

Court File No: CV-12-9780-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

MARCUS WIDE of Grant Thornton (British Virgin Islands) Limited, and HUGH DICKSON, of Grant Thornton Specialist Services (Cayman) Ltd, acting together herein in their capacities as joint liquidators of Stanford International Bank Limited

Plaintiffs

- and -

THE TORONTO-DOMINION BANK

Defendant

AFFIDAVIT OF BEVERLY M. JACOBS

(Sworn November 13, 2014)

I, **BEVERLY M. JACOBS**, of the City of St. Johns, in the Country of Antigua and Barbuda, MAKE OATH AND SAY:

1. At the time of the collapse of Stanford International Bank Limited ("SIB") in February 2009, I was employed as SIB's Vice President of Client Support. Following SIB's collapse, I have remained in this position and have reported first to the former joint liquidators of SIB, Peter Wastell and Nigel Hamilton-Smith (the "**Former Officeholders**"), and now the current joint liquidators, Marcus Wide and Hugh Dickson (the "**Joint Liquidators**"). As such, I have knowledge of the information to which I hereinafter depose, except where my statements are of my information or belief, in which cases I have identified the source of that information or belief and I believe the statements to be true.

2. As detailed below, I have worked the majority of my adult life for SIB, including in a senior management role. As a result, prior to SIB's collapse in February 2009, I had developed extensive and detailed knowledge of SIB's many operations and affairs.

3. My knowledge of SIB's operations and affairs formed a primary source of information that was available to the Former Officeholders upon SIB's collapse and their resulting appointment as receiver-managers and later as joint liquidators. In addition, while working for the Former Officeholders, I acquired additional information from other SIB personnel and provided that information to the Former Officeholders as required. I have outlined the information that I provided to the Former Officeholders in a general way in this affidavit. This is done in order to explain the extent and nature of the information available to the Former Officeholders in the initial months following SIB's collapse.

I. BACKGROUND

A. Personal Background

4. I was born in Antigua on November 30, 1965 and completed my education through until grade 11 in Antigua. I then attended City & East London College in the United Kingdom where I completed A-Level courses in English and mathematics. Subsequently, I obtained diplomas from the Cambridge Tutorial College in the United Kingdom in Personnel Management and Industrial Relations, Communications in Business and Management, and Private and Professional Secretarial Duties.

5. In addition, I have completed numerous courses towards a bachelors degree in business administration at Everest University Online, which was formerly Florida Metropolitan University. I have also completed a banking certification course offered by the Institute of

Canadian Bankers and, as a result, obtained a diploma in Bank Operations. Finally, I have attended a series of courses in respect of the banking industry, including a course held in New York on SWIFT wire transfer system and payments.

B. Employment History

6. In 1993, I was hired as an administrative assistant at Guardian International Bank Limited ("Guardian"), which approximately one year later became "Stanford International Bank Limited" or "SIB". I held that position until I was promoted to the position of Manager's Assistant in 1995. This position entailed working directly with the then-manager of SIB, Edward Smith. I held the position of Manager's Assistant until 1998.

7. In 1998, I was again promoted and became SIB's Client Accounts Manager, a position which entailed overseeing SIB's Client Accounts Department. This was a senior management position and I at all times thereafter remained a senior manager of SIB until its collapse in February 2009. While acting as Client Accounts Manager, I ensured the completion of: (i) adequate follow-up on outstanding documentation for approved accounts; (ii) accurate maintenance of customer information files; (iii) timely and proper handling of customer instructions; (iv) timely and accurate updating of standing orders; (v) timely processing of credit facilities such as loans, letters of credit, letters of guarantee and credit cards; and (vi) proper assignment of departmental functions.

8. In addition, while acting as SIB's Client Accounts Manager, I reviewed documentation for new account applications and output control, completed quarterly performance and other periodic evaluations, provided information to the Human Resources Manager so that job descriptions could be updated, made recommendations regarding staffing, planned and

implemented a vacation schedule for the Client Accounts Department, and, along with others, acted as a signing authority for SIB on such items as cheques, certificate of deposit confirmations, renewal certificates, bank confirmations and general correspondence.

9. In 2000, I was promoted to the position of Operations Manager for SIB. I remained in that position until 2008. While acting as SIB's Operations Manager, I had oversight of SIB's Operations Department, which, as detailed below, was comprised of three sub-departments: Client Accounts, Client Transactions, and Bill Payments Departments. I also (i) processed letter of credit and letter of guarantee applications; (ii) received and processed claims from beneficiaries of letters of credit and letters of guarantee; (iii) monitored letters of credit and letters of guarantee for maturity dates and other relevant information; (iv) ensured that the loan/deposit ratio was within SIB's accepted guidelines; (v); served as the contact person for SIB's credit card programs; (vi) reviewed SIB's credit card portfolio to ensure adequate balances were maintained as security in deposit accounts; (vii) provided presentations and training on the products and services of SIB to SIB staff and new financial advisors of related entities owned by Robert Allen Stanford ("Stanford") (as discussed below); and (viii) continued to act as a signing authority for SIB.

10. In addition, while acting as SIB's Operations Manager, I also completed quarterly performance and other periodic evaluations and served on the implementation team for SIB's conversion to a new banking system called "Temenos T24 system" (discussed below). Among other things, while implementing the Temenos T24 system, I acted as a resource person for information on SIB's products and services, created and ran tests in the new system, and set up the necessary product menus and rate tables.

11. In 2008, I was again promoted and became SIB's Vice President of Client Support. I remained in this position until February 2009, at which point SIB's normal operations collapsed. While acting as SIB's Vice President of Customer Support, I had oversight of the Client Services and General Affairs Departments. Within this role, I: (i) ensured that human resources were deployed effectively and positions were adequately staffed, making necessary recommendations in respect of changes and/or reassignments of SIB personnel's responsibilities; (ii) ensured that personnel under my supervision were aware of SIB's policies and adhered to the applicable rules and procedures; (iii) reviewed work processes with department heads and implemented appropriate recommendations; (iv) handled any exceptions to SIB's policies and client complaints; (v) provided SIB's senior management with feedback on matters relating to the departments' operations; (vi) provided presentations and training on SIB's products and services, and continued to act as a signing authority for SIB; (vii) completed quarterly performance and other periodic evaluations of SIB personnel; (viii) provided input and updates to job descriptions in consultation with SIB's senior management and the Human Resources Manager; and (ix) handled disciplinary matters in consultation with SIB's senior management and the Human Resources Manager.

12. As a result of the various positions and responsibilities I held while employed at SIB, I gained extensive and diverse knowledge of SIB's operations, products and services. Although certain SIB personnel were specialists in distinct parts of SIB's operations (including myself), I was among those at SIB with comprehensive generalized knowledge of SIB's affairs and was therefore a leader of many of the actions that were undertaken at SIB on a day-to-day basis in Antigua.

13. In February 2009, SIB's ongoing operations collapsed. At that time, the Former Officeholders were appointed as joint receiver-managers of SIB. In April 2009, the Former Officeholders were appointed as joint liquidators of SIB but were replaced by the Joint Liquidators in May 2011. Since SIB's collapse, I have at all times remained at SIB and provided assistance to the Former Officeholders and the Joint Liquidators as required.

II. SIB'S OPERATIONS

A. SIB's Offices and Employees

14. Throughout my employment at SIB (formerly Guardian), it was at all times headquartered in St. John's, Antigua. Over the years, various buildings served as SIB's headquarters, including the buildings of other Stanford-owned entities Bank of Antigua Limited ("**Bank of Antigua**") and Stanford Trust Company Ltd. ("**STC**"). However, in approximately 2001, a building exclusively for use as SIB's headquarters was constructed at No. 11 Pavilion Drive, St. John's, Antigua. That building was then used as SIB's headquarters until SIB collapsed in February 2009. SIB's affairs continue to be liquidated from its former headquarters, which is now controlled by the Joint Liquidators.

15. Throughout its operations, SIB had one office outside of Antigua. That office was located in Montreal, Quebec, Canada. It was a sales office offering SIB products and also housed SIB's disaster electronic back-up facilities. In the event that SIB could not operate from Antigua, it would have operated from its office in Montreal. In addition, as detailed below, certain of SIB's operations were undertaken by third parties pursuant to contractual agreements. No such third party was located in Antigua and, as such, large portions of SIB's operations were actually conducted from various other locations, primarily in the U.S.

16. At the time of its collapse in February 2009, SIB had approximately 90 personnel at its headquarters in Antigua and approximately five additional personnel at its Montreal office. In addition, at all times SIB had various officers. For instance, in 2008 and 2009, SIB had 21 officers from various jurisdictions around the world.

B. SIB's Departments in Antigua

17. At the time that its operations collapsed, SIB had 10 distinct departments at its headquarters in Antigua. Together, SIB's departments received, processed and handled client deposits from tens of thousands of clients totaling billions of dollars. However, those departments did not comprise all of SIB's operations because critical portions of SIB's operations were undertaken by separate entities located outside of Antigua.

1. The Operations Department

18. SIB's Operations Department consisted of three sub-departments: the Client Accounts Department, the Client Transactions Department, and the Bill Payments Department. Generally speaking, the Operations Department was responsible for receiving new account applications for approval and processing, entering customer information into SIB's banking system and creating customer information files, processing applications for credit facilities, establishing customer accounts, reviewing new account confirmations and renewal certificates, posting customer transactions, preparing cash letters and collection letters, scanning customer transactions for electronic storage, processing standing orders, and processing bill payments.

2. The Client Services Department

19. SIB's Client Services Department was responsible for, among other things, handling inquiries from clients, department managers and financial advisors, processing bank confirmations and other client requests, researching, investigating and resolving queries related to incoming, outgoing and returned wires, liaising with financial advisors regarding transaction discrepancies, following up on queries related to delinquent credit card accounts and credit card disputes, following up on collection items, and translating documents from Spanish or French into English.

3. The General Affairs Department

20. SIB's General Affairs Department was responsible for, among other things, client filings and general filings, handling all incoming mail and courier packages, processing the daily incoming and outgoing mail pouches, preparing mail items for dispatch, managing SIB's stationary and office supplies, receiving incoming SWIFT messages and releasing outgoing SWIFT messages, maintaining SIB's storage facility, retrieving filed items upon request, managing incoming and outgoing faxes, scanning client signature cards, ensuring proper organization of the file room, and maintaining all mail holds.

4. The Systems Operations Department

21. SIB's Systems Operations Department was responsible for, among other things, operating and maintaining SIB's systems and network, providing management information as required, executing end-of-day and start-of-day jobs, archiving reports, running backups, running

scheduled and *ad hoc* reports, completing the end-of-month standing orders process, printing account statements, and printing credit card statements.

5. The Accounting Department

22. SIB's Accounting Department was responsible for, among other things, maintaining certain of SIB's financial records and providing certain financial information as required, managing the accounts payable portfolio, managing the accounts receivable portfolio, posting journal entries, reconciling accounts, preparing settlement cheques for suppliers, compiling, analyzing and summarizing account information, preparing daily, monthly and yearly reports, preparing budgets, analyzing variances and initiating corrective action, and ensuring compliance with all reporting requirements and regulations of Antigua.

6. The Compliance Department

23. SIB's Compliance Department was responsible for, among other things, ensuring that SIB complied with the Antiguan *Money Laundering (Prevention) Act*, the *International Business Corporations Act* and many other legal and regulatory compliance requirements of Antigua. In addition, the Compliance Department reviewed forms, operational procedures and record-keeping files, ensured the quality of documentation was adequate and in compliance with standard operating procedures and regulations, provided training to employees in compliance-related matters, and periodically preformed tests to ensure accounts were functioning in accordance with SIB's terms and conditions.

7. The Quality Control Department

24. SIB's Quality Control Department was responsible for, among other things, auditing the accuracy of all transactions posted daily, ensuring proper interpretation of clients' instructions, checking postings against reconciliation lists, ensuring postings were reflected on the system, ensuring no duplication of transactions existed, ensuring that appropriate transaction penalties were applied, and assisting Client Services personnel with resolutions to inquiries.

8. The Human Resources Department

25. SIB's Human Resources Department was responsible for, among other things, providing the day-to-day management of human resources needs, orienting new financial advisors, ensuring that positions at SIB were adequately staffed, and ensuring that a high level of staff morale was maintained, that incumbents were fully trained and that the human resources policies and procedures were adhered to.

9. The Protocol Department

26. SIB's Protocol Department was responsible for, among other things, assisting with promoting and maintaining SIB's image in the areas of client and visitor support, assisting with SIB event planning, and providing, as necessary, concierge services to "very important" clients and other visitors.

10. The Internal Audit Department

27. SIB's Internal Audit Department was responsible for, among other things, developing SIB's annual audit plan in conjunction with the Audit Committee Chairman, examining and

evaluating for adequacy and effectiveness of SIB's internal control systems and risk management procedures, performing special investigations at the request of senior management or the Board of Directors, following up with corrective actions or implementation of audit recommendations, liaising with external auditors and regulatory authorities on matters of internal controls and regulatory concerns, and providing audit reports to SIB's Audit Committee.

C. Services Provided to SIB from Outside of Antigua

28. In addition to its operations in Antigua, it also relied on the services of certain other Stanford-owned entities that were located outside of Antigua. Most notably, SIB relied on the services of the Stanford Financial Group ("SFG").

29. SFG was a distinct entity from SIB and was based in the U.S. It also had affiliates in several other countries. SFG performed most or all of SIB's marketing and treasury functions. My understanding was that SFG performed these services pursuant to contracts with SIB and that SIB paid SFG on a regular basis for the services.

30. While SIB personnel had primary responsibility for SIB's liabilities (mostly client deposits), SFG was responsible for, among other things, managing all or virtually all of SIB's investment portfolio. SFG was also responsible for managing all or virtually all of SIB's relationships with third party financial institutions, including investment firms and correspondent banks.

31. Certain senior SFG personnel had particular responsibility for the treasury services provided to SIB. In particular, Patricia Maldonado ("Maldonado") was SFG's treasury manager and was responsible for SIB's relationships with correspondent banks, while Laura Pendergest-

Holt ("**Pendergest-Holt**") had primary responsibility for SIB's investment portfolio. Both Maldonado and Pendergest-Holt ultimately reported to James Milton Davis ("**Davis**"), who was the Chief Financial Officer of SFG. Each of Davis, Maldonado and Pendergest-Holt were at all times based in the U.S. and only rarely attended at SIB's headquarters in Antigua. To the best of my knowledge, at no point were any of Davis, Maldonado or Pendergest-Holt based out of SIB's headquarters in Antigua or employed by SIB.

32. SIB also relied on the services of third party financial advisors in order to engage and manage clients. Most such third party financial advisors were employed by Stanford-owned entities. For instance, clients in the U.S. worked with financial advisors were employed by the U.S.-based Stanford Group Company, clients from Mexico worked with Stanford Group Mexico, and so on (the "**Stanford Group Companies**").

33. The Stanford Group Companies were at all times separate entities from SIB and provided services to SIB pursuant to contractual agreements. Nonetheless, the financial advisors employed by the Stanford Group Companies were the primary source of sales of SIB deposit products and played a role in managing client relationships for SIB. For instance, the dramatic increase in the number of SIB products sold that took place in approximately 2001 was primarily due to the increase in the number of financial advisors at third party entities – mostly the Stanford Group Companies – that referred clients to SIB products.

D. SIB's Products and Services

1. Deposit Products

34. SIB offered six deposit products. In particular, SIB offered three types of "certificates of deposit" ("CDs") and three types of accounts: Fixed CDs, Flex CDs, Index-Linked CDs, Premium Accounts, Performance Accounts, and Express Accounts.

(a) Fixed CDs

35. SIB Fixed CDs required a minimum deposit of \$10,000. The interest of Fixed CDs compounded daily and was payable upon maturity. No additional deposits or withdrawals prior to maturity were permitted without incurring penalties, except where the client maintained an overall balance of at least \$250,000, in which case the withdrawal of interest was allowed.

(b) Flex CDs

36. SIB Flex CDs required a minimum deposit of \$10,000. The interest of Flex CDs compounded daily and was payable at any time pursuant to the client's instructions. Additional deposits in increments of a minimum of \$2,500 were allowed into Flex CDs. Withdrawals of up to 25% of the amount deposited were allowed, provided that adequate notice was given to SIB and that the balance would not drop below \$10,000 as a result of the withdrawal. Accrued interest could be withdrawn at any time.

(c) Index-Linked CDs

37. SIB Index-Linked CDs required a minimum deposit of \$25,000 and were available only in U.S. dollars. At maturity, Index-Linked CDs would pay the principal invested plus, at a minimum, a return calculated on the monthly average of the index of choice designated by the client multiplied by the participation rate, as agreed at the inception of the CD purchase, or fixed-

interest earned, whichever was higher. The available indices included the S&P500, Nasdaq 100 and DJ Euro Stoxx 50. No interim interest payments or deposits were permitted.

(d) Premium Accounts

38. SIB Premium Accounts were deposit accounts requiring a minimum deposit and balance of \$50,000. Interest compounded daily at an adjustable and equivalent rate to the performance average of selected U.S. Treasury bills and notes. Additional deposits could be made at any time and withdrawals were allowed with prior written notice to SIB. Deposits in Premium Accounts were only allowed in U.S. dollars.

(e) Performance Accounts

39. SIB Performance Accounts were deposit accounts requiring a minimum deposit and balance of \$10,000. Interest accrued daily. Additional deposits could be made at any time and withdrawals were allowed with prior written notice to SIB. Deposits in Performance Accounts were allowed in most international currencies.

(f) Express Accounts

40. SIB Express Accounts were issued to all new clients of SIB. Additional deposits could be made at any time and withdrawals were allowed with prior written notice to SIB. The interest payable could be changed by SIB without prior notice, was compounded daily, and was set based on the then-current rates established by SIB on balances of USD \$1,000 or more. No interest was earned on deposits less than this amount. Deposits in Express Accounts were allowed in most international currencies. These accounts allowed clients to place standing orders for payments, automatically pay bills, served as a source of funds to acquire other types of SIB products, and allowed for the temporary placement of maturing funds.

2. Credit Cards

41. SIB also offered Visa, MasterCard, and American Express credit card services. The availability of SIB credit card services was tied to the need for clients to hold deposit products with SIB, almost always in the form of CDs. The amount of the SIB credit cards was limited to between \$5,000 and \$50,000. The bank placed a hold on the client's CD in an amount of twice the credit card limit.

42. Once a credit card was issued, statements were issued monthly to the client from SIB in Antigua. The client then had the option of paying the credit card's balance in full or the minimum stated on the statement, or having such amount debited from a deposit account held at SIB. Clients were also required to sign an authorization allowing SIB to make payments to the client's credit card from a SIB account if payments were not received directly on a monthly basis.

3. Loan Facility Services

43. SIB also offered loan facility services. Only existing clients of SIB who held sufficient funds at SIB were eligible for such services. The loans offered by SIB were limited to 80% of the CD or account principal balance held by the client.

44. Once a client had successfully completed the application process to obtain a loan, the loan amount was disbursed to the client and the loan would accrue daily compounded interest in favour of SIB. Minimum payments on accrued interest were required at least quarterly. These payments were normally made either by debiting a client's other accounts at SIB or by wire transfers or cheques sent to SIB in Antigua. The client could also set up a standing order for

another SIB deposit product whereby interest from that product was used for payment of the interest owed on the loan.

4. Letters of Credit and Letters of Guarantee Services

45. SIB also offered letter of credit services. In particular, letters of credit were issued by SIB on behalf of clients to third parties and which allowed the third party beneficiary to claim payment from SIB if the letter of credit was drawn upon. The amount of any letter of credit was limited to 80% of the principal balance held by the client at SIB. Once a client's letter of credit application was approved, a letter of credit instrument with a designated expiry date was issued and signed by two SIB officers in favour of the designated third party beneficiary.

46. The letters of credit issued by SIB were what are commonly called "standby letters of credit". To draw on such letters, the beneficiary would need to submit two documents, as determined by the specific transaction, and SIB would not conduct any further investigation. Thus, prior to the letter of credit being approved, the client would need to agree to such terms and execute a corresponding confirmation. The letters of credit instruments were sealed, stamped and couriered to the beneficiary by SIB from Antigua. A hold in the amount of the letter of credit was then placed on the client's CD or deposit account as security.

47. SIB also offered letters of guarantee. Such letters operated in the same manner as did the letters of credit, except that a guarantee of payment, instead of a letter of credit, was issued to the designated beneficiary from Antigua directly to such party.

5. Private Banking Services

48. SIB maintained a limited number of financial advisors at its headquarters in Antigua. Those financial advisors obtained clients directly (as opposed to from third party financial

advisors) and provided financial advice to clients or other similar services, as requested by the client. Such private banking services were available only to clients who held deposit products with SIB.

E. The Purchasing Of and Making Withdrawals From SIB CDs

1. Purchasing SIB CDs

49. While SIB offered various products and services, its primary source of business was the sale of CDs and, as noted above, certain of its other business was tied to the need for clients to hold CDs. In most circumstances, CDs were sold by third party financial advisors or agents who were employed by their own respective offices, mostly other Stanford-owned entities such as the Stanford Group Companies. In turn, SIB paid these third party companies referral fees pursuant to contractual agreements in place between SIB and such companies.

50. In order to purchase SIB CDs, clients could attend at SIB's headquarters in Antigua but were not required to do so. More often, financial advisors would gather all of the necessary account opening documentation and then send it by courier to SIB's headquarters. The account opening documentation consisted of a signature card and an account opening application, as well as a copy of photo identification and banking or professional reference letters. A due diligence form for the referral would also be required from the financial advisor.

51. The General Affairs Department was responsible for ensuring that all documents listed on the log provided by financial advisors were in fact received by SIB. The General Affairs Department would then provide the documents to SIB's Client Accounts Department, which would review the documents for completeness and ensure the adequacy of the copies of photo identification and necessary references provided. Any feature of the documentation that was out

of the ordinary or did not make sense was also identified, in which case further inquiries or information would be required from the financial advisor.

52. Once the documents were reviewed and all was in order, the referral would be approved and an account number assigned to the new client. The Client Accounts Department would then send a fax to the financial advisor informing that advisor of the approval and providing the account number. All documentation was then placed in a Customer Information File created by the Client Accounts Department and subsequently forwarded to SIB's Compliance Department for further review.

53. Upon receipt of the confirmation fax and the account number, the new client could then make a deposit. Clients could make deposits either by wire transfer or by cheque. Once a new client's funds were received by SIB, the funds were deposited directly into a CD or into a SIB Express Account for further purchase of a CD. Upon the opening of a CD by SIB, a confirmation was generated by SIB's banking system that included the value of the CD and the date of deposit, the customer's name, the currency, the maturity date of the CD, and the terms of the CD and the interest rate.

54. Subsequently, the actual CD would be reviewed by personnel in SIB's Operations Department and compared to the confirmation to make sure the information contained in both was accurate. Once that information was confirmed to be accurate and approved by personnel with signing authority, the confirmation would then be sent to the General Affairs Department, which would in turn send a portion of the confirmation to the financial advisor and retain the remaining portion of the confirmation. The client was then provided the original CD or SIB would hold the original CD, depending on the preference of the client.

55. In normal course, once a CD was issued, the client was provided account statements at intervals chosen by the client: either a monthly, quarterly, yearly or bi-yearly basis. All statements were printed in and mailed from Antigua. Those statements showed all activity in each client's account, the principal balance, total interest for the period, the ending balance, and the interest earned to date for the year.

56. Notably, there were special rules in place for U.S. residents who wished to purchase SIB products. In particular, U.S. residents had to qualify as "accredited investors" pursuant to Regulation D of the *Securities Act of 1933* and had to be referred to SIB through the U.S. based Stanford Group Company brokerage, with the financial advisor being a registered broker. In addition to various other requirements applicable to U.S. accredited investors, such investors were required to make a minimum deposit into SIB CDs of \$50,000.

2. Making Withdrawals from SIB CDs

57. As detailed above, depending on the type of CDs held, SIB clients could be entitled to make withdrawals from the amounts deposited in SIB CDs. If a SIB client was entitled to make a withdrawal, the client was required pursuant to the agreement with SIB to provide a certain number of business days' notice. To provide that notice, the client was required to send, either directly or through their financial advisor, a written instrument executed by the client that provided the instructions for the withdrawal. Instructions for withdrawal would not be accepted from financial advisors without written, executed instructions from the client.

58. Once the client's withdrawal instructions were received at SIB's headquarters in Antigua, the signature on the instructions would be verified against the client's signature card held by SIB. If everything was in order, the withdrawal transaction would be assigned a value date, with

different value dates being assigned to different transactions. Once the withdrawal request was approved and cleared at SIB, the withdrawal would be input into SIB's banking system and, on the appropriate date, the system would generate either a cheque or a wire transfer payable to the destination specified by the client.

3. Closing an Account at SIB

59. The process of closing a CD account was similar to the process used to withdraw funds. The client would be required to send written and executed instructions to SIB's headquarters in Antigua. Once those instructions were received, SIB personnel would confirm that the signature matched the client's signature card held by SIB and, if everything was in order, the transaction was input into SIB's banking system for transfer on a specific date in the manner and to the destination specified by the client.

F. SIB's Correspondent Bank Accounts

60. SIB did not have banking facilities in any jurisdiction outside of Antigua and was incapable of independently completing transactions with individuals or entities outside of Antigua. In order to undertake such transactions, SIB therefore relied on the provision of "correspondent" bank accounts from third party financial institutions. In particular, over the course of the years leading up to SIB's collapse, I understood that SIB held correspondent accounts at:

- (a) The Toronto-Dominion Bank ("TD Bank") in Toronto, Canada, which facilitated all U.S. dollar and Canadian dollar wire transfers for SIB;

- (b) HSBC Bank PLC ("**HSBC**") in London, U.K., which facilitated all EURO and British Pound Sterling wire transfers for SIB, and also facilitated payments to SIB of cheques drawn on banks in the U.K.; and
- (c) Trustmark National Bank ("**Trustmark**") in Texas, U.S., which facilitated all payments made to or from SIB by way of U.S. dollar cheques.

61. I also recall that Societe Generale in Switzerland, Union Credit Bank in Miami, Florida and Argent Bank in Louisiana provided what I believe may have been correspondent banking services to SIB during the earlier years of SIB's operations, although I do not have any further information on these financial institutions.

62. My personal involvement with SIB's correspondent accounts was limited and this was also the case for most other SIB personnel. The reason for this limited involvement was that virtually all necessary interactions with the correspondent banks was undertaken by SFG personnel as part of the treasury services provided pursuant to contract by SFG to SIB.

63. In particular, Maldonado of SFG's offices in Houston, Texas was the primary point of contact between SIB and the correspondent banks, including TD Bank. With the exception of the occasions noted below, SIB policy was to contact Maldonado if interaction with one of SIB's correspondent banks was required. For instance, if a SIB client requested a standby letter of credit from SIB but indicated that the beneficiary of the letter of credit required confirmation of the validity of the letter of credit from a more well-known bank, I would email Maldonado and relay this request. In turn, Maldonado would contact TD Bank and request that it provide confirmation of the letter of credit. To my recollection, TD Bank agreed to provide such confirmation on the condition that SIB posted collateral in a TD Bank account.

64. SIB personnel in the Client Services Department did handle wire transaction disputes or investigations in respect of the funds transacted through the correspondent accounts. This occurred via the "SWIFT" system, which is a secure messaging service used by financial institutions around the world. The messages sent using the SWIFT system were at most a few sentences long. Those messages normally provided simple instructions in respect of wire transfers or, if an issue with a particular wire transfer had been encountered, provided additional information as required.

65. I also understand that SIB personnel from the Protocol Department would have had some limited contact with correspondent bank personnel. In particular, certain personnel from the Protocol Department arranged travel, accommodation and other similar items upon the travel of correspondent bank personnel to Antigua. My understanding is that the Protocol Department did so upon receiving a request from SFG personnel.

66. There were a few occasions when all SIB personnel were notified that personnel from TD Bank were visiting SIB's headquarters in Antigua. However, notwithstanding that I was a senior manager at SIB, while I may have been introduced, I did not participate in any meetings with any TD Bank personnel when they visited. Instead, I recall that Maldonado (from SFG) attended at SIB's headquarters and met with the visiting TD Bank personnel. In fact, I do not know of any SIB personnel that typically participated in such visits, except for perhaps SIB's President. From November 2003 onwards, SIB's President was Juan Rodriguez-Tolentino ("Rodriguez-Tolentino").

67. I do not recall which TD Bank personnel attended at SIB and, more generally, do not recall the names of any TD Bank personnel. The same is also true of the other correspondent banks.

G. SIB's Record Keeping

68. As detailed above, throughout the course of its operations, SIB offered diverse products and services to its clients. Ultimately, SIB came to be very successful at attracting clients and their funds. At the time that SIB's operations collapsed in February 2009, it had approximately 25,000 clients located in approximately 113 different countries. Those clients collectively held SIB CDs valued at approximately USD \$8 billion.

69. As a result of the diversity of products and services offered to clients and the number of clients and volume of funds that came to be invested with SIB, its operations became complex. Therefore, SIB personnel were required to have defined roles and work hard to maintain the effective operations of SIB. Together SIB's personnel handled hundreds or thousands of discrete transactions every day, many of which had unique features reflecting the diversity of SIB's clients and their needs. Further, along with the third party financial advisors, certain SIB personnel diligently sought to both attract new clients and all SIB personnel sought to be responsive to the multitude of requests from and demands placed with SIB by existing clients. As a result of the size and diversity of SIB's operations, millions of records were created and maintained at SIB's headquarters.

1. The Nature of the Records at SIB's Headquarters

70. The records that were held at SIB's headquarters in Antigua primarily related to SIB's liabilities. In particular, those records detailed client deposits and client transactions. They were

what could be called "front of the house" records, meaning those that were required to understand SIB's external relationships with its clients.

71. To the best of my knowledge, there were limited records held at SIB's headquarters in Antigua that pertained to the inner workings or behind-the-scenes nature of SIB's affairs. Such "back of the house" records were those that would reveal how and where the funds received from SIB's clients were being allocated and utilized. In other words, the records maintained outside of Antigua were those in respect of SIB's investment portfolio.

72. In particular, SFG was responsible for handling SIB's investment portfolio. SFG was also responsible for handling SIB's relationships with third party financial institutions, including the correspondent banks such as TD Bank. As a result, virtually all records in respect of SIB's investment portfolio and most records in respect of its correspondent bank accounts were held by SFG in the U.S.

73. There were a few exceptions to the foregoing. First, some SIB personnel had online access to account statements from at least some of the correspondent banks, including TD Bank. It is my understanding that the correspondent bank account statements were reviewed by the Accounting Department to ensure that those reports matched SIB's own records about client transactions. The daily and monthly transaction reports were therefore a further instance of "front of the house" records. On a few occasions, I personally looked at a TD Bank online statement in order to confirm that a particular client payment that I had been dealing with had arrived. However, I did not have regular reason to look at those statements.

74. Second, notwithstanding that SFG was solely responsible for managing SIB's investment portfolio and its relationships with the correspondent banks, certain records from third party

financial institutions were occasionally mailed to SIB in Antigua. Although this mail was addressed to "Stanford International Bank", it was made to the attention of Davis.

75. Any mail that was received by SIB that was made to the attention of Davis was set aside and not opened by SIB personnel. In particular, my understanding was that those SIB personnel who were responsible for handling SIB's incoming mail kept any such mail in boxes secured in SIB's main filing room beside cabinets that were accessed only by Davis. Those boxes then stayed in that secure location or were transferred to an inner vault area until someone from SFG attended at SIB and retrieved the mail.

76. SIB personnel also did not have access to any electronic records or correspondence held by other Stanford-owned entities, including SFG or the Stanford Group Companies. In fact, SIB had a wholly different computer and email system from both SFG and the Stanford Group Companies. Therefore, any records that were created as a result of interactions with third parties by SFG and the Stanford Group Companies on behalf of SIB were not available to SIB personnel. For example, email correspondence exclusively between Davis, Pendergest-Holt or Maldonado and TD Bank personnel was not available to SIB personnel.

77. In sum, while SIB personnel had access to extensive "front of the house" records in respect of SIB's liabilities, to the best of my knowledge, they had only very limited, if any, access to any records in respect of SIB's investments.

2. The Storage of Records at SIB's Headquarters

78. There were both hard copy documents that required physical storage and electronic records held at SIB's headquarters in Antigua.

79. SIB had expansive rooms within its headquarters dedicated to storing physical records, namely client files and all transactional data. Those records were generally stored in boxes and cabinets and could be retrieved on an as-needed basis.

80. SIB also maintained millions of electronic records on its computer systems. There were various sources of such records. For instance, like most modern businesses, SIB had a main computer system which hosted all of SIB's computer software, digital documents and email servers. In addition, all such software, documents and email servers were separately stored on a back-up system and could be accessed if there was an emergency or the need arose to retrieve old files that were no longer stored on the main system due to the passage of time.

81. SIB's main computer system also hosted the banking software that was used by SIB to record, organize, manipulate and produce outputs for SIB and its customers in respect of all banking transactions undertaken by SIB. In July 2006, SIB entered into a deal to acquire and implement new banking software called the "Temenos T24 system". That system was deployed at SIB by personnel from the Temenos company over the next 15 months and ultimately went into live operation in February 2008. The Temenos T24 system thereafter worked in conjunction with SIB's custom in-house computer systems.

82. I was personally involved with the implementation of the Temenos T24 system and the necessary training of various SIB personnel on that system. The implementation of the new system resulted in the replacement of the legacy banking systems that had previously been used by SIB. Although then-active client and transaction information was moved into the Temenos T24 system, some historical transactional information was not moved into the new system. As a

result, it remained necessary to access and utilize SIB's legacy banking systems in respect of such historical information.

III. THE RUN ON SIB AND SIB'S COLLAPSE

83. In late 2008, there were an increasing number of requests by clients to withdraw their funds from SIB CDs or other deposit accounts. Given my role as SIB's Vice President of Client Support, I was aware of and helped to manage such requests. In doing so, it soon became clear to me that SIB was having some difficulty dealing with those requests. In other words, there was a "run" on SIB.

84. As a result of the run, SIB personnel responsible for dealing with client requests (including myself), began to request information on when funds would be made available so that client withdrawal requests could be met. These requests were made to Rodriguez-Tolentino who, as SIB's President, dealt with senior SFG personnel such as Stanford, Davis, Pendergest-Holt and Maldonado. Typically, Rodriguez-Tolentino would advise that he had spoken with those SFG personnel and that SFG was in the process of making the necessary funds available, including in the TD Bank correspondent accounts. I do recall one occasion in which I was present when Rodriguez-Tolentino appeared to be speaking to Stanford and told Stanford in an agitated manner that funds needed to be made available to SIB to meet client withdrawal requests.

85. However, while some funds did appear from time-to-time in the TD Bank correspondent accounts, those funds were generally not arriving fast enough to satisfy the client requests. As a result of this shortfall, I understood that, at one time, there was approximately USD \$100 million in backlogged client withdrawal requests.

86. While I could not be certain, I assumed at all times that clients were attempting to make withdrawals due to the serious international monetary crisis that began in late 2008. I did not know why SIB was having difficulty dealing with client withdrawal requests. However, given that Rodriguez-Tolentino advised me that funds were forthcoming, I understood that SIB was simply having some liquidity issues and that once SIB's investments were liquidated or funds were otherwise accessed, there would again be sufficient funds to meet the withdrawal requests.

87. Notwithstanding the foregoing, on or about February 18, 2009, I learned for the first time that SIB was facing certain legal or financial troubles in the U.S. In particular, on that date, all SIB personnel received an email from Ralph Janvey explaining that he had been appointed as a U.S. Securities and Exchange Commission receiver by a U.S. court over SIB and all other Stanford-owned entities (the "U.S. Receiver"). To my recollection, that email also indicated, among other things, that SIB's business was being halted and that nothing at SIB's headquarters was to be removed or destroyed.

88. The news that the U.S. Receiver had been appointed came as a complete surprise to me. I also had numerous discussions with various other SIB personnel, all of whom agreed that the appointment of the U.S. Receiver was a complete shock. However, at that time, no SIB personnel were discussing with me the possibility that SIB was in any way involved with a fraud or any other wrongdoing. Rather, my understanding was only that SIB was having certain financial issues. Given that I generally understood SIB's business to be strong, I assumed at that time that any such financial issues would be quickly resolved and that SIB's business would soon return to normal operations.

89. Following the appointment of the U.S. Receiver, SIB's headquarters in Antigua quickly became an absolute madhouse. Almost immediately, SIB clients from around the world began travelling to and arriving at SIB's headquarters. Most of those clients were highly agitated and confrontational, and the situation was made even more difficult by the fact that many of the clients were speaking Spanish or other languages that various SIB personnel did not understand. In any event, it became readily apparent that virtually all of those clients were demanding information about their investments with SIB and that their investments be repaid immediately.

90. Along with other senior SIB personnel, I attempted to meet with the clients that had travelled to SIB's headquarters to address and calm their concerns. However, this proved to be a largely impossible task. In particular, repayments of clients' investments could not occur because SIB's funds were frozen. Further, I did not have any information on the legal troubles facing SIB in the U.S. and did not have any information on any of the allegations of fraud that were being made concerning SIB and Stanford. It also remained entirely unclear to me why SIB's funds had been frozen, why there were allegations of fraud, and when SIB's operations would return to normal. In these circumstances, there was virtually nothing that could be said to address client's concerns or questions in a satisfactory way.

91. In the days following the freeze of SIB's funds and the appointment of the U.S. Receiver, the chaos at SIB's headquarters in Antigua escalated. Hundreds of clients arrived at SIB's headquarters from around the world. On at least one occasion, out of concern for their personal safety, SIB personnel were required to have the police attend at SIB's headquarters and escort clients off the premises because those clients otherwise refused to leave without being repaid the funds from their investments.

92. On or about February 19, 2009, just after I had learned of the appointment of the U.S. Receiver, SIB personnel learned that the Antiguan Financial Services Regulatory Commission (the "FSRC") had separately appointed the Former Officeholders as joint receiver-managers of SIB and its Antiguan affiliate, STC.

IV. THE CIRCUMSTANCES FACED AND STEPS TAKEN BY THE FORMER OFFICEHOLDERS

A. The Arrival of the Former Officeholders at SIB

93. On February 20, 2009, the Former Officeholders and others from their firm Vantis Business Recovery Services ("Vantis") arrived at SIB's headquarters in Antigua. The Former Officeholders were also accompanied by their legal counsel, who I recall included a man named Peter Wiltshire, and representatives of the FSRC.

94. Soon after their arrival at SIB's headquarters, the Former Officeholders, their legal counsel, the Vantis team and representatives of the FSRC met with SIB's then-President, Rodriguez-Tolentino, and other senior SIB personnel, including myself. At that meeting, the Former Officeholders explained that they had been appointed by the FSRC due to the U.S. court's decision to appoint the U.S. Receiver and freeze SIB's funds. They further explained that they did not have any information concerning SIB's financial affairs. Rather, the Former Officeholders advised that their information was limited to what was available publicly through media reports.

95. Having done so, the Former Officeholders advised that their mandate was to stabilize SIB's operations but that, for the time being, those operations would not continue. Further to this mandate, the Former Officeholders then explained that the focus of their efforts would be on:

- (a) protecting the position of clients who were located around the world;
- (b) confirming the sums owed to clients;
- (c) dealing with the concerns of SIB personnel;
- (d) seeking funding for payment of the salaries of SIB personnel while they remained employed by SIB;
- (e) establishing the position of the investment assets held by SIB;
- (f) establishing the position of the non-investment assets held by SIB;
- (g) engaging with the U.S. Receiver and the U.S. court in respect of SIB's affairs; and
- (h) ensuring the preservation of the operating infrastructure and computer systems used by SIB.

96. The Former Officeholders were also very clear that nothing was to be removed or destroyed from SIB's headquarters, a message that was later conveyed to all SIB personnel. We were advised that this was necessary in order for the Former Officeholders to ensure they had access to all possible information that could help them to stabilize SIB's operations.

97. At the initial meeting, having outlined their mandate and priorities, the Former Officeholders began making inquiries of Rodriguez-Tolentino and the gathered senior SIB personnel. Those inquiries included requests for information concerning, among other things, SIB's assets, including its investment portfolio. In response, Rodriguez-Tolentino explained to the Former Officeholders that neither I nor the other senior SIB personnel had any knowledge of

or involvement with SIB's assets or investment portfolio. Me and other senior SIB personnel were then excused from the meeting.

98. Soon after their arrival at SIB's headquarters, the Former Officeholders also held meetings with the rest of SIB's personnel, many of which I attended. At those meetings, the Former Officeholders informed SIB personnel of their mandate and priorities, which were the same as those that had been outlined in the earlier meeting described above.

B. Initial Impediments Faced by the Former Officeholders

99. Having heard the Former Officeholders discuss their mandate and priorities, my view was that they intended to stabilize SIB's operations. I was optimistic that they would readily do so and that SIB's operations would therefore return to normal. However, it soon became apparent that the mandate and priorities of the Former Officeholders would be severely impeded by the circumstances in which they found themselves. A description of certain features of those circumstances is detailed below.

100. In the period following their appointment as receiver-managers, the Former Officeholders were faced with the complete chaos that continued to surround SIB's headquarters. As a starting point, at the time of the Former Officeholders' arrival at SIB's headquarters, there were approximately 100 SIB clients in the lobby. Like the clients who had attended at the headquarters in the previous days, those clients had travelled to SIB from around the world to demand repayment of their investments. Those customers continued to be extremely agitated and demanding, and many continued to speak only in Spanish, a language the Former Officeholders advised they did not speak.

101. The Former Officeholders were soon required to completely close SIB's headquarters to all persons except SIB and Vantis personnel, and the Former Officeholders' legal counsel. As a result, the Former Officeholders were required to design and implement alternative means of communicating with clients. For instance, the Former Officeholders prepared a "Frequently Asked Questions" document in both English and Spanish. That document provided responses to the types of inquiries that were repeatedly being asked by clients and was regularly updated to ensure that it contained up-to-date information. That document was thereafter distributed to each of the many clients that attended at SIB's headquarters.

102. In addition to those who attended at SIB's headquarters, many clients chose to write or place phone calls to SIB. The volume of such correspondence was generally overwhelming. While many personnel from both SIB and Vantis (including myself) were assigned by the Former Officeholders to answer phone calls of SIB clients, there was often simply no way to answer the volume of client calls being received. In particular, within the initial months following the appointment of the Former Officeholders as receiver-managers alone, SIB received a large volume of emails from SIB clients demanding information on the status of SIB and their investments. Such emails continued to be received by the Former Officeholders at all times throughout the period that they acted as receiver-managers and, later, as liquidators. Similarly, over the same initial months following SIB's collapse in February 2009, it received a large volume of phone calls from SIB clients, again demanding information on the status of SIB and their investments.

103. It was in these chaotic circumstances that the Former Officeholders embarked on their efforts to stabilize SIB's operations. To begin, the Former Officeholders conducted interviews with senior SIB personnel. However, many of those personnel were overwhelmed and confused

by the scenario unfolding around them. Whereas many such personnel had been comfortably employed by SIB for years, suddenly they were inundated with the shocking prospect that SIB may not have the funds necessary to repay its clients. Understandably, many such personnel were most interested in gaining information concerning SIB's funds and their own employment status, which had clearly been placed in jeopardy.

104. More problematic, however, was that most SIB personnel simply had limited or no information to share with the Former Officeholders that could assist in their efforts to stabilize SIB's operations. In particular, while most SIB personnel had a good understanding of how to do their specific jobs and certain SIB personnel had detailed information on discrete issues such as client correspondence or the Temenos T24 system, no SIB personnel had any information on SIB's investment portfolio or the fraud allegations surrounding SIB.

105. The Former Officeholders also largely did not have the benefit of any useful information that may have been provided by SIB's then-President, Rodriguez-Tolentino. In particular, although Rodriguez-Tolentino was in attendance at SIB in the initial days following the appointment of the Former Officeholders, although I do not know why, he soon thereafter stopped attending at SIB. It is my guess that Rodriguez-Tolentino may have been concerned for his safety given his prominent role at SIB, the anger of SIB's clients following its collapse, and the difficulty maintaining privacy or security on a small island like Antigua.

106. In these circumstances, I was one of the most long-serving and senior employees at SIB who was available to the Former Officeholders. Within days of their appointment as receiver-managers, the Former Officeholders conducted an interview of me at which various topics were discussed.

107. However, that interview barely scratched the surface of the information the Former Officeholders required to meaningfully engage with SIB's affairs. Therefore, over the course of the months following their appointment, I continued to provide regular assistance and information to the Former Officeholders. For instance, the Former Officeholders regularly asked me questions about and required my assistance in order to gain even a basic understanding of products and services or of SIB's operations and affairs. The information I provided to them therefore included that which is set out in this affidavit, although it was required to be substantially more detailed in order to assist the Former Officeholders.

108. In the course of these interactions with the Former Officeholders, the magnitude of the task that they faced and how that task was complicated by the circumstances the Former Officeholders found themselves in became clear to me. Among other things, it was clear that the Former Officeholders knew virtually nothing about the operations, products or services of SIB and required the assistance of SIB personnel, including myself, to acquire such information. This made sense to me given that the Former Officeholders had never previously attended at or had any involvement with SIB.

109. I also assisted the Former Officeholders with various practical tasks. For instance, soon after their appointment, the Former Officeholders determined that it was necessary to issue statements to clients providing the Former Officeholders' then-current information about the amounts each client had invested with SIB. My understanding was that issuing such statements to clients would assist the Former Officeholders with their mandate of identifying the assets and liabilities of SIB.

110. However, the Former Officeholders naturally had no idea how client statements were generated or the precise nature of the information contained on those statements. In addition, given the collapse of SIB's normal operations, the Former Officeholders required the statements to include unique information and instructions to clients in respect of their accounts, a situation not previously faced by SIB personnel. Accordingly, the Former Officeholders and certain SIB personnel (including myself) were required to work in concert to issue statements to each of SIB's approximately 25,000 clients. This process was also complicated by the fact that many of those clients had "hold mail" accounts and thus were not meant to be sent any correspondence by mail.

111. The Former Officeholders were also required to deal with the employment status of SIB's personnel. In particular, SIB's personnel were naturally concerned about whether their employment would be terminated and several inquiries were made of the Former Officeholders about that status. In response, the Former Officeholders explained that, while acting as receiver-managers, they did not have the legal authority to terminate the employment of SIB personnel. Further, the Former Officeholders explained that they had not yet determined whether the funds necessary to pay SIB personnel were available. Considering that the cost of paying SIB personnel was very minor relative to what was understood to be the multi-billion dollar operations of SIB, this strongly suggested to me that SIB and, in turn, that the Former Officeholders may be seriously lacking funds.

C. Further Steps Taken by the Former Officeholders

112. Within approximately one month of their appointment as receiver-managers, the Former Officeholders informed SIB personnel that, based on the limited information available to them, it appeared that SIB was insolvent and that they would be seeking permission from the Antigua

court to wind-up SIB's affairs and liquidate its assets. At that time, it became clear to me for the first time that SIB would definitely not be returning to normal operations. However, I remained employed by SIB and to assist with their winding-up and liquidation efforts. Soon thereafter, on April 15, 2009, the Former Officeholders were appointed as liquidators of SIB by the Antiguan court.

113. Following their appointment as liquidators, the Former Officeholders, their counsel and the Vantis team continued to be present and very active at SIB's headquarters in Antigua. One of the first tasks they undertook upon being appointed as liquidators was to explain that they had acquired the legal capacity to terminate the employment of SIB personnel as necessary and soon after terminated the employment of virtually all SIB personnel. However, while the Former Officeholders confirmed that all terminated personnel were legally entitled to severance pay, they advised that SIB's estate did not have the funds required to make severance payments, but would attempt to make such payments in the future. This again confirmed my understanding that the Former Officeholders in fact lacked even the basic funds required to undertake the receivership or liquidation of SIB.

114. Following the termination of the employment of most SIB personnel, I continued in my efforts to assist the Former Officeholders as they required. However, although I continued my employment at SIB, the Former Officeholders explained to me that they did not have the funds available to pay my normal salary. Instead, the most the Former Officeholders were in a position to pay me was an amount that was approximately half of my existing salary. Given that I had no other job opportunity at that time and that my assistance was needed by the Former Officeholders, I agreed to this arrangement. My full salary was eventually restored, but only

approximately one and a half years later, by which time the Former Officeholders had been replaced by the Joint Liquidators.

115. While reporting to the Former Officeholders, my tasks differed in nature, but generally included helping the Former Officeholders to understand SIB's products, services and operations, or dealing with SIB's clients. My interactions with clients were often in response to client inquiries. At other times, the Former Officeholders required information from clients or needed to resolve discrepancies between SIB's records and clients' understandings of their holdings at SIB.

116. I was not always actively involved with all of the steps being undertaken by the Former Officeholders. However, I was generally aware of the steps that they were taking. In particular, I was aware that the Former Officeholders were, among various other things, seeking recognition of their appointment by the Antigua court in various jurisdictions around the world and seeking to recover SIB's assets in those jurisdictions, seeking cooperation from the U.S. Receiver, and setting up and operating a comprehensive online claims database in order to process clients' claims and, if all went well, ultimately repay their investments. It at all times appeared to me that the Former Officeholders were diligently and reasonably proceeding with their efforts to wind-up SIB and liquidate its affairs.

D. Information Concerning the Fraud Allegations

117. In the months following the appointment of the U.S. Receiver and the Former Officeholders, I heard various news reports indicating that allegations of fraud were being made against Stanford, Davis and Pendergest-Holt. However, even upon hearing those reports, it was far from clear to me that any fraud had been committed in connection with SIB or, if that was the

case, how the fraud may have been committed. Prior to its collapse in February 2009, I had no prior reason to suspect that SIB may be in any way connected to fraudulent conduct. Accordingly, my view in the months following SIB's collapse was simply that SIB had encountered significant financial issues and not that SIB had collapsed due to fraud.

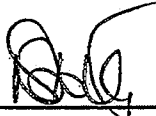
118. The first time that it became apparent to me that there may be validity to the reports of fraud when I heard or read news reports in respect of the criminal conviction of Davis. In particular, in August 2009, it was reported in the media that Davis had pleaded guilty to criminal charges in the U.S. and that Davis had agreed to statements detailing how Stanford, Davis and a small group of associated individuals had undertaken a highly complex and well-concealed fraud on SIB. Even months after SIB's collapse, those statements were shocking and completely inconsistent with my own experience at SIB.

119. Further, to the best of my knowledge, even upon the publication of Davis' explanation of the fraud, there was still no way that the explanation could be verified using the information in Antigua. Having been generally familiar with SIB's records and operations during the course of SIB's operations and, since the time of SIB's collapse, having had various discussions with the Former Officeholders, it is my view that there was simply nothing at SIB's headquarters in Antigua that could have readily revealed the fraudulent conduct detailed in the media reports about Davis' plea agreement.

120. In light of the Davis plea agreement, and later the much-publicized criminal prosecution of Stanford and various other information that has been subsequently reported publicly in connection with the U.S. Receiver's work, I have now accepted that Stanford, Davis and a small group of associated individuals committed a massive fraud on SIB. I have no reason to believe

that any SIB personnel knew of the fraud or that the records or information available to SIB personnel could have revealed that fraud at any time prior to or even in the months following SIB's collapse.

SWORN before me at the City of St. John's,)
in the Country of Antigua and Barbuda, this)
13th day of November, 2014.)



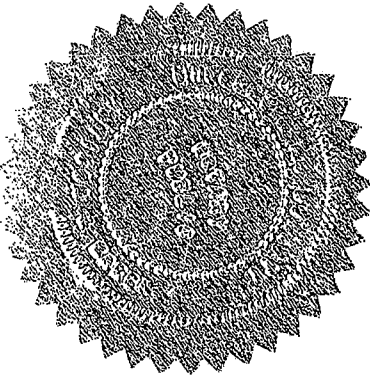
A Commissioner, notary, etc.



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MARCUS A. WIDE, et al.
Plaintiffs

v.

THE TORONTO-DOMINION BANK
Defendant

Court File No. CV-12-9780-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

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