the best way to put it. But we now have that, and we have commenced the forensic analysis of these records, and already we're starting to find information which will be very helpful in bringing the claims that we think are appropriate. We've also found some real property outside of Antigua that was not declared before, or not discovered before, and we think that's worth maybe \$6 million. We've also been busy in Switzerland, and the Swiss trustee who is acting there independent of ourselves, but recognizing our estate as being the dominant estate, was already opposing the efforts of the Department of Justice to recover a sum which it looks like \$230 million. We have joined in those efforts and have provided him with some additional information and support in those efforts, and as part of that process, we've also intervened in a Swiss criminal proceeding, which is a domestic case brought by a prosecutor sitting in Bern against the Stanford entities. So that's the highlights of the things that we've done, and we'll probably just remind you of some of the other things that were accomplished before and which we are still working on and continuing. I think last time we reported there was \$3.2 million in Panama, which we now have in our bank. Of the funds that we got released in the UK, we have now drawn \$10 million down. The freeze we obtained over property in Antigua remains in place, and that litigation is continuing and we expect to fully establish our claim over those properties. And the claim against the former liquidators with respect to their assertion they're owed \$18 million in fees has been challenged, and we expect to have that heard some time in February.

Mr. Edward Davis: Great. Is there any way the folks who are watching this can actually see those records, or see the quantity or amount of those records?

Mr. Marcus Wide: In order to get some sense of this, we did in fact create a video tape of the bank's premises and the records that are in the bank. If you're interested in taking a look at it, just to have a sense of what it is we are dealing with, it is posted up on our website. It's about a five- or six-minute video, and you're welcome to look at it so you can get a sense of the property, the records in it, and the task that we have undertaken in reviewing those.

Mr. Edward Davis: Thank you very much. Hugh, can you tell us about the committee of creditors that you have assembled to assist you and Marcus in your efforts on behalf of the victims?

Mr. Hugh Dickson: Of course. The first point I suppose to mention is that under Antiguan law, there's no actual provision for a creditors' committee as such, but Marcus and I feel quite strongly that the creditors' committee is appropriate and very helpful for the liquidators so they can have a sounding board and an ability to get a feel from creditor representatives as to what creditor's wishes are. And in that regard, we've formed a geographically-diverse committee to represent the over 21,000 victims involved. Clearly Marcus and I can't speak to 21,000 people separately, so we've pulled together 7 people who collectively represent all the major geographic regions of victims, and with the exception of 2 people, they're all non-attorneys. They're ordinary depositors who have lost money. Of those 2 attorneys, one is himself a victim. He has personally lost money in this fraud. And the last attorney acts as a representative for a group of Mexican victims, and again, it's fairly direct representation by him. It's a simple way for a group of people to get representation rather than having it individual. So across the 7 committee members, we cover all the major geographic regions, and they all have direct relationships or are themselves victims of this fraud. There's no compensation for being on the committee. They don't get paid anything, and they get no commercial advantage. They're doing it because they are clearly interested and passionate about the rights of victims and creditors to get a recovery from their stolen money. Since we formed the committee, Marcus and I have met with them on seven occasions, and we have a policy that we consult the committee on all our major decisions, and we have periodic meetings with them anyway just to advise them of progress. All the other victims that aren't on the committee of course are always more than welcome to correspond with myself and Marcus. If they want to speak to a committee representative, they can do so by sending an email to stanford.enquiries@uk.gt.com, and that address is on the PowerPoint presentation for this webinar. Ed?

Mr. Edward Davis: Thank you, Hugh. You mentioned in your response, geographic regions, with regard to the composition of the committee. Could you spell out for the folks who are listening what is the composition of the bank depositors by region?

Mr. Hugh Dickson: Sure. If we look at physical head counts, where individuals reside, we have approximately 22,000 depositors -- between 21,000 and 22,000 depositors. There's a slide on the screen now which shows the breakdown by region. You can see the vast majority, or the majority I should say, some 60% of victims come from Latin American countries. The next biggest slice is 19% from various Caribbean nations. The third largest is the U.S. with almost 16%. And then we have fairly small, in proportionate terms, representations from Canada, Africa, Europe, and Asia-Pacific.

Mr. Edward Davis: Thank you, Hugh. What is the composition of the SIB deposits by region, as opposed to by looking at the individuals?

Mr. Hugh Dickson: If you look at the value terms, I suppose the first point to mention is that between 2001 and 2009, Stanford International Bank received approximately \$10 billion in deposits, but approximately \$5.6 billion was repaid. And if we look at claims against the bank, the depositors have a current balance as at February 2009 in dollar terms, you see the same sequence in terms of size, but the proportions are slightly different. So again, the slide is on the screen or should be, and Latin America 44% approximately; Caribbean 27%; United States slightly bigger this time at 22%; and then again a relatively small amount from Europe, Canada, Africa, and Asia-Pacific.

Mr. Edward Davis: For the purposes, Hugh, of determining both from a head-count and from a value or dollars, what did you use to determine where the depositors were from?

Mr. Hugh Dickson: It's a very good question, Ed. Every victim on this webinar will of course recall that when they set up an account with Stanford, they had to give a variety of information ranging from their place of residence through to a mailing address. We think that the mailing address is the wrong measure to use, because a number of depositors prefer to use a different mailing address from where they actually physically reside. So what we have done is we have used the place of residence disclosed on their bank application and their customer information form. So if, for example, you live in Venezuela but your mailing address was through a postal service in the United States, in the analysis I've just given you, you'll come up as a Latin American depositor not a United States depositor.

Mr. Edward Davis: Thank you very much. Marcus, I'd like to go back to you. One of the questions we saw many times -- and we received several thousand questions from our last webinar and we already have hundreds of questions coming in from the folks who are listening to this -- was, was the claims process commenced by the previous or former joint liquidators effective, and are you relying on it?

Mr. Marcus Wide: As you say, Ed, this is one of the questions that we've had the most correspondence about. The short answer, it was not really a claims process at all. It was more a verification of account balances and is not suitable for the basis of a distribution process. So what we have done is to go back to the Rules and the Act that mandate the claims process, and the form that that process has to take, and we've now come up and designed forms which follow those mandates and the standard form.

Mr. Edward Davis: Great. Thank you very much. Well, then that takes us logically into the claims process, Marcus, and one of the other most popular questions is, when are you going to have a claims process? What is it going to look like, and what do I have to do to comply with that claims process?

Mr. Marcus Wide: Sure. I'll answer that, and I'm looking as questions come up here on the screen right now, so I'll try and answer some of those. So if I'm not as fluent as I might be, I apologize, but I'm trying to cover off the questions that I see coming up at the same time. The first thing about the claims process is, it is mandated both by the International Business Corporations Act, and the rules for it are found in the 1986 English Insolvency Rules, and they set out in fair detail exactly what information has to be on a claims form, what the process is, and how you distribute the money at the end of the day. So we have developed forms for this specific situation based on those statutory and regulatory premises. Those forms we expect will be available in the next week or so. We've made them as simple as we can in the context of the obligations we have under the Statutes and under regulations. One of the frequent questions is, "Do I need a lawyer?" My answer is, "I don't think so." The claim form is straightforward and the information you require is clearly explained. There is a note attached saying what you need to do in order to make your claim. So from my perspective, I don't think you need a lawyer, but everyone is entitled to consult with a lawyer if they feel uncomfortable about how the form should be filled out or the information that is required on that form. Just to try and deal with some of the questions that have come in in the last little while, firstly, are all depositors treated the same? -- And the answer to that is every depositor will be treated the same under that process. It doesn't matter where you live. It doesn't matter what currency your claim is in. You will get the same treatment as every other depositor.

Mr. Edward Davis: What about the type of product they bought? Would it change at all?

Mr. Marcus Wide: It doesn't make any difference what the sort of product is. At the end of the day, it will be your net cash investment on which your claim is based. And let me just explain that for a second. We talked about this in the last webinar, but the basis for the claim will be the amount of money you put in less any money you got back, whether that money was capital or whether it was supposed to be interest. And the reason for that is that the bank never earned any interest. It never earned money with which to pay returns to its depositors. What it did was take other people's money and use that to pay the claims of those persons who were first in. So in order to make the playing field level so that everybody

gets a fair chance of getting a recovery, what we will be doing -- and this follows a number of precedents -- is taking the amount you put in and deducting from it the amount that you have had back, and that net number will be your claim. Now, we believe this will be the same process used by the U.S. receiver, although it's not entirely clear as his process has to go to court for approval. He has, in fact, applied for approval in court. And one of the other questions we have here is, do I need to file a claim with the U.S. receiver and in Antigua? And today I think the answer is probably yes. Certainly we are in discussions with the U.S. receiver, and we are hopeful that we can develop a process whereby a claim in one estate will be acknowledged as a claim in the other estate, the objective being to try and cut down on the work for depositors in making their claims, and also to reduce the total cost of the administration. I don't know if that's going to be possible as yet, but certainly that is our desire to work towards that, and as I say, we have had conversations with the U.S. receiver outside of the other issues we have with him, to try and accomplish that. Some of the other things is, where is my money going to come back to? -- Or, if I have a change of address, how do I deal with that? And the answer is, the claim form has a place where you are required to put in your address for purposes of dealing with the claim, and that's for any correspondence with respect to your claim, if we're trying to agree it with you, and when we return money to you, that will be the address that we use. So there is an address box on the claim form that will both establish where you send the money to and where we will deal with you. And I think the other thing that has come up quite often, unfortunately, is, what if I die before the distribution? -- And the answer to that one is, your executor is entitled to make your claim in the estate on your behalf, and there is no difficulty with that.

Mr. Edward Davis: One of the questions that just came in was, how are we going to get the claim forms? Are they going to be mailed to us, or are we going to have to go to a website to get them, or will they be emailed to us?

Mr. Marcus Wide: We're certainly going to put the forms -- and there will be a different form for if you're an individual or if you invested your money through a corporation or a trust. But those forms will be available in the electronic form on our website. You can download those, print them, fill them out, scan them, and hopefully send them back to us electronically by email. In the alternative, you will be request forms are mailed to you, and we can send you paper forms that you can fill out and send back in a paper format.

Mr. Edward Davis: Can you provide the web address for those on the call that may not know about it?

Mr. Marcus Wide: Yes. It's sibliquidation.com. So those forms will be up in the next week or two, and will be available to everybody to fill out and return to us.

Mr. Edward Davis: Has any depositor received any money from the Antiguan estate so far?

Mr. Marcus Wide: The answer to that one is a simple no, as I said earlier. All depositors are treated the same. No one gets a preference except as set out in the Statues.

Mr. Edward Davis: All right, Marcus. Thank you. Once you have the claims in hand and you've gone through them and worked with the deposits to make sure that they're accurate, what distribution do you envision employing once that process is completed?

Mr. Marcus Wide: Again, the distribution process is set out in the International Business Corporations Act, and it provides what is described as a waterfall of commitments, and at the top of that list are the former employees of the bank who have claims. As best we have been able to determine, these claims are less than \$1 million, and they're entitled to be paid first in full. After that, the Act provides for payment

to the government of Antigua for any of its obligations with the respect to the fees of the bank and other similar charges. We believe there are none and therefore none to be paid.

Mr. Edward Davis: None have been made so far?

Mr. Marcus Wide: None have been made so far.

Mr. Edward Davis: No claim has been made?

Mr. Marcus Wide: No claim has been made by the government of Antigua. So, as you may see if you have the screen in front of you, there is a little breakdown of creditors by class, and it shows that the employee claims is a miniscule amount, and at the end of the day, this suggests that 99.9% of the money that is available for distribution will be paid out to the depositors in the bank.

Mr. Edward Davis: What does it mean on this chart where it says "customers of less than EC \$20,000"?

Mr. Marcus Wide: That is the one twist in this waterfall, is the Statute specifically provides that small claimants -- and it defines that as people with a claim of less than Eastern Caribbean dollars 20,000 -- get paid in full. That amount in U.S. dollars is 6,000-and-a-little-bit, maybe \$6,600, somewhere in that range. So if you have a small claim, there is the ability to get paid out in full. It's not a huge sum of money, as again if you look at the chart in front of you, you can see there's just short of \$3 million that category which represents less than .04% of the total creditors by class. So it's a very small amount of money. It's administratively easy to do, and it does give people who are just in for a small amount of money a quick exit, and as I say, it is mandated by the Statute and will be paid in that way.

Mr. Edward Davis: Sticking with the distribution process, your liquidation is only as to the Bank itself. Is that a significant difference between your liquidation of the Bank and the SEC receivers' proceedings in Dallas?

Mr. Marcus Wide: Again, we don't know precisely how the U.S. receiver in Dallas is going to distribute the money that he has collected. In the Antiguan proceeding, it's very clear that the recoveries that we make go only to the creditors of Stanford International Bank Ltd. In the U.S. proceeding, there is some prospect -- and I say, we don't know yet because the matter has not been dealt with by the U.S. court -- but there is some prospect that claimants from other companies will be sharing in the funds in the hands of the U.S. receiver, and we are aware of substantial claims by employees. We are aware of substantial claims by landlords, which if they're brought into what is in essence an aggregation of all the Stanford entities in the U.S., it may significantly dilute the amount available to the creditors of the Bank itself.

Mr. Edward Davis: Is one of those claims potentially a large IRS tax claim against Allen Stanford?

Mr. Marcus Wide: Yes, thank you for reminding me. Yes, indeed. There is a very substantial claim against Mr. Stanford himself. That presently stands, we believe, in the range of \$226 million. Our concern is that, as Mr. Stanford appears to have borrowed \$1.8 billion in the U.S., there is some prospect the IRS may see that as being in essence income to him, because he's not going to repay it, and assess him tax on that amount as well. That could be several hundred millions dollars again, so there is the prospect of a very large and difficult dilution in claims from the monies collected in the U.S.

Mr. Edward Davis: So it can go higher than \$225 million, is what you're saying?

Mr. Marcus Wide: They could go significantly higher than \$225 million.

Mr. Edward Davis: At the time that the distribution process starts to send money to the victims, what currency would they send it in?

Mr. Marcus Wide: Again, the Rules are very helpful to us here. We know the depositors bought CDs in a variety of currencies. In order to establish a benchmark on which the pro rata distribution can be made, those currencies will be converted as of the date of liquidation into U.S. dollars, and that will establish the baseline for measuring everybody's claim, and the distribution will be based on that. It is our expectation that the vast bulk of recoveries will be in U.S. dollars, and that we'll probably send the payments out also in U.S. dollars.

Mr. Edward Davis: Thank you. I'm going to try synthesize a bunch of questions that have come in both in the last webinar and now in this one in the following question, which is a very, very broad question so we'll have to break it down. -- How does the liquidation process work, and why does it take so long and cost so much?

Mr. Marcus Wide: Well, this is the question I think most of the depositors really want answered, so I will take a bit of time to try and work through this. Firstly, we have to remember, there are certain liquid assets that are available. These have been largely collected in the U.S. by Mr. Janvey. We're also all aware of the funds frozen in various other countries as a result of actions by the Department of Justice, but those are fairly liquid and could be made available when the Department of Justice sees fit to release them. At the present time -- and we'll talk about this more later -- the DoJ is not able to do that. The other assets of the Bank are unfortunately real properties in Antigua and with some minor properties elsewhere, that if we sold them today would yield a relatively small amount of money in the context of the losses that investors are faced with, genuinely an insignificant amount. Our advice from professional real estate advisors is that if we take our time in realizing this, if we spread out the sale process over a year or two, or maybe longer, we can dramatically increase the value of that property. Also by spending a small amount of money in some improvements, again, we might be able to significantly increase the value by as much as two or three times the value if we were to just try and sell them quickly today. I think everyone is aware that the real estate market is not buoyant right now. It is struggling, and even at the values we think which represent what we call "fire sale prices", somewhat unkindly -- in other words, what can we sell it for today if we had to sell it quickly -- even at those sorts of values, it may take some time to sell these properties. The other things and had the most significant assets in the estate are litigation claims. We believe these to be hundreds of millions of dollars, if not into billions of dollars. These really represent the biggest opportunity for depositors to get some real money back against their investments. These claims will be against significant targets with real wealth and real assets to pay, but they will be vigorously defended, and it will take some time to see that litigation through. Those litigations have costs associated with them on top of the time that they take. So the reality is that it will take some time to generate any cash in the estate for distribution to depositors, and the decision we are trying to make right now is, do we just sell everything as quickly as possible and not worry about litigation, and return a small amount of money to you? -- Or is it better to spend some time and effort on litigation and in developing a proper sales process for the real properties to generate higher values? This is a very complex process, and we have put up just now a slide which talks about this issue in some detail. Today we believe there are assets that are either in cash or could be sold say within a period of twelve months or so, and in total -- and when I say total, I mean between the U.S. receiver and ourselves -- those values come to something like \$500 million.

Mr. Edward Davis: And that includes the money that is frozen currently at the request of the Department of Justice?

Mr. Marcus Wide: That would include the money that is presently frozen at the request of the Department of Justice. When we look at the creditors' position, we believe the true value of the claims --

and that's, as I've described it before, the net cash invested by everybody, their real exposure -- is in the range of \$4.5 billion to perhaps \$5 billion seems to be the likely range. If that were to be returned to everybody as it was recovered and say a year timeframe is sort of likely, that would pay something like 11 cents on the dollar, maybe 9 cents on the dollar depending exactly how the claims process falls out and what the total claims are, but it's going to be in that range. Based on what we know today about litigation potential -- and I include Mr. Janvey's claims as he is advancing in this, as well as the ones that we think we can effectively advance -- we believe there is a chance to recover, as I said earlier, billions of dollars perhaps, if not certainly hundreds of millions and perhaps as much as \$2 billion. We think the cost of that would be somewhere in the range of 2 cents on the dollar for each depositor. In other words, instead of getting 11 cents back in the short-term, you might get 9 cents back in the short-term. With that investment, we believe we have a real strong prospect of pursuing the litigation and have a proper marketing plan for the real property, which will yield the additional money. So that is the decision we are looking at right now is, are the depositors best served by having somewhere between 10 cents or 11 cents on the dollar returned to them in a reasonably short period of time, say a year to 18 months? -- Or is better all round for the majority of the depositors to restrict that distribution, withhold 2 cents to fund litigation claims and a proper marketing strategy for the real property, which will give you a chance of getting something more in the range of 40 cents to 45 cents on the dollar. -- And that's what we're looking to our committee to advise on.

Mr. Edward Davis: So let's just recap that, because I think that that's a lot for the victims to digest, and it really is the core of how a liquidation process works. As I understand what you're saying is that, if everything was shut down today and nothing more was done, roughly speaking, including the money that is frozen overseas, the assets that you're aware of today, both in the SEC receivership and in the Antiguan liquidation, is about \$500 million U.S. If you were to just shut everything down and pay that out today, that would roughly be somewhere between 9 cents or 11 cents on the dollar. So if someone had \$100,000 claim, they would theoretically get something in the neighborhood of \$9,000 to \$11,000 in that range.

Mr. Marcus Wide: That's exactly right.

Mr. Edward Davis: But if they didn't get \$11,000, and you decided to invest a small percentage of that towards properly marketing the land and pursuing properly and vigorously the claims against third parties, that both you and Mr. Janvey, in the cases where he is bringing some of those claims, that you believe that that could actually result in the creation of value for the victims of 30, 40, or even 50 cents on the dollar.

Mr. Marcus Wide: Exactly right.

Mr. Edward Davis: Okay. Great. Can American victims file claims in this liquidation?

Mr. Marcus Wide: Absolutely. As I said earlier, it doesn't matter where you are or what product you bought or who you bought it through. There's some question I see here, "If I bought my CD through a broker, can I claim?" -- And the answer is, if you hold a CD or other investment in Stanford International Bank, you can file your claim in the Antiguan Liquidation.

Mr. Edward Davis: And just to be clear, if funds were to come in from the Department of Justice, it is your intention to distribute all or most of those funds?

Mr. Marcus Wide: That would be our intention, and we believe we could do that on a relatively quick basis given that our claims process will be up and running shortly.

Mr. Edward Davis: We're going to talk about that in just a minute, but one of the things that I think is still unclear based upon the questions that are coming in is, if I filed a claim already something the former Joint Liquidators in the Antiguan Liquidation, do I have to file a new claim form? -- And I think it's important for you to just answer that again very quickly because people I think are still confused by that.

Mr. Marcus Wide: Yeah. The short answer is what the previous liquidators did was really just confirm a balance. It wasn't about a claim in the estate. What you have to do now is that you file a formal claim in the Antiguan proceeding.

Mr. Edward Davis: So the answer is yes.

Mr. Marcus Wide: The answer is yes, you have to file a proper claim, and the old process was not a claims process that we can accept.

Mr. Edward Davis: And again, a question that comes up over and over again, and you talked about it very quickly -- will Express Accounts and CDs be treated the same or differently?

Mr. Marcus Wide: All claims against the Bank will be treated exactly the same. They will get the same percentage recovery, and it doesn't matter whether you're in for 100,000 or a million, whether you bought CDs or had these in the Express Accounts -- every claim against the Bank will be treated the same way.

Mr. Edward Davis: And you believe these claim forms will be available in the short-term?

Mr. Marcus Wide: Within the next two weeks, yes.

Mr. Edward Davis: And one person asked, what do you mean by "litigation claims"? Again most, if not the vast bulk of the folks who are on this call, are not lawyers. What do you mean by that, in general terms?

Mr. Marcus Wide: These are people who have aided and abetted the fraud in some way or another. It could be lawyers. It could be bankers. It could be accountants. It could be brokers. -- Anyone who has failed in their obligation to do due diligence about whom they were dealing with, what the nature of his business was, and therefore have made it possible for this fraud to occur. And it's fair to say, I think, that there are a number of significant targets. Mr. Janvey has discovered some and is prosecuting those, and we have others, and in fact I think there are maybe some overlapping targets, and there may be some in the States that we can bring that Mr. Janvey can't. So I believe there are very significant claims to be had.

Mr. Edward Davis: Well, let's pick up on one of the issues that you just raised -- Hugh, if I might turn back to you, please -- and that is the issue regarding the frozen funds overseas. Currently there is a contest, if you will, between the Joint Liquidators who have been recognized as the proper party to make claims in the United Kingdom and in Switzerland with regard to funds that have been frozen there, either at the request of the United States Department of Justice or even internally by the Swiss themselves. What is the Joint Liquidator's position with respect to the Department of Justice's request to freeze those funds?

Mr. Hugh Dickson: Right, Ed. Well, I think most people on the call are aware, Marcus and myself are actively objecting to the Department of Justice's attempt to, having seized these monies, to take them back, or I shouldn't say back, I mean they were arguably never in the United States in the first place. -- To take them into the United States for the Department of Justice to then deal with. And I should add, it's not just the UK and Switzerland, it's Canada as well. The third thing I should say, really, is that the Department of Justice of course are well-motivated people who genuinely believe this is the right thing to do. They are, of course, also prosecuting Mr. Stanford for criminal matters, but their motivation behind

trying to recover this money is they think it's the right thing to do for the creditors. The simple fact of the matter is Marcus and I do not agree with that at all, and very strongly we don't agree. And I think the slide up shows a variety of reasons why we think the Department of Justice getting a hold of these monies is a bad idea for victims, but to simplify it, I think there's three key areas. Firstly, there's a problem with delay; secondly, the claim process or the distribution process for that money has a number of fundamental problems with it; and thirdly, there's an issue of damage to the estate and a dilution, if you like, of the recovery that will be made for the money, i.e. the cost benefits of this process. Let me touch on each of those in turn. Delay -- the first problem is that under the Department of Justice Forfeiture Process, they can't actually get final access to these monies until Stanford is convicted, until the Forfeiture Order has been granted by the criminal court, and even then, all available appeals processes must have been exhausted. And while the Department of Justice is doing its best to bring Allen Stanford to trial quickly, a criminal trial, particularly on a matter as complex as this, is likely to be time-consuming and you always have an appeals process hanging over the case. And the second, fairly fundamental problem is they have to prove -- I think what's described on the slide as a nexus -- they have to prove a direct relationship between the money and the criminal offense in which he's been convicted. Now the problem here is this is not a case that would normally apply in something like a drug dealer's assets being confiscated. This is not a case where the Department of Justice can point at the money and say, "These are the proceeds of crime." These are monies that the Bank owned that were in accounts that have been frozen. If you like, and perhaps somewhat ironically, these are the monies that Allen Stanford didn't manage to steal; and so proving that relationship is going to be a problem for them, and that further adds to the delay, and it also doesn't give any certainty that the Department of Justice process will ever result in those monies being then handled by the Department of Justice, and if not by them, then it would eventually have to come back to us, and all that's happened is we've wasted a lot of time. The second point is the claims process. There is a world of difference between the process that the Department of Justice applies to distribute forfeited monies and a claims process under Antiguan law or indeed any other insolvency law. The Department of Justice has quite a complex claims process, but in essence it's an internal process for them. They set the rules. They determine who can file claims. They decide whether the claims are acceptable or not. And the only right of appeal to that process is, strangely enough, to the Department of Justice. And if you compare and contrast that with an Antiguan Liquidation process, where there's a clear set of rules for how claims can be filed -- there's an absolute entitlement for anybody who has lost money in the bank to file a claim. There's no ability for me or Marcus to say only U.S. nationals can apply, or only certain categories of claims can be filed. We have to accept all claims, and of course we want people who have lost their money to file claims. There is no ability to introduce claims from people who don't have a direct relationship to the money. -- And I think Marcus touched on earlier our concerns that a Department of Justice claims process might allow the admission of claims from people like the IRS, for example, or the exclusion of people that don't have a sufficiently large claim for the Department of Justice to be concerned with. -- None of that applies. We have a judicially-supervised process. And I suppose in terms of just the general fairness of the process, not only is our claims process fully described in law, but to the extent that any victim feels that Marcus or I haven't dealt with their claim properly, they can go to the Antiguan court and complain about that; and if they are not satisfied with the outcome of that, they can go to the Court of Appeal and complain about it; and if they're not satisfied with that, they can go to the Privy Council of the United Kingdom and complain about it. And at all levels, their claim will be fairly heard. That sits rather uncomfortably along side a bureaucratic process where you get to complain to exactly the same folks who have just actually denied your claim or dealt with it in a way you don't feel fair. And I suppose the third point is one of damage or cost. Firstly, the freezing of these assets, no matter how well-motivated, has meant that some of the assets which are not cash -- they're financial securities, investments in hedge funds, shares, that sort of thing -- they can't be dealt with or converted into cash. They're frozen, and a lot of people on this call know that the equity markets have gone down a lot in the last three years, and that means that some of these assets have inevitably lost value during that time and may continue to lose value, and that's not good. And when we're talking about cost and how this then affects creditors' rights against this money, let us not forget that Marcus and I are required by law to

have a claims process. We have to have one. Whether we have one that deals with \$100 million of realized assets or \$1 billion of realized assets or \$2 billion of realized assets, we have to have a claims process, and by and large the claims process will cost a certain amount to administer irrespective of the amount of cash distributed. But if the money goes to the Department of Justice, there's going to be at least two claims processes, and so it's a simple duplication of costs. So as a bit of quick rattle-through, there's a number of specific points on the slide, but in essence we're not fighting this for the hell of it. We're fighting this because we strongly believe that it's in the creditors' and victims' best interests for these monies to be handed over to us, to enable an early distribution to victims. If you go through a Department of Justice process, there's going to be delay; there's some fairness issues and procedural issues with the claims process; and last but not least, we don't think it's in the economic interests of the victims.

Mr. Edward Davis: And one last point I'll ask you, if the money were to go to the Department of Justice, would the Department of Justice guard the confidentiality or the identify of the claimants, or would it have legal obligations to do otherwise? -- Or do you know?

Mr. Hugh Dickson: I don't honestly know, to be honest, Ed. You're probably better positioned to speak on it than I am. I can tell you that by contrast, Marcus and I are absolutely obliged to guard confidentiality. We're bound by Antiguan law on the point.

Mr. Edward Davis: Right. So without speaking to what the Department of Justice would or would not be able to do regarding protecting the confidentiality of the claimants, you can give complete comfort in that regard.

Mr. Hugh Dickson: Yes. Well, I think when I spoke about fairness in the claims process, that's one of my concerns, because I think, if I'm a depositor who has consciously put their money in an offshore bank, particularly from a Latin American depositor to be fair, one of the reasons I did that was to preserve my confidentiality. And the concept of then having to apply to the Department of Justice of the United States government to try and get my money back seems to be, yeah, "That's not what I originally signed up for when I put my money with the bank", would be my view.

Mr. Edward Davis: Right. All right. Thank you very much. One of the principle issues that the estate has worked on which you referenced before, Marcus, is the relationship between the Antiguan Liquidation and the SEC receivership. And the primary point of contact in that regard, the legal point of contact, has been through an American bankruptcy proceeding called the Chapter 15, and since this is an ongoing piece of litigation between the estate and the SEC receivership, could you give a brief overview to those phone as to what the current status is and why it's being done? Why are you doing it?

Mr. Marcus Wide: Certainly. The reason for what is referred to as Chapter 15, which is an application under the U.S. Bankruptcy Code for a standing to be recognized in the U.S. courts as a proceeding and therefore to have legal rights in the U.S., is basically so that we can pursue claims in the U.S. that the U.S. receivership can't, and there are a number of arcane legal reasons for this, but the issue is, very simply, a liquidator has different rights and remedies than a U.S. equity receiver. So in order to effect this, we have to apply to be recognized. We understand this may seem to be in conflict with the U.S. process and the U.S. receivership. That is certainly not our intention, but unfortunately I think the U.S. receiver and perhaps the SEC and perhaps the Department of Justice, as we sometimes shorten to the DoJ, may see this as an assault on them. It is certainly not intended to. We've had discussions with the U.S. receiver which resulted in us drafting a fairly lengthy protocol under which we undertook not to do some things, to ensure that we did not put ourselves into conflict with the U.S. receivership and to try and avoid any duplication of process where they had claims and advantages that seemed to be working well for them. Where they have claims that are either being dismissed or they're failing for want of standing, we may

want to intervene in those, but only where they've shown that those claims can't be pursued under their present situation. So our objective here is to be able to bring claims that the U.S. receiver can't bring in the U.S. Our objective, and the reason we drafted the protocol, was to try and avoid any conflict with the U.S. receiver, to avoid duplication of costs and processes. For some reason, this has not been acceptable to the U.S. entities, whether it's the receiver, the Stanford Investors' Committee, the examiner, or the SEC -- and they have chosen to object to our application. So what has now happened is despite mediation, we have a hearing scheduled on December the 21st in Dallas, in which the court will consider whether or not we are to be granted the recognition we need to bring those actions that I just mentioned. There's a lot of legal detail within that, but that's in essence what we're trying to accomplish.

Mr. Edward Davis: One thing that we could add to that is that we've just filed our evidence in that regard in the public record in Dallas, in the Chapter 15, and everybody is welcome to go to that. That evidence will be posted on the sibliquidation.com website in very short order so that you can review it as well. It is, after all, your evidence, the evidence of the estate which is being run for the victims.

Mr. Hugh Dickson: Now, Ed, I think we have covered the main topics. We have some questions and we have just two or three minutes left before the webinar ends, and perhaps I can just deal very quickly with some of these questions. For example someone has asked -- do I need an account in the U.S. to get my money? The answer is no, it'll be sent to whatever address you would like us to send it to. There are questions about the claims forms -- the claims forms will have fairly detailed instructions in how to fill them out. I think they're very simple, but there are instructions attached which will assist you. There's a question here -- are we guaranteed the 40 to 50 cents on the dollar? The answer is no. There is always some risk in litigation, but we are not going to pursue claims that we do not believe have a realistic chance of success. We understand these costs are your money and we're not going to do that. Further questions -- will there be interim distribution? -- And the answer is yes, if we get cash in our hands that are more than we need to run the estate in the short-term, we will certainly be distributing that. For example, were the DoJ to step back and release its money, release those freezes and that money came into our hands, we could certainly have a distribution of a very substantial part of that within the next two or three months. We also have a question about SIPC. We do not know what SIPC is going to do. For those of you who are not involved, it's the agency which guarantees against losses of securities in the U.S., if they're bought through a U.S.-insured broker. Some of you bought CDs through a U.S. broker, the question is are those CDs securities which were lost and therefore insured. I believe the SEC has opined that they are. There are others who think they are not. We do not know what SIPC is going to do, nor do we know what the consequence of that will be. That's a question for SIPC for deal with. We've been asked what is an EC dollar -- an EC dollar is the Eastern Caribbean dollar, and it takes 2.67 Eastern Caribbean dollars to make a U.S. dollar. Are there any other questions that we should deal with, Ed?

Mr. Edward Davis: One of the questions that just came in is, what happened to the claim by the former joint liquidators' fees? What is the current status of that?

Mr. Hugh Dickson: That is going to be litigated, I think I mentioned it earlier, and it will be dealt with I believe in February. Just before we go, I should say that the slides that you've been looking at will be available on our website and can be viewed there. They include how to get in touch with the estate, and I'll give you the address again. It's sibliquidation.com.

Mr. Edward Davis: Yeah, not only will the slides be there, but the transcript of this will be there, both the video and the audio. So you'll be able to see the slides and a reproduction of this so that you can click on it and listen to it again. And we'll also post an actual written transcript of it so you can read through it as well. So the idea is for you to have as much information as possible in what is your liquidation, so that you have as much current information as can be provided without providing information that is potentially harmful to the estate. The only thing that the joint liquidators are holding back are

information about certain claims that we would not want to [PH] chip the last person, the person who is about to be sued. We are right at the end of our one hour. This is about to end, and we thank you very much for your participation.

Operator: Thank you for joining. That concludes today's webinar.