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 WILLIAM R. TACON

(Sworn December 15th, 2014)

I, **WILLIAM R. TACON**, of the Town of Norbury, in the County of Shropshire, United Kingdom, MAKE OATH AND SAY:

1. I am a Fellow of the Institute of Chartered Accountants in England and Wales. My professional career has been devoted to insolvency and restructuring, including extensive information in the Caribbean. I have been retained by Bennett Jones LLP on behalf of the plaintiffs in this action, Marcus Wide and Hugh Dickson (the "**Joint Liquidators**"), acting in their capacities as joint liquidators of Stanford International Bank Limited. I have personal knowledge of the facts and matters to which I hereinafter depose.

2. I was retained by Bennett Jones LLP to assist the court on the motion brought by the defendant in this action, The Toronto-Dominion Bank, seeking a determination that the Joint Liquidators' claim is limitations barred.

3. Bennett Jones LLP has explained to me that as an expert, it is my duty to:

(a) provide opinion evidence that is fair, objective and non-partisan;

(b) provide evidence that is related only to matters that are within my area of expertise; and

(c) provide any additional assistance as the court may reasonably require.

4. In this regard, I have sworn Form 53, "Acknowledgement of Expert's Duty", and it is attached as **Exhibit "A"** to this affidavit.

5. I have delivered an expert report, which is attached as **Exhibit "B"** to this affidavit. This report sets out my opinions with respect to the questions that have been posed to me by Bennett Jones LLP.

SWORN before me at the City of Bishop Castle, in the Country of Shropshire, United Kingdom, this 15th day of December, 2014.

A Commissioner, notary, etc.
CAROLINE DRINKWATER

WILLIAM R. TACON

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

AFFIDAVIT OF WILLIAM R. TACON
(Sworn December 15th, 2014)

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Lawyers for the plaintiffs

TAB A

This is **Exhibit "A"** referred to in the
affidavit of William R. Tacon
sworn before me, this 15th day of December, 2014.

A Commissioner, notary, etc.

FORM 53

Courts of Justice Act

ACKNOWLEDGMENT OF EXPERT'S DUTY

(General heading)

ACKNOWLEDGMENT OF EXPERT'S DUTY

1. My name is WILLIAM R TACON (name). I live at LEICESTER, ENG (city), in the (province/state) of CHESHIRE, UK (name of province/state).

2. I have been engaged by or on behalf of BENNETT JONES LLP (name of party/parties) to provide evidence in relation to the above-noted court proceeding.

3. I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows:

   (a) to provide opinion evidence that is fair, objective and non-partisan;

   (b) to provide opinion evidence that is related only to matters that are within my area of expertise; and

   (c) to provide such additional assistance as the court may reasonably require, to determine a matter in issue.

4. I acknowledge that the duty referred to above prevails over any obligation which I may owe to any party by whom or on whose behalf I am engaged.

Date 14 March 2014

Signature

NOTE: This Form must be attached to any report signed by the expert and provided for the purposes of subrule 53.03(1) or (2) of the *Rules of Civil Procedure*.

RCP-E 53 (November 1, 2010)

TAB B

This is **Exhibit "B"** referred to in the
affidavit of William R. Tacon
sworn before me, this 15th day of December, 2014.

A Commissioner, notary, etc.

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) Limited, acting together herein in their capacities as joint liquidators of Stanford International Bank Limited

Plaintiffs

-and-

THE TORONTO-DOMINION BANK

Defendant

EXPERT REPORT OF WILLIAM RICHARD TACON, FCA DATED 15 DECEMBER 2014

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5. Antiguan Receivership Order dated February 26, 2009

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7. Order dated April 15, 2009 appointing the Former Officeholders as liquidators

1. INTRODUCTION

Curriculum Vitae

1.1 I, William Richard Tacon, am a Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW"). I qualified as a Chartered Accountant in 1977. I became a Partner at Ernst & Young ("EY") in the UK in 1987. In 2004 I left EY and moved to the British Virgin Islands ("BVI") where I set up a new Insolvency and Restructuring practice there for EY Caribbean. Some 6 months later, EY decided to withdraw from that business in the USA and Caribbean region. My former partners at Ernst & Young Cayman and I purchased the business and it was re-named Kroll (BVI) Limited. Subsequently, Kroll divested its insolvency and restructuring businesses into a newly created group, known as Zolfo Cooper and Kroll (BVI) Limited was renamed Zolfo Cooper (BVI) Limited ("Zolfo Cooper"). I acted as Managing Partner of the business under all of its names from 2004 until 31 December 2011 when I retired from that position. I became a consultant to Zolfo Cooper on 1 January 2012.

1.2 I remained in BVI until July 2012 when I returned to the UK. I continued to act as a consultant to Zolfo Cooper because I remained as an office holder to several significant companies, notably the "Kingate" companies which were among the largest offshore feeder funds into the well known fraud committed by Bernard L Madoff. The Kingate funds channelled some US$1.6bn into Madoff. I ceased being a consultant to Zolfo Cooper in March 2014 and also ceased being an office holder on the remaining appointments I had held up to that time. In June 2014, I became a consultant to FTI Consulting (BVI) Limited to which I have provided ad hoc advice and marketing support as and when requested.

1.3 I held an Insolvency Licence issued by the ICAEW from 1987 until 31 December 2011 and was licensed by the BVI Financial Services Commission to act an insolvency office holder from 2004 until 2011.

1.4 Other than for two years after qualifying when I worked in industry, my entire professional career has been devoted to insolvency and restructuring, a period of over 30 years. When I was a partner at EY in the UK between 1987 and 2004, I acted as Receiver and Manager, Administrative Receiver, Liquidator or Administrator of hundreds of companies. I do not have precise details of how many but my best guess would be approximately 250-350. I rarely acted as trustee in bankruptcy of individuals, my focus was in the corporate sector. Whilst in the BVI from 2004 to 2011, I acted as Court Appointed Receiver, Receiver, Provisional Liquidator or Liquidator to between one hundred to one hundred and twenty companies, I do not have a precise number but this is my best estimate.

1.5 My full CV is included as Appendix 1 to this report.

1.6 Many of the cases where I was appointed involved fraudulent activity and several were involved with Ponzi schemes. My first BVI appointment in 2004 was as special manager and subsequently liquidator of Moore Park Investments Inc, a BVI registered company that was a key part of the Ponzi scheme perpetrated by the Swiss national, Dieter Behring and others. In that case, mainly German and Swiss investors were persuaded to invest significant sums into the scheme, via a series of "tax efficient" offshore companies. The scheme collapsed after adverse publicity in the Swiss media in mid 2004 lead to significant levels of withdrawals. I had extensive, but ultimately fruitless, contact with the Swiss Federal Prosecutors who controlled, but denied me access to, the extensive books and records maintained by Behring in Switzerland. I succeeded in identifying and realising some assets held outside BVI.

1.7 The two Kingate funds to which I was appointed in 2009 as provisional, and subsequently full, liquidator were offshore feeder funds which channelled some US$1.6bn into Bernard L Madoff Investment Securities LLC ("BLMIS"). I had extensive settlement negotiations with Mr Irving Picard, the US Trustee appointed to BLMIS under the provisions of the Securities Investor Protection Act. I retained counsel in various jurisdictions, including BVI, the US, UK and Bermuda. In these cases, significant litigation has been initiated against various service providers and stakeholders, which I understand to be ongoing.

1.8 Many other cases where I was appointed as office holder to BVI companies involved asset tracing, investigating allegations of fraud, identifying and securing assets, gaining recognition for my appointments in overseas jurisdictions, retaining counsel in many jurisdictions-including leading counsel in the UK-and reporting to stakeholders and the Eastern Caribbean Supreme Court in the BVI and elsewhere in the region.

1.9 I wish to point that although I have not acted as an office holder in Antigua, I have taken appointments in several Caribbean nations and territories, including BVI, Anguilla, Turks and Caicos Islands, Barbados and Jamaica. I have undertaken investigatory work in countries including St Kitts and Nevis, Dominica, Belize and St Lucia. I am of the opinion that my experience in acting as an office holder in jurisdictions other than BVI provides me with experience that is relevant to the Caribbean region in general and Antigua in particular.

Instructions

1.10 Bennett Jones LLP ("Bennett Jones"), who act for Marcus Wide and Hugh Dickson, the joint liquidators ("Joint Liquidators") of Stanford International Bank ("SIB"), have instructed me to answer questions they have formulated in relation to the claim of the Joint Liquidators, as liquidators of SIB, against The Toronto-Dominion Bank ("TD Bank"). More specifically, the questions refer to matters involving Nigel Hamilton-Smith and Peter Wastell, the former office holders ("Former Officeholders"), when they acted as receiver-managers and later liquidators of SIB during the period before 22 August 2009.

1.11 A copy of the Letter of Instructions is included as Appendix 2 to this report.

1.12 I am an expert witness, not a witness of fact. I have relied upon documents and information provided to me as being accurate. A summary of the material provided to me, including a chronology of events prepared by Bennett Jones LLP, is set out in Appendix 3.

1.13 I visited BVI for personal and private reasons during October 2014. While there, I met Martin Kenney and Shaun Reardon John of Martin Kenney and Co, the BVI lawyers retained by the Joint Liquidators and the solicitors who have instructed Bennett Jones LLP. We discussed in outline the likely nature of my instructions; during those discussions, it was suggested that I might wish to visit SIB's offices in Antigua in order to gain a firsthand impression of the scale of SIB's operations and also the extent of the physical book and records held at SIB's head office and in an outside store. On 28 October 2014, I was shown the facilities by David Holukoff, an executive at Grant Thornton. I was introduced to Omari Osbourne and Beverly M Jacobs but had no substantive discussions with them.

Disclosure of Interests

1.14 I can confirm I have not had any contact of any kind with the personnel of FTI Consulting Inc who have been retained by Ralph Janvey, the US Receiver, to assist him.

1.15 My then partner, Richard Fogerty, and I were asked to submit a proposal to the Eastern Caribbean Supreme Court, for its consideration, to replace the Former Officeholders. None of Mr Fogerty, Zolfo Cooper and I were selected to replace them.

1.16 I have had no prior connection with Bennett Jones LLP, the Former Office Holders or SIB. Whilst resident in BVI, I knew Martin Kenney of Martin Kenney and Co, the instructing solicitors of Bennett Jones LLP, and several of his colleagues but had no material continuing professional relationship with him or his firm.

Structure of my Report

1.17 The first section is this introduction. The second section includes my responses to the questions I have been asked to consider by Bennett Jones LLP.

2. RESPONSES TO QUESTIONS POSED BY BENNETT JONES LLP

Question 1

Please comment on the impediments, if any, generally faced by individuals who are trained and/or based in the United Kingdom when acting as receiver-managers or liquidators in Antigua or the Caribbean generally.

Response

2.1 There are a number of difficulties facing a UK based and trained office holder who has been appointed to act as either a receiver-manager or liquidator to a company based in Antigua or the Caribbean generally. The difficulties can, in my view, conveniently be split into three categories:

(a) Logistical;

(b) Adapting to the local legal and operating environment; and

(c) Understanding the differences in offshore as opposed to onshore insolvencies

2.2 I am able to draw from my own experiences in these matters. As I noted in paragraph 1.6 above, within days of my arrival in BVI, I was appointed to act as special manager and later liquidator of Moore Park Investments Inc ("MPII"), a key part of a Ponzi scheme orchestrated from Switzerland. MPII did not have any staff or operations in BVI, but nonetheless, urgent action was required, to identify and safeguard its assets and deal with its affairs generally.

Logistics

2.3 Although there was an existing EY Caribbean office in BVI, its sole activity was the provision of company registration services; there was no infrastructure or support to handle a significant, multi jurisdictional insolvency. I quickly had to import the standard processes and procedures I had used in the UK and adapt them, as the case progressed, to meet the requirements of a BVI company involved in probable fraudulent activity. The lack of adequate, or any, secretarial, technical and office support services makes it difficult for a UK based office holder to "hit the ground running" when operating in the Caribbean.

2.4 Most if not all insolvency cases in the Caribbean region are highly contentious and require significant legal input, at local and international levels. The extent of legal input required is

many times greater than is the norm in most insolvency appointments in the UK, which are usually purely domestic in nature (apart from the failures of larger, multi-national companies). Not only are local lawyers required, but also an office holder will need legal representation in other jurisdictions and in particular, where the Caribbean entity holds, or is thought to hold, assets.

2.5 There are relatively few law firms in the Caribbean region which have a depth of experience in dealing with insolvency matters, the main exceptions to this observation being the BVI and Cayman Islands where international, offshore law firms have significant experience in contentious insolvency matters. Law firms in other Caribbean island jurisdictions tend to be generalists who may also deal from time to time with the insolvency of small, local entities. There can be challenges in finding local lawyers who have the requisite skills adequately to support an office holder and who are also not conflicted. Retaining lawyers overseas is generally much easier.

2.6 The same issues apply to the retention of other specialists frequently required in Caribbean cases, such as real estate brokers. Although brokers do exist in the Caribbean islands, in my experience, they typically are small, local firms, often one man bands, who only have experience in retailing domestic properties but have little or no experience in acting for an office holder.

2.7 People working in Antigua who are not nationals of CARICOM (the Caribbean Community) member states will require work permits, and although the application process can be relatively straightforward, delays can occur before they are granted. In my experience, a Government which wishes to assist an office holder can help speed the process but nonetheless, there can be delay.

Legal and operating environment

2.8 Although the corporate laws of Antigua and other Caribbean islands are based upon English common law principles and old versions of English Companies Acts, many islands do not have robust or fit for purpose insolvency legislation. There are further complications, such as the interface of International Business Companies Acts, under which offshore companies are registered, with other legislation. When the legal framework is examined, a UK based office holder will come to learn that the position is in fact nothing like as straightforward or clear as he may have first thought and has only a passing resemblance to what he is familiar with in the UK.

2.9 An office holder in a Caribbean jurisdiction is frequently appointed by the Eastern Caribbean Supreme Court ("the Court") and is therefore operating under its supervision. In the UK, most insolvency appointments do not involve the courts at all. The office holder will need to refer matters to the Court where he either needs its approval or guidance in respect of many matters under consideration. Regular reports are usually required by the Court. The office holder will often require urgent applications to Court to be made and seek hearings quickly. In my experience, the Court may be unused to hearing matters having an urgent commercial content on a speedy basis. Such delays can cause major problems for an office holder appointed to a "live" company. Furthermore, effective access to Court is particularly important when the liquidator cannot practically consult with the general or representative members of the creditor group, either because he does not know who they are or because of insurmountable difficulties of consultation through a general meeting.

2.10 All eastern Caribbean nations are small and a sizeable insolvency is often a matter of national importance. This is not just a matter of the case making headline news for a few days. The Government of the nation or territory will be actively engaged with the matter and the office holder at the highest level. Unlike in the UK, the office holder will undoubtedly have to be aware of political considerations and be able to handle a very active interface with Government. This political dynamic is rarely encountered in the UK. In short, the office holder will need to understand a very different political and legal landscape.

Offshore and onshore differences

2.11 In the UK, onshore environment, a receiver-manager or liquidator will typically take charge of the assets of the insolvent company to which he has been appointed, realise them for their best value, either through a trading or forced sale process, and then distribute any recoveries to the entitled parties, after having agreed claims. The office holder will be used to making reports to the Insolvency Service upon the conduct of the directors and reporting his findings. The focus of such reports is usually whether or not trading continued and credit taken after the directors should have realised there was an insolvent position. Most UK cases do not involve actual or suspected fraud (or even of wrongful trading while insolvent) and the office holder will rarely if ever, as a matter of any priority, consider making detailed investigations to try to establish a claim against a third party who may have contributed to, or be responsible for, a loss to creditors. The most frequent claims brought by a UK liquidator will be to challenge antecedent transactions, such as preferences or transactions at undervalue. A UK based office holder would not be familiar with the offshore environment where the possibility of making claims against third parties is much more prevalent. Even if he were to consider the possibility, it would not necessarily be a high priority in view of other, more pressing matters to be dealt with, such as securing transient assets, identifying assets generally and communicating with creditors.

2.12 The UK based office holder would typically bring his experience and mindset of dealing with a traditional onshore insolvency to Antigua or the Caribbean generally and apply it to the case in question. He should gradually start to become more familiar with the much more complex and contentious aspects of dealing with the matters often found in transnational and complex offshore cases, it can in my experience take some time to adjust to this reality, within the context of an unfamiliar legal and operational environment.

Question 2

Upon the appointment of the Former Officeholders as the receiver-managers of SIB by the Antiguan Financial Services Regulatory Commission (the "FSRC") on February 19, 2009, and after having obtained approval of that appointment by the Antiguan court on February 26, 2009, what steps ought a reasonable person with the abilities and in the circumstances of the Former Officeholders have taken until the time they were no longer receiver-managers on April 19 2009 and in what priority should those steps have been taken?

(a) Please comment on any specific impediments that may have arisen due to the abilities of or circumstances faced by the Former Officeholders during the period they acted as receiver-managers during the Relevant Timeframe.

(b) Please comment specifically on whether the steps taken by a reasonable person with the abilities and in the circumstances of the Former Officeholders ought to have included investigations of third party liability claims such as the Joint Liquidators' claim against TD Bank during this period.

Response

2.13 The powers of the Former Officeholders as receiver-managers were closely defined and limited in their scope. As a general statement, the duties of a receiver-manager appointed by the Court are limited and may be described as "holding the ring" pending clarification of the underlying position of the subject company. The Order appointing the Former Officeholders follows the usual form and clearly sets out what they were required to do. The clarification I have referred to would typically be derived from the analysis of the receiver-managers set out in the form of a report to be submitted by them to the Court. The report will largely determine what the Court orders should happen following the receivership. The available options are limited and are as follows:

(a) To restore the powers of the directors and in effect to hand control of the company back to them because the receiver-managers and the Court are satisfied the issues that gave rise to the appointment have been addressed or are capable of being addressed by the directors.

(b) To place the company into liquidation under the terms of a further Court Order, for example if it were considered to be insolvent.

2.14 These limited options highlight the limited role of a Court appointed receiver-manager which is to investigate the underlying financial affairs of the subject company, restore order as much as possible, identify creditors and preserve and protect assets that might be in danger of dissipation. The duties of a Court appointed receiver-manager are entirely different from those granted to an administrative receiver appointed under a debenture granted to a secured creditor. (Such debentures give rights and duties to receivers to manage the affairs of the company, realise and distribute assets subject to security interests, also to agree the claims of certain creditors.)

2.15 I set out in Appendices 4 and 5 respectively the appointment order made by the FSRC and the confirmatory Court Order. Under the terms of the FSRC appointment, the receiver-managers were given the "duties and powers previously vested and discharged by the directors of SIBL and STCL." This apparently wide ranging power was significantly curtailed under the terms of the Court Order where the receiver-managers were, inter alia, required to take control of property and assets but were restrained from disposing of assets; they were severely constrained from undertaking trading activities; were required to stabilise the operations of SIB and identify creditors and to report to the Court. These terms are entirely consistent in my experience with those found in most if not all Court appointed receivership orders.

2.16 I have read the report dated March 16, 2009 submitted to the Court by the receiver-managers. This report is included at Appendix 6. On the second page of their report, the receiver-managers set out their actions immediately upon appointment and notified the management and staff of the 7 areas of primary focus. It is worth setting out those points as follows:

(a) Protect the position of investors who were located around the world;

(b) Confirm the sums owed to investors;

(c) Deal with staff concerns and seek funding for payment of staff salaries whilst they remained employed by SIB in receivership;

(d) Seek to establish the position with the investment assets held by SIB;

(e) Establish the position with the non investment assets held by SIB;

(f) Engage with Mr Janvey the US Receiver and the US Court; and

(g) Ensure the preservation of the operating infrastructure and IT systems used by SIB.

2.17 In my opinion, the areas of focus set out above are totally aligned with the powers granted to the receiver-managers and were appropriate in the circumstances of the receivership. The steps are consistent to those which a reasonable person would have taken in the circumstances. Although the 7 items appear to be placed in order, in my view it is highly likely that each of these matters would have been given equal priority. In their reports, the receiver-managers go on to set out in some detail what they did and their findings.

2.18 The receiver-managers make reference to their difficulty in securing funding to meet the costs of the receivership, including the payment of wages and all other costs. The substantial balance of some US$10m thought to be held in SIB's account at the Bank of Antigua, and therefore immediately available to the receiver-managers, was in fact subject to an offset of some US$8.8m by the bank for future credit card liabilities plus further amounts for other debts. The absence of any significant and immediate liquidity to fund the estate was a major constraint, especially in view of the need to secure assets held in overseas bank accounts which were also being claimed by the US Receiver, Mr Janvey. Actions of this sort are expensive as extensive legal advice is required from local and especially overseas lawyers.

2.19 The receiver-managers also refer to the presence in Antigua of many concerned investors who were anxious to understand more about the receivership and the status of their deposits. Dealing with such investors, including ongoing communications in both English and Spanish, would have been a priority but also a very time and resource consuming activity.

2.20 The receiver-managers also had to deal with a significant trading entity with 87 staff, all of whom would have been shocked and bewildered by the unfolding receivership and arrest of Mr Stanford. Handling employees, while at the same time trying to identify people who could provide the information required by the receiver-managers, would have been a major challenge, especially as there had not been any pre-preparation for the receivership appointment. Another resource intensive process would have been the securing of SIB's records and especially IT systems. In short, the practicalities of dealing with a chaotic, unplanned and catastrophic situation in Antigua would have been a major pre-occupation of the receiver-managers, and the position made worse because of the lack of adequate funding.

2.21 In view of my foregoing comments and by reference to the terms of the Court Order, I do not consider that any reasonable office holder would have given any consideration to the possibility of investigating possible third party liability claims. Although claims are assets of the company, they are not subject to dissipation or attack from third parties, unlike cash balances held overseas in particular. It is clear from their report that the receiver-managers had to work hard to discover assets, in view of the incomplete information available to them. Once discovered, they took whatever steps they could to preserve them. There were many practical and time consuming matters to be undertaken if the receiver-managers were to comply with the terms of the Order under which they were appointed. The lack of adequate funding would have been a major concern, nonetheless, the Former Officeholders appear to me to have fulfilled their duties as receiver-managers. In my opinion,

consideration of possible third party claims should properly be considered by any liquidator appointed after the receiver-managers, in view of his far more extensive powers of investigation and enquiry. In the circumstances the receiver-managers found themselves in, even if they had powers of investigation – which they did not - they would not have had sufficient information even to begin to consider seeking discovery of possible claims such as the Joint Liquidators' claim against TD Bank.

Question 3

Upon the appointment of the Former Officeholders as liquidators of SIB by the Eastern Caribbean Supreme Court on April 15, 2009, what steps ought a reasonable person with the abilities and in the circumstances of the Former Officeholders have taken from the time of that appointment until the end of the Relevant Timeframe (August 22, 2009) and in what priority should those steps have been taken?

(a) Please comment on any specific impediments that may have arisen due to the abilities of or the circumstances faced by the Former Officeholders during the period they acted as liquidators during the Relevant Timeframe.

(b) Please comment specifically on whether the steps taken by a reasonable person with the abilities and in the circumstances of the Former Officeholders ought to have included investigations of third party liability claims such as the Joint Liquidators' claim against TD Bank during this period.

Response

2.22 The Order dated April 15, 2009, set out at Appendix 7, appointing the Former Officeholders as liquidators, includes the wide and comprehensive powers usually required by liquidators to fulfil their obligations to the general body of creditors. Particularly noteworthy are paragraphs 4 and 5 of the Order which give power to the liquidators to gather in and realise assets, including choses in action, for the benefit of the creditors. These terms are in stark contrast to the limited powers given to the receiver-managers. Probably the most fundamental rule applicable in all liquidations, wherever they may be situated, is "to follow the cash". In the case of SIB, the Former Officeholders had established that SIB held significant cash balances in Canada, the UK, the USA and Switzerland and in each case, Mr Janvey was attempting to gain control of those balances.

2.23 Cash is the most transient asset encountered in a liquidation and the first priority of any liquidator should be to secure control of cash balances for the benefit of the estate, including its creditors, but also to create liquidity to fund the ongoing costs of the liquidation and potentially to provide the funding for identifying and possibly pursuing claims against third parties. Unlike cash which is vulnerable and transient, potential claims against third parties lie in the company being liquidated and are not liable to dissipation.

2.24 I am aware from my own experience that it can be both costly and time consuming to create the circumstances where a liquidator can actually recover assets held in overseas bank accounts. The local liquidation process has to be recognised by courts in foreign jurisdictions and only then can any real progress be made to realise the asset, even if it had been frozen previously. I consider the steps taken by the Former Officeholders to have been appropriate, as was their attempt to reach a working relationship, based on co-operation, with Mr Janvey. Mr Janvey's actions in pursuing the same cash balances for his estate represented an additional and very real difficulty for the Former Officeholders. Furthermore, the courts in

different jurisdictions took differing views about recognising the Antiguan appointments– there was little or no consistency of approach – and Mr Janvey continually challenged the authority of the Former Officeholders in foreign courts. It is clear from their reports that the Former Officeholders rightly devoted significant resources to their attempts to recover the money held in overseas accounts.

2.25 Any successful realisation of cash held overseas would have solved one of the greatest challenges the Former Officeholders continued to face – the lack of any real funding in the SIB estate. In their report to the Court dated July 14, 2009, (the last report before August 22, 2009) the Former Officeholders referred to land owned by SIB in Antigua and Barbuda. An early realisation of land could have created liquidity for the estate but the land in question had been subject to a compulsory purchase order by the Government. In my view, the Former Officeholders were correct to challenge the compulsory purchase or failing that, to ensure adequate compensation was paid. Not to have done so would have lead to the loss of potentially valuable assets, albeit that any early realisation was unlikely in view of the adverse prevailing market conditions.

2.26 Another highly important priority for the Former Officeholders was to secure, organise and understand the huge volume of physical and electronic records of SIB so that they could understand the complex operations of SIB, identify assets, verify creditors' claims and generally understand the interplay between the various Stanford companies; a process made even more difficult by the non availability of significant books and records controlled by Mr Janvey in the US. Although the Former Officeholders reported their view that SIB was probably the victim of a huge fraud, they could not be entirely sure until they had established the likely underlying financial position of SIB, including the existence or otherwise of assets and the extent of liabilities. The major challenge facing the Former Officeholders would have been to identify assets and then assess their likely underlying value. This process was severely hampered by the local staff in Antigua not having a complete picture as they did not have information about what assets SIB invested in. This information proved to have been tightly controlled by Mr Stanford's "inner circle" in Houston. There was a separation of knowledge about assets and their investment (which during the Relevant Timeframe was only available to Mr Janvey in the US), whereas information concerning the creation of liabilities through the sale of certificates of deposits by SIB in Antigua, was known locally there.

2.27 In my view, the steps taken by the Former Officeholders, when acting as liquidators, to deal inter alia with the above matters, also to continue processing the claims of creditors and communicate with them, were appropriate and proportionate. Work streams such as these are not sequential but are core processes having equal importance. Significant resources would have been required to deal with all aspects of the liquidation of a complex entity and the Former Officeholders still had not secured any meaningful funding beyond that realised from the Bank of Antigua, other than the release of some modest money from the UK during July or August 2009. They had to rely upon funding the costs of the liquidation from the professional team's internal resources. In this context, the Former Officeholders refer in their reports to hourly rate reductions of the professional team, not being able to draw fees and the challenges generally arising from the absence of funding.

2.28 In his affidavit, Mr Wiltshire refers to the inability of the Former Officeholders to meet the significant cost of hosting the records they controlled onto a searchable database. (Mr Wide subsequently reported the cost of this exercise as being US$640,000.) This expense accords with my own experience in hosting records for the Kingate funds. Mr Wiltshire's comment is highly material and is very relevant when any liquidator is giving consideration to

investigating whether or not there may be grounds for making claims against third parties, including those such as the Joint Liquidators' claim against TD Bank. A reasonable person might well have begun to think about the possible existence of claims but moving beyond the thinking stage into investigating, through the interrogation of records transferred onto a searchable database, and then discovering them, would entail considerable work and cost. The cost would represent, in effect, a substantial investment into a project which might or might not bear fruit at a future time. Specifically, after hosting the records of SIB onto a searchable platform, search parameters would be set and the outcome analysed in detail by the liquidators and their legal team, a process which may or may not lead to the discovery of grounds for a potential claim.

2.29 In all of these circumstances, I do not think it would have been realistic for any liquidator to have begun taking during the Relevant Timeframe the steps necessary to discover claims against third parties, including the Joint Liquidators' claim against TD Bank because:

(a) The Former Officeholders were actively pursuing the complex, intensive and resource consuming work streams to which I have referred, all of which were relevant priorities.

(b) The Former Officeholders could not be sure a fraud had been committed, even though they had good reason to believe it had and reported this view. The lack of certainty during the Relevant Timeframe would have inhibited their appetite even to consider committing additional scarce resources during the Relevant Timeframe to a process targeted at discovery of behaviour that might possibly give rise to a claim, even if they had adequate funding available, which they did not.

(c) The Former Officeholders in all probability during the Relevant Timeframe did not know exactly what data they held in the huge volume of electronic and physical material in SIB's offices. Extensive cataloguing would be needed – some cataloguing was taking place even during my site visit in October 2014 – but they knew that they did not have the complete picture because Mr Janvey held highly relevant records which he refused to share.

(d) TD Bank was only one of many financial institutions with which SIB had relationships. During the Relevant Timeframe, the Former Liquidators would not have had the time or resources to investigate the conduct of those relationships, including with TD Bank, nor would such a review have been a priority.

(e) The Former Officeholders could reasonably have taken the view that if there were potentially discoverable claims against third parties, there would have been ample time to deal with them in view of the likely long timescale for pursuit before they would become statute barred.

(f) The Former Officeholders, and their professional advisors, were during the Relevant Timeframe funding the majority of the cost of both the previous receivership and liquidation from their own firms by virtue of not being able to draw fees. They may well not have been able to gain support from their firms' internal senior management to incurring yet more self funded costs associated with hosting data, especially when there was at that time at least the potential for recovery from cash balances held overseas. If they were successfully realised, then funds would become available to meet historically incurred fees and to pursue new avenues, such as considering possible claims.

2.30 My experience in bringing third party claims in the "Kingate" liquidations is instructive. These feeder funds were victims of the admitted fraud of Bernard L Madoff. They held significant funds available to meet the ongoing costs of the liquidations. As I have mentioned at paragraph 1.7, claims have been brought against certain stakeholders and service providers. It was probably not less than 4-6 months into the liquidations that my team, including legal advisors, were able to start contemplating the investigation of the activities of third parties, in view of other priorities the team had. Furthermore, we faced great difficulty gaining access to the funds' records which were held on servers shared with third parties. We finally succeeded and hosted the records at considerable expense on a searchable database. A detailed legal analysis followed and some 15 or more months after my appointment, we discovered conduct which was considered to give rise to potential claims. A further period of perhaps one year elapsed before the third party claims were actually launched. I am of the opinion that the circumstances of the SIB liquidation were significantly more complex and difficult than Kingate.

2.31 To summarise, I am of the opinion that the priorities and work streams developed by the Former Officeholders during the Relevant Timeframe date were consistent with what could have been expected from a reasonable liquidator. Although consideration of the possibility of the existence of a claim such as that made by the Joint Liquidators against TD Bank could theoretically have been contemplated, its discovery (and then pursuit) could in my view not reasonably have been expected in the circumstances of SIB within the Relevant Timeframe.

Question 4

Assuming that the Former Officeholders lacked the legal authority or legal capacity required to pursue an action in Canada against a third party, would a reasonable person with the abilities and in the circumstances of the Former Officeholders have investigated an action against a third party in Canada during the Relevant Timeframe that:

(a) The Former Officeholders acted as receiver-managers (February 19, 2009 – April 15, 2009)?

(b) The Former Officeholders acted as liquidators (April 15, 2009 – August 22,2009)

Response

2.32 Dealing with the first part of the question, for the reasons I have already referred to in paragraphs 2.13 to 2.21 above, the terms of the Order appointing the Former Officeholders as receiver-managers did not give them powers or require them to investigate a possible action against a third party. Any such investigations would not have been consistent with the obligation to "hold the ring". The question of the capacity to make a claim in Canada is therefore irrelevant insofar as the Former Officeholders as receiver-managers were concerned.

2.33 The terms of the Order under which the Former Officeholders were appointed as liquidators gave them wide powers to investigate and then make claims. However, if they had no capacity or ability to make a claim in Canada, then my view is that the Former Officeholders could not justify the significant cost of investigating whether a potential claim, once discovered, could be made, whether it had a reasonable prospect of success and then documenting it. In my view, the Former Officeholders would quite rightly have been criticised by the Court for wasting what would have been substantial costs investigating a potential claim that could not be brought in Canada.

2.34 I would wish to qualify this view slightly by adding that if there was legal advice which suggested the necessary authority might be capable of being obtained in Canada, then a reasonable person might well have sought the required authority if preliminary enquiries had suggested there might well be a claim to be made, albeit after much further investigation.

Question 5

Please answer the following questions in respect of how a reasonable person with the abilities and in the circumstances of the Former Officeholders ought to have acted in determining whether a claim such as the Joint Liquidators' claim against TD Bank was an appropriate means to remedy the injury, loss or damage that was incurred by SIB:

(a) Ought such a reasonable person have relied on media reports alone in order to determine that such a claim against TD Bank was in fact an appropriate means to remedy SIB's injury, loss or damage? Why or why not?

(b) Ought such a reasonable person have needed to discover facts of a greater quality or extent than would a normal litigant (who was not a court officer) before determining that a claim such as the Joint Liquidators' claim against TD Bank was in fact an appropriate means to remedy SIB's injury, loss or damage? Why or why not?

(c) Ought such a reasonable person have required knowledge of how and when any fraud on SIB was undertaken and whether TD Bank somehow participated in or facilitated that fraud before determining that a claim such as the Joint Liquidators' claim against TD Bank was in fact an appropriate means to remedy SIB's injury, loss or damage? Why or why not?

(d) Ought such a reasonable person have required knowledge of specific acts or omissions of TD Bank that caused or contributed to SIB's injury, loss or damages before determining that a claim such as the Joint Liquidators' claim against TD Bank was an appropriate means to remedy SIB's injury, loss or damage? Why or why not?

(e) Ought such a reasonable person have required legal authority or legal capacity to commence a claim such as the Joint Liquidators' claim against TD Bank prior to determining that such a claim was in fact an appropriate means to remedy SIB's injury, loss or damage? Why or why not?

(f) Ought such a reasonable person have considered the availability of the funding required to actually investigate and pursue a claim such as the Joint Liquidators' claim against TD Bank prior to determining that such a claim was in fact an appropriate means to remedy SIB's injury, loss or damages? Why or why not?

Response

2.35 In my view, a reasonable person would and should have cognisance of media reports of a case in which he was engaged but such reports alone should not form the sole basis for determining whether or not a third party claim should be made. In my experience, a judge considering such a claim would pay only limited attention to media reports (which might well be considered as little more than hearsay) but would require the claimant to have investigated the matter himself and presented his own evidence, insofar as possible. Media reports would be used only as supporting and not the main evidence to support making a

claim. A reasonable liquidator would rely upon his own expertise and advice when considering if a claim against TD Bank was an appropriate way to remedy any loss to SIB.

2.36 In my view, a reasonable person would be well advised to discover facts and build a case of greater quality than a normal litigant who was not a Court appointed liquidator because the liquidator is always using creditors' money – rather than his own - when pursuing a claim. A prudent and reasonable liquidator would need to satisfy himself, and potentially the Court, that it would be in the interests of the creditors for a claim to be pursued and that it had a reasonable prospect of success, especially in circumstances where there was little or no scope to consult the creditors directly as to their wishes.

2.37 I consider that a reasonable person needs to establish an actual or at least potential cause of action against a third party before developing a claim. If a company's insolvency had been caused for example by investment in assets that significantly underperformed or through explainable trading losses, then it seems to me unlikely there would be a claim against a bank, unless it had been negligent in recommending particular investment strategies. In the case of SIB, its reasonable liquidator would need to establish that its insolvency and failure had been caused by the huge fraud committed by its officers. Having established that position, questions can then reasonably be asked and enquiries made to determine if third parties were complicit in facilitating the fraud. In the first instance, a reasonable person who is satisfied there has been a fraud will consider how it was committed and whether there are parties who might have a case to answer. In my view, a reasonable liquidator has an absolute duty to establish, whether or not in his opinion, a party such as TD Bank had participated in or facilitated the fraud before commencing any action. In my view, the matter of when the fraud commenced is not relevant in the early stages of considering whether a claim exists and should be pursued, the timing of the fraud will affect the quantum of loss to be claimed.

2.38 Having thought about who might have a case to answer in the context of a discovered fraud, a reasonable person should, in my view, start to review and examine the conduct of the third party in order to establish (in conjunction with his legal advisors) whether or not the conduct was appropriate. Ultimately, if a claim were to be pursued, then detailed knowledge of the conduct of a party such as TD Bank, including acts and omissions, would be required.

2.39 There are of course two levels of legal authority required or likely to be required, one in respect of the target jurisdiction and another, potentially, in the home jurisdiction. The terms of the order appointing the Former Officeholders as liquidators (and also the underlying legislative framework) would determine whether or not they were required to seek the leave of the home court to launch the action. Even if they did not need the leave of this court, the reasonable liquidator might well seek it anyway for his own protection against possible subsequent criticism or challenge, especially if he had not been able to consult adequately or at all with the creditors. In general, it was my practise to seek the consent of the BVI Court before I launched any claims against third parties. It is self evident that a reasonable person would need to establish legal recognition and therefore authority to bring a claim, such as the Joint Liquidators' claim against TD Bank, in the target jurisdiction, in this case, Canada.

2.40 A reasonable person should in my view be satisfied that he has adequate funding and resources in place, fully to investigate a claim and then to be able to meet the costs, and potentially meeting an adverse costs order, of bringing it to a full trial. On all occasions when I sought its consent to pursue a claim against a third party, I was asked by the BVI Court to confirm that funding would be available to meet the costs of pursuing the claim. A

reasonable person would need to be confident that appropriate and informed decisions, based on the evidence discovered and advice received, were made. It would be a waste of money if costs were incurred investigating a claim but available funding ran out before determining whether or not a case could be established and then pursued. A reasonable person would not wish to be criticised by a court or creditors for wasting money.

Question 6

In light of the abilities and circumstances of the Former Officeholders set out in the enclosed materials, were the actions that they took during the Relevant Timeframe set out in the enclosed materials consistent with how a reasonable person with those abilities and in those circumstances ought to have acted during the Relevant Timeframe?

Response

2.41 In all material respects, my view is that the Former Officeholders did act in a reasonable manner during the Relevant Timeframe, even though in my view, they were conditioned by their extensive experience as UK based insolvency practitioners but who were unused to the apparently very similar, but in reality rather different, dynamic of a Caribbean receivership and then liquidation. They did however take certain actions which I would question, in particular, I am not convinced they had the power when acting as receiver-managers to close down the SIB office in Quebec, including terminating the employment of employees. By doing so, they saved costs in respect of a defunct facility and that would have been their motivation. As liquidators, they would undoubtedly have had the powers to terminate employment and close an office. This is a minor criticism.

2.42 At paragraph 2.16, I referred to the 7 matters the Former Officeholders set out as being their primary focus as receiver-managers and commented that I found them to be appropriate. The Former Officeholders continued to deal with these matters throughout the Relevant Timeframe and I remain of the opinion that these objectives were appropriate in the circumstances of SIB. The major issue they had to contend with during the Relevant Timeframe and beyond was the lack of adequate funding. It was apparent during the Relevant Timeframe that the expected funds in Bank of Antigua would not in fact be available, that the land owned by SIB was either not available or would take a long time to realise and that the cash balances in UK, Switzerland, Canada and assets generally in the USA would not be available to the Former Officeholders quickly or possibly at all. However, they did not apparently try to raise money from external parties such as contingency based funders but rather relied upon the continuing goodwill of their firm and professional advisors to provide services at reduced rate and to defer payment. In all probability, the Former Officeholders reasonably expected to recover cash held overseas but it would also have been prudent to investigate external funding options.

2.43 Having been appointed to SIB but without adequate funding, the Former Officeholders found themselves in real difficulties. They had obligations to the Court and creditors to fulfil, especially as liquidators, but without the means to do so in the conventional way of being paid periodically. Their actions, despite the inability to draw professional fees, show their commitment, albeit that they had obligations they could not walk away from.

2.44 My final observation is that although it can be extremely difficult to conclude categorically that a company has been subjected to a massive fraud, including being part of a Ponzi scheme, the Former Officeholders, during the Relevant Timeframe, were of the opinion that SIB may well have been the victim of a Ponzi fraud committed by its directors. In my opinion

this view was justified but the Former Officeholders' caution was justified in light of the following matters that were subsequently revealed:

(a) Mr Janvey, the US receiver, did not apparently conclude the existence of fraud until the confession of Mr Davis;

(b) FTI confirmed after Mr Davis' confession that their initial findings were in fact consistent with his disclosure about the existence of the Ponzi fraud;

(c) The Former Officeholders did not have access to the highly material information held by Mr Janvey, nor he to theirs, despite the clear efforts of the Former Officeholders to co-operate with him, which he rejected;

(d) The perceived wisdom amongst the employees of SIB in Antigua was that the business was genuine; and

(e) The extraordinary and highly sophisticated extent of forgery, concealment, manipulation and creation of fraudulent documents by the perpetrators of the fraud.

2.45 I do not consider that a reasonable person should have reached, during the Relevant Timeframe, the firm conclusion that fraud had been committed. Even if that conclusion had been reached, I am of the opinion that a reasonable person would and should have continued the work streams and priorities identified by the Former Officeholders. The priorities were consistent with the actions required in dealing with the crucial matters associated with the liquidation of SIB, including securing known and vulnerable assets under attack from Mr Janvey, seeking recognition overseas, establishing the claims of creditors and communicating with them, securing records and IT structures, gathering information, regaining the benefit of land and dealing with the multitude of tasks associated with a complex, high profile liquidation – all set against a back drop of inadequate funding.

William Richard Tacon

15 December 2014

TAB 1

APPENDIX 1

William Richard Tacon FCA

Date and place of birth: 24 December 1952, Stockport, UK

Current Address: Woodlands Byre, Norbury, Shropshire SY9 5DY, UK

Education: Stockport Grammar School, Sheffield University – degree in Economics and Accounting

Professional qualifications:

1977 Qualified as member of Institute of Chartered Accountants in England and Wales

1987 - 2011 UK Insolvency Licence holder

2004 – 2011 BVI Insolvency Licence holder

Career:

1974 – 79 Trainee and newly qualified accountant at Turquands Barton Mayhew Manchester (subsequently absorbed into Ernst & Young).

1979 – 80 Financial controller Empress Snappies Limited.

1981 – 2004 Ernst & Young Manchester, Hull and Birmingham offices, becoming partner in 1987. Acted as office holder, including Receiver, Administrative Receiver, Administrator and Liquidator of many companies which operated in diverse sectors.

2004 – 2011 Established the British Virgin Islands Insolvency and Restructuring office of Ernst & Young as Managing Partner; name of company subsequently changed to Kroll (BVI) Limited and finally Zolfo Cooper (BVI) Limited. Acted as Court

Appointed Receiver, Receiver, Provisional Liquidator and Liquidator of many companies registered in BVI and other Caribbean territories but which operated in numerous Jurisdictions, including US, Hong Kong, PRC, Russia and CIS and locally in the Caribbean.

2012 – 2014 Consultant to Zolfo Cooper following return to UK.

2014 to date Consultant to FTI Consulting Caribbean offices.

Notable cases since 2004:

Liquidator of the "Kingate" Funds, which were amongst the largest offshore feeder funds into Bernard L Madoff Investment Securities LLC. Claims instituted against the auditors and promoters of the Funds; extensive negotiation with US Trustee of Madoff Estate.

Liquidator of substantial failed property developments in Turks and Caicos (Dellis Cay) and Anguilla (Temenos).

Liquidator of Cap Juluca, a leading luxury hotel; trading continued pending resolution of historic claims amongst stakeholders.

Liquidator of Moore Park Investments Inc, a key vehicle used in the Ponzi scheme created by the Swiss, Dieter Behring.

Court Appointed Receiver of Hakkisan Limited and Myrzaly Limited, vehicles alleged to have been used to channel assets from a law firm based in Kazakhstan.

Liquidator of Maytown Limited and Plympton Limited, part of a parallel trust structure used by a Swiss lawyer to divert assets out of a legitimate trust he had infiltrated.

Provisional Liquidator of Montrow Limited, part of a complex structure created by a sovereign country to forward sell oil revenues, which put them outside the reach of overseas bond holders.

Liquidator of Ortland Equities Corporation, the first successful challenge in the BVI of an antecedent transaction at undervalue.

Joint Liquidator of Dynasty Line Limited, claim successfully brought in Singapore Court against directors of the company who pledged its assets to support personal borrowings.

Court Appointed Receiver and subsequently Liquidator of Monarch Pointe Limited, a BVI registered private equity fund based in Los Angeles.

Joint Liquidator of Pioneer Iron and Steel Limited which had a large claim against its Hong Kong based director and shareholder; settled with her making a substantial payment.

TAB 2

APPENDIX 2

Bennett Jones

Bennett Jones LLP
3400 One First Canadian Place, PO Box 130
Toronto, Ontario, Canada M5X 1A4
Tel: 416.863.1200 Fax: 416.863.1716

Lincoln Caylor
Partner
Direct Line: 416.777.6121
e-mail: caylorl@bennettjones.com

Maureen M. Ward
Partner
Direct Line: 416.777.4630
e-mail: wardm@bennettjones.com
Our file no.: 68029.1

December 2, 2014

Mr. William Tacon
c/o Winster Consultants Limited
2nd Floor Palm Grove House
Wickhams Cay 1
Road Town, Tortola
British Virgin Islands, VG1110

Re: Letter of Instructions - Stanford International Bank Limited v The Toronto-Dominion Bank, Court File No.: CV-12-9780-00CL

Dear Mr. Tacon:

We write in furtherance of your retainer as an expert for our clients, Marcus Wide and Hugh Dickson, in their capacities as the joint liquidators of Stanford International Bank Ltd. ("**SIB**") (the "**Joint Liquidators**"). The Joint Liquidators are the successors of Nigel Hamilton-Smith and Peter Wastell (the "**Former Officeholders**"). The Former Officeholders were in office during the period from February 19, 2009 until August 22, 2009 (the "**Relevant Timeframe**") and remained in office until May 2011, at which time they were replaced by the Joint Liquidators.

This letter sets out the questions requiring your expert evidence along with a list of the documents that we are enclosing with this letter.

Background

In this matter, the Ontario court will ultimately have to determine whether a "reasonable" person with the abilities and in the circumstances of the Former Officeholders ought to have discovered the facts giving rise to a claim on behalf of SIB against The Toronto-Dominion Bank ("**TD Bank**") during the Relevant Timeframe. As detailed in the materials that are being provided to you, TD Bank provided correspondent banking services to SIB throughout its operations from its offices in Ontario, Canada. In accordance with Ontario's *Limitations Act, 2002*, the claim is discovered when a

reasonable person with the abilities and in the circumstances of the Former Officeholders first ought to have known:

(a) that the injury, loss or damage had occurred to SIB,

(b) that SIB's injury, loss or damage was caused by or contributed to by an act or omission,

(c) that the act or omission was that of the person against whom the claim is made, namely TD Bank, and

(d) that, having regard to the nature of the injury, loss or damage, a proceeding would be an appropriate means to seek to remedy it.

As an expert retained to provide evidence in the course of a claim being pursued by the Joint Liquidators in Ontario, you are not permitted to provide a concluding opinion answering the ultimate question outlined above. Instead, we ask that you provide opinions that will assist the Ontario court in reaching its own conclusion as to this question. In order to do so, we ask that you provide opinions as to the questions that are set out below.

Instructions for your Report

The following sets out preliminary questions and requirements for your report:

1. Explain your experience as an insolvency practitioner including, but not limited to:

   (a) How many years have you been practicing as an insolvency practitioner?

   (b) How many times have you been appointed as a liquidator?

   (c) Have you been involved in any liquidation in which the subject company was the victim of or otherwise involved in a "Ponzi" or other fraudulent scheme?

2. When preparing your report as an expert, your duty is to the Ontario court. It is the duty of an expert witness to help the court impartially on the matters relevant to his or her expertise. This duty overrides any obligation to the persons by whom he or she is instructed or paid.

3. Expert evidence presented to the court must be, and should be seen to be, the independent product of the expert uninfluenced as to form or content by the demands of the litigation. An expert witness must provide independent assistance to the court by way of objective, unbiased opinion in relation to matters within the witness' expertise.

4. Please prepare your report so that it complies with the laws of Ontario and is addressed to the court. To assist you in this regard, we have enclosed copies of the relevant Ontario *Rules of Civil Procedure*, which set out your duty as an expert and requirements for your report. We

have also enclosed an acknowledgement form that must be completed and appended to your report.

5. We note that it is possible that you will be required to be cross-examined on your report.

Questions Requiring Expert Evidence

When answering the questions below, we ask that you please do so in consideration of the abilities and circumstances faced by the Former Officeholders throughout the Relevant Timeframe. The abilities and circumstances of the Former Officeholders are detailed in the following affidavits, all of which are enclosed:

1. the affidavit of Marcus A. Wide sworn November 28, 2014;

2. the affidavit of Peter R. Wiltshire sworn November 28, 2014;

3. the affidavit of Beverly M. Jacobs sworn November 13, 2014;

4. the affidavit of Omari Osbourne sworn November 13, 2014; and

5. the affidavit of Ralph S. Janvey sworn December 1, 2014.

The following sets out the questions that we ask you to provide your opinion evidence on in relation to this matter.

1. Please comment on the impediments, if any, generally faced by individuals who are trained and/or based in the United Kingdom when acting as receiver-managers or liquidators in Antigua or the Caribbean more generally.

2. Upon the appointment of the Former Officeholders as the receiver-managers of SIB by the Antiguan Financial Services Regulatory Commission (the "**FSRC**") on February 19, 2009, and after having obtained approval of that appointment by the Antiguan court on February 26, 2009, what steps ought a reasonable person with the abilities and in the circumstances of the Former Officeholders have taken until the time they were no longer receiver-managers on April 15, 2009 and in what priority should those steps have been taken?

   (a) Please comment on any specific impediments that may have arisen due to the abilities of or circumstances faced by the Former Officeholders during the period they acted as receiver-managers during the Relevant Timeframe.

   (b) Please comment specifically on whether the steps taken by a reasonable person with the abilities and in the circumstances of the Former Officeholders ought to have included investigations of third party liability claims such as the Joint Liquidators' claim against TD Bank during this period.

3. Upon the appointment of the Former Officeholders as liquidators of SIB by the Eastern Caribbean Supreme Court on April 15, 2009, what steps ought a reasonable person with the abilities and in the circumstances of the Former Officeholders have taken from the time of that appointment until the end of the Relevant Timeframe (August 22, 2009) and in what priority should those steps have been taken?

   (a) Please comment on any specific impediments that may have arisen due to the abilities of or circumstances faced by the Former Officeholders during the period they acted as liquidators during the Relevant Timeframe.

   (b) Please comment specifically on whether the steps taken by a reasonable person with the abilities and in the circumstances of the Former Officeholders ought to have included investigations of third party liability claims such as the Joint Liquidators' claim against TD Bank during this period.

4. Assuming that the Former Officeholders lacked the legal authority or legal capacity required to pursue an action in Canada against a third party, would a reasonable person with the abilities and in the circumstances of the Former Officeholders have investigated an action against a third party in Canada during the portion of the Relevant Timeframe that:

   (a) the Former Officeholders acted as receiver-managers (February 19, 2009 – April 15, 2009)?

   (b) the Former Officeholders acted as liquidators (April 15, 2009 – August 22, 2009)?

5. Please answer the following questions in respect of how a reasonable person with the abilities and in the circumstances of the Former Officeholders ought to have acted in determining whether a claim such as the Joint Liquidators' claim against TD Bank was an appropriate means to remedy the injury, loss or damage that was incurred by SIB:

   (a) Ought such a reasonable person have relied only on media reports alone in order to determine that a claim such as the Joint Liquidators' claim against TD Bank was in fact an appropriate means to remedy SIB's injury, loss or damage? Why or why not?

   (b) Ought such a reasonable person have needed to discover facts of a greater quality or extent than would a normal litigant (who was not a court officer) before determining that a claim such as the Joint Liquidators' claim against TD Bank was in fact an appropriate means to remedy SIB's injury, loss or damage? Why or why not?

   (c) Ought such a reasonable person have required knowledge of how and when any fraud on SIB was undertaken and whether TD Bank somehow participated in or facilitated that fraud before determining that a claim such as the Joint Liquidators' claim against TD Bank was in fact an appropriate means to remedy SIB's injury, loss or damage? Why or why not?

(d) Ought such a reasonable person have required knowledge of specific acts or omissions of TD Bank that caused or contributed to SIB's injury, loss or damages before determining that a claim such as the Joint Liquidators' claim against TD Bank was an appropriate means to remedy SIB's injury, loss or damage? Why or why not?

(e) Ought such a reasonable person have required legal authority or legal capacity to commence a claim such as the Joint Liquidators' claim against TD Bank prior to determining that such a claim was in fact an appropriate means to remedy SIB's injury, loss or damage? Why or why not?

(f) Ought such a reasonable person have considered the availability of the funding required to actually investigate and pursue a claim such as the Joint Liquidators' claim against TD Bank prior to determining that such a claim was in fact an appropriate means to remedy SIB's injury, loss or damage? Why or why not?

6. In light of the abilities and circumstances of the Former Officeholders set out in the enclosed materials, were the actions that they took during the Relevant Timeframe set out in the enclosed materials consistent with how a reasonable person with those abilities and in those circumstances ought to have acted during the Relevant Timeframe?

Document Enclosures

We enclose the following documents for your review and use for providing your expert evidence. In addition to a review of these documents you may find it useful to attend the SIB office in Antigua to visually see the volume of records held there. This will place into context the task faced by the Former Officeholders. If you do so, please make note of this in your report.

1. Form 53 "Acknowledgment of Expert's Duty" of the Ontario *Rules of Civil Procedure*. This document is a certificate that you must sign which indicates your acknowledgment of your duty to the court in providing your expert evidence and the nature of that duty as listed in the form;

2. Relevant Ontario *Rules of Civil Procedure* (4.1 and 53.03);

3. The pleadings filed in Ontario in the Joint Liquidators' action against TD Bank, namely:

   (a) fresh as amended statement of claim of the Joint Liquidators,

   (b) statement of defence of TD Bank, and

   (c) reply of the Joint Liquidators;

4. The affidavit of Marcus A. Wide sworn November 28, 2014;

5. The affidavit of Peter R. Wiltshire sworn November 28, 2014;

6. The affidavit of Beverly M. Jacobs sworn November 13, 2014;

7. The affidavit of Omari Osbourne sworn November 13, 2014;

8. The affidavit of Ralph S. Janvey sworn December 1, 2014; and

9. A chronology of events in respect of various Antiguan and Canadian court orders prepared by Bennett Jones LLP.

Please do not rely on any documents or information other than as detailed here in preparing your report.

Timing of Report

We should be grateful if you could submit your report to us by December 15, 2014. If you consider you would be unable to meet this deadline, please let us know as soon as possible.

Should you have any queries regarding these instructions or your duties as an expert, please do not hesitate to contact us.

We look forward to receiving your report.

Yours truly,

Lincoln Caylor

LC/MW
Enc.

cc: Marcus A. Wide
Martin Kenney
Ed Davis

TAB 3

APPENDIX 3

Stanford International Bank Limited (Joint Liquidators of) v The Toronto-Dominion Bank

Chronology of Relevant Antiguan and Canadian Court Orders

No.	Date	Event
1.	February 16, 2009	Ralph S. Janvey ("**U.S. Receiver**") appointed by the U.S. District Court for the Northern District of Texas (Dallas Division) as the receiver of the assets of Stanford International Bank Limited ("**SIB**").
2.	February 19, 2009	Nigel Hamilton-Smith and Peter Wastell (the "**Former Officeholders**") appointed as receiver-managers of SIB by the Antiguan Financial Services Regulatory Commission.
3.	February 26, 2009	The Eastern Caribbean Supreme Court of Justice in the High Court of Justice (Antigua and Barbuda) issued an order confirming the appointment of the Former Officeholders as receiver-managers of SIB.
4.	April 6, 2009	The Former Officeholders received an order of the Registrar of the Quebec Superior Court recognizing their appointment as receiver-managers in Antigua
5.	April 15, 2009 (entered April 17, 2009)	The Eastern Caribbean Supreme Court of Justice in the High Court of Justice (Antigua and Barbuda) issued an order appointing the Former Officeholders as joint liquidators of SIB.
6.	April 16, 2009	The U.S. Receiver delivered a motion to the Quebec Superior Court seeking for the first time recognition of his status as receiver of the assets of SIB in Canada and his appointment as a foreign representative. In particular, the U.S. Receiver sought approval to act in Canada through his Canadian representative, Ernst & Young Inc. ("**E&Y**").
7.	April 22, 2009	The Former Officeholders delivered a motion to the Quebec Superior Court seeking the recognition of their Antiguan appointment as liquidators and approval to act in Canada, including an express request for authorization "to institute or continue any present legal proceedings initiated by [SIB] in Quebec, and generally in Canada".
8.	August 22, 2009	Two years prior to the commencement of the claim by Marcus A. Wide and Hugh Dickson in their capacity as joint liquidators of SIB (the "**Joint Liquidators**") against TD Bank in Ontario, Canada.

No.	Date	Event
9.	August 26-28, 2009 September 2, 4 and 8, 2009	The Former Officeholders and the U.S. Receiver argued their competing motions for recognition and approval to act in Canada.
10.	September 11, 2009	The Quebec Superior Court rendered two decisions and corresponding orders in respect of the competing motions by the Former Officeholders and the U.S. Receiver. The Quebec Superior Court appointed E&Y as interim receiver of the Canadian assets of SIB and authorized E&Y to initiate and pursue proceedings in respect of SIB in Canada while expressly excluding the Former Officeholders from acting in Canada. In particular, it provided: "in each case where [E&Y] takes any such actions or steps [including initiating or pursuing proceedings in Canada], it shall be exclusively authorized and empowered to do so, to the exclusion of the Respondents and the [Former Officeholders]."
11.	June 8, 2010	The Eastern Caribbean Supreme Court of Justice in the High Court of Justice (Antigua and Barbuda) issued an order providing that the Former Officeholders were to be removed from office upon the appointment of replacement officeholders.
12.	May 12, 2011 (entered May 13, 2011)	The Eastern Caribbean Supreme Court of Justice in the High Court of Justice (Antigua and Barbuda) issued an order appointing Marcus A. Wide and Hugh Dickson as the joint liquidators of SIB.

TAB 4

APPENDIX 4

FINANCIAL SERVICES REGULATORY COMMISSION

International Business Corporations Act, Cap.222
APPOINTMENT OF JOINT RECEIVERS-MANAGERS
Stanford International Bank Ltd (SIBL)
And
Stanford Trust Company Ltd (STCL)

I, **PAUL A. ASHE**, Supervisor of International Banks and Trust Corporations of the **FINANCIAL SERVICES REGULATORY COMMISSION** (the Commission) a statutory body, established under the International Business Corporation Act, Cap 222 of the Laws of Antigua and Barbuda as amended (the Act) of Old Parham Road, St. John's Antigua, being the **APPROPRIATE OFFICIAL** responsible for control and regulation of corporations established under the Act, in pursuance of the power conferred on me under Section 287 of the Act, **DO NOW APPOINT PETER WASTELL and NIGEL HAMILTON-SMITH** both of Vantis Business Recovery Services of Torrington House, 47 Holywell, St. Albans, Hetfordshire, England, to be **JOINT-RECEIVERS-MANAGERS** of all the undertaking, property and assets of the Stanford International Bank Ltd (SIBL) and Stanford Trust Corporation Ltd (STCL) upon the terms and with all the powers, duties and liabilities conferred and imposed by the Act or by any other law **PROVIDED ALWAYS AND WITHOUT PREJUDICE TO THE FOREGOING** :

1. The Receiver-Managers shall be deemed to agents of SIBL and STCL; and SIBL and STCL shall be responsible for the remuneration, acts and defaults.
2. The Receiver-Managers shall have the duties and powers previously vested and discharged by the directors of the SIBL and STCL
3. The Receiver-Managers may exercise, perform and discharge their statutory powers, duties and liabilities independently of the other or jointly according to law.

Dated the 19th day of February, 2009

Signed by **PAUL A. ASHE,**)
Supervisor of International Banks and)
Trusts Corporations, the Appropriate)
Official, Financial Services Regulatory)
Commission before and in the)
presence of:)
)
)

.....
Trevor Mathurin
Deputy Administrator

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TAB 5

APPENDIX 5

THE EASTERN CARIBBEAN SUPREME C
IN THE HIGH COURT OF JUSTIC
ANTIGUA AND BARBUDA

Claim No. ANUHCV2009/0110

In the Matter of Stanford International Bank Limited.
-And-
In the Matter of Stanford Trust Company Limited.
-And-
In the Matter of the International Business Corporations Act, 1982, CAP.222 of the Laws of Antigua and Barbuda
-And-
In the Matter of an Application for the Appointment of a Receiver-Manager of Stanford International Bank Limited and Stanford Trust Company Limited

BETWEEN:

THE FINANCIAL SERVICES REGULATORY COMMISSION
Applicant/Claimant

-And-

STANFORD INTERNATIONAL BANK LIMITED
STANFORD TRUST COMPANY LIMITED
Respondents/Defendants

ORDER

BEFORE The Honourable Justice David Harris, (In Chambers)

DATED the 26th day of February, 2009

ENTERED the 26th day of February, 2009

UPON THE APPLICATION filed herein on the 26th day of February, 2009

AND UPON READING the Affidavits of Peter Nicholas Wastell and Paul A. Ashe filed on the 26th day of February, 2009.

AND UPON HEARING Charlesworth O. D. Brown, Counsel for the Applicant/Claimant, Jasmine Wade appearing with him.

IT IS ORDERED THAT:

1. The Respondents/Defendants be and are hereby restrained by themselves, their agents, servants or otherwise from:-

a. disposing of or otherwise dealing with any of their assets.
b. entering into any agreement or arrangement to sell, transfer or otherwise dispose of any of their assets.
c. carrying on of transacting business of any kind whatsoever under the licence granted by the Applicant/Claimant without the consent, management and supervision of the Applicant/Claimant.

2. The Respondents/Defendants do account for all their assets now or previously in their possession or under the control of any entity on their behalf.

3. The Respondents/Defendants do provide the Applicant/Claimant with:-
   a. a comprehensive list of all transactions, agreements, arrangements and undertakings and copies of documents evidencing the same.
   b. All accounts, documents and information to enable the Applicant/Claimant to trace, if necessary, any or all of the assets of the Respondents/Defendants.
   c. A comprehensive list of all its creditors, customers, employers, employees and other persons or entities to whom they have outstanding obligations and the extent of their obligations in respect of any or all of their assets.

4. Messrs Peter Nicholas Wastell and Nigel Hamilton-Smith be and are hereby appointed Joint Receivers–Managers of the Respondents/Defendants pursuant to Section 220 of the International Business Corporations Act (the Act) with such powers as the Court may determine.

5. The Joint Receivers–Managers do take immediate steps to stabilize the operations of the Respondents/Defendants unless ordered to do otherwise by further order of the Court.

6. The Joint Receivers–Managers do execute their duties in accordance with the Act and otherwise only in accordance with this order and the directions of the Court.

7. The Joint Receivers–Managers do prepare and file in Court a Monthly Interim Report and Financial Statement in respect of the affairs of the Respondents/Defendants within 30 days of the date of this order and thereafter at regular intervals on the fifth day of each ensuing month.

8. The Joint Receivers–Managers upon the completion of their duties do prepare and file Final Accounts including a Financial Statement with recommendations as to the further conduct of the affairs, if any, of the Respondents/Defendants.

9. The Joint Receivers-Managers do take into their custody and control all the property, undertakings and other assets of the Respondents/Defendants pursuant to Section 221 of the Act and comply with all the other parts of the Section.

10. The Joint Receivers-Managers do open and maintain bank accounts within the jurisdiction or in such jurisdictions as they consider appropriate in their names as Joint Receiver-Managers of the Respondents/Defendants for the monies of the corporations coming under their control.

11. Subject to Section 220 of the Act, the Receivers–Managers do exercise, perform and discharge their duties independently or jointly and in so doing they shall be deemed to act as agents for the Respondents/Defendants without personal liability.

12. Without prejudice to the provisions of Section 373 of the Act, the Joint Receiver-Managers be and are hereby authorized to disclose information concerning the management, operations, and financial situation of the Respondents/Defendants as they consider appropriate in the performance of their functions PROVIDED ALWAYS THAT

(1) no disclosure of customer specific information is authorized without further or other order of the Court; and

(2) no disclosure of information is permitted under this Order to any foreign governmental or regulatory body unless such disclosure is subject to mutual disclosure obligations.

For the purposes of this Order, customer specific information means information of sufficient detail to enable a recipient of the information to identify the customer in question, the customer's address or other location, and/or the amount of such customer's credit balances or other investments in the Respondents/Defendants.

13. The remuneration of the Joint Receivers–Managers be fixed on a time- cost basis at the rates agreed between the Applicant/Claimant and the Joint Receivers–Managers.

14. The Joint Receivers–Managers be reimbursed for all reasonable and necessary expenses as may be incurred by them during the course of the receivership from the assets of the Respondents/Defendants.

15. The costs of this Application and all related proceedings be met from the assets of the Respondents/Defendants.

16. The Joint Receivers–Managers be directed from time to time on matters relating to their duties as the Court may determine on the application of the Applicant/Claimant or on the application of the Joint Receivers-Managers or on the application of the Respondents/Defendants.

17. That the Applicant do serve the Defendants/Respondents with the Fixed Date Claim Form, Affidavits thereto, the Notice of Application and this Order.

18. That the return date be fixed for the 9th day of March, 2009.

19. That this Order remains in full force and effect until further order.

BY THE COURT

REGISTRAR

AND TAKE NOTICE that if you the Directors and Officers of the Respondents /Defendants fail to comply with the terms of this order, proceedings may be commenced against you for contempt of court and you may be liable to be imprisoned.

TAB 6

APPENDIX 6

THE EASTERN CARIBBEAN SUPREME COURT

IN THE HIGH COURT OF JUSTICE

ANTIGUA AND BARBUDA

Claim No. ANUHCV2009/0110

In the Matter of Stanford International Bank Ltd. (in Receivership)

-And-

In the Matter of Stanford Trust Company Ltd. (in Receivership)

-And-

In the Matter of the International Business Corporations Act, 1982, CAP.222

of the Laws of Antigua and Barbuda

REPORT TO THE ANITIGUAN HIGH COURT BY THE JOINT RECEIVER-MANAGERS ON STANFORD INTERNATIONAL BANK LTD

Reasons for the filing of this Report

Under an Order made by the High Court of Antigua and Barbuda on 26 February 2009, Nigel Hamilton-Smith and Peter Wastell are required, as Receiver-Managers, to prepare and file with the High Court an Interim Report on the affairs of Stanford International Bank Ltd ("SIB" or the "Bank") within 30 days of the date of that Order. This Report is prepared to comply with that Order, and also to set out the Receiver-Managers recommendations for how to deal with the Bank going forwards, based on their findings to date.

Events Leading to the Appointment of Receiver-Managers

The decision to appoint receivers arose because of the restraining order obtained by the Securities and Exchange Commission ("SEC") in the United States of America which meant that SIB no longer had access to its bank accounts (which were located in countries including the United States, Canada, Panama, and the United Kingdom) to continue its operations. Separately SIB was in receipt of significant volumes of e-mails, telephone calls and personal visits from investors seeking confirmation that their investments were safe and, in many instances, seeking the withdrawal of their funds which could not be processed.

Accordingly Nigel Hamilton-Smith and Peter Wastell were appointed as Joint Receiver-Managers on February 19, 2009 by the powers conferred on the Financial Services Regulatory Commission of Antigua ("FSRC"). Separately the appointment of Receiver-Managers was made by order of the High Court in Antigua on February 26, 2009.

Actions Immediately Upon Appointment

On Friday February 20, 2009 the Receiver-Managers, with additional staff from Vantis and legal counsel, attended the headquarters of SIB at St John's, Antigua to meet with the management and staff and to also deal with investors who had decided to travel to the Bank's headquarters either to withdraw their investments or seek clarity on the status of their funds.

Meetings were held with the 87 staff to advise of the Receiver-Managers appointment and to explain that the Receiver-Managers primary focus would be to:

1. Protect the position of investors who were located around the world;
2. Confirm the sums owed to investors;
3. Deal with staff concerns and seek funding for payment of staff salaries whilst they remained employed by SIB in receivership;
4. Seek to establish the position with the investment assets held by SIB;
5. Establish the position with the non investment assets held by SIB;
6. Engage with Mr Janvey the US Receiver and the US Court; and
7. Ensure the preservation of the operating infrastructure and IT systems used by SIB.

At the time of arriving at the Bank's headquarters there were approximately 100 investors in the lobby entrance. Many had travelled to Antigua from overseas and there were investors present from countries including the United States, Canada, Venezuela, Columbia, Mexico and Ecuador. Prior to the arrival of the Receiver-Managers the staff at SIB had become concerned for their personal safety and it had been necessary to seek the assistance of the Antiguan police. Having addressed the staff, a meeting was then held with the investors to advise of the appointment of the Receiver-Managers. The Bank was then closed to all visitors and remains closed to all persons save for staff, the Receiver-Managers, their staff and legal counsel.

Any client visiting the Bank is now provided with a statement confirming the appointment of Messrs Hamilton-Smith and Wastell as Receiver-Managers and a Frequently Asked Questions sheet. This information is available in both English and Spanish. Meetings are held at 12 noon and 4 pm each day with any client visiting the Bank and wishing to speak to a member of the Receiver-Managers' staff in person.

Work Undertaken to Assist Investors

As expected, the current position with SIB and the freezing of all accounts has been a matter of the highest concern for the Bank's clients who total in excess of 27,000. Significant efforts have therefore been made to put in place appropriate arrangements to ensure communication with clients and our efforts have included:

1. Notifying investors of our appointment by way of a world-wide press release with additional press releases being issued on a regular basis as matters have developed;
2. Ensuring details of the Receiver-Managers' appointment have been provided on our website www.vantisplc.com;
3. Re-opening the Bank's telephone lines to deal with investor enquiries and for clients to be provided with FAQ's sheets in both English and Spanish as required;

4. Opening e-mail communication channels for investors including the ability to provide instructions for change of address and change of mailing instructions. To date approximately 8,700 e-mails have been received from clients and over 800 change of address and mailing instructions have been received for processing;

5. Ensuring statements of account are produced for investors, detailing investment balances as at February 19, 2009. This has given rise to significant issues to be addressed in relation to dealing with IT matters due to the need to undertake a mid-month statement run (had we waited until month end the Bank's IT system would have continued to calculate interest due on balances). We have also had to deal with 12 postal and courier companies who initially refused to provide any services to SIB due to outstanding amounts being owed by SIB for services prior to the receivership. Having resolved the IT and logistical problems it has now been possible to issue over 12,500 statements to clients with a further 3,200 currently awaiting delivery. All statements have also been accompanied by a letter from the Joint Receiver-Managers confirming their appointment, setting out the key purposes of the receivership and advising that a report to clients on initial findings will be provided within 90 days of the commencement of the receivership.

6. It should be noted that over 9,000 clients had standing instructions with the Bank for their statements to be issue under "Hold Mail" instructions. Clients can now change those instructions via a dedicated e mail address operated by the Receiver-Managers.

It had also been hoped that joint statements with Mr Janvey the US Receiver could be made via the main SIB website which is controlled from Houston, Texas and is therefore now under the control of Mr Janvey. This was raised by us within 7 days of our appointment with Mr Janvey's lawyers, Baker Botts LLP ("Baker Botts"), although to date no positive response has been received on our proposal which, regrettably, we consider only causes added confusion for SIB's clients. As Receiver-Managers we also believe that under Antiguan banking law the only place where client records can be held is in Antigua and it remains unclear as to how Mr Janvey believes he is or will be able to communicate with clients in the absence of holding their contact and account details.

US Receiver Communications

Initial communications were made on February 20, 2009 between my lawyers CMS Cameron McKenna LLP ("CMS") and Baker Botts. A conference call was then held on February 23, 2009 with the Receiver-Managers, Mr Janvey and our respective legal counsel. During the course of the call we suggested that an early meeting with Mr Janvey would be beneficial to all parties in order to accelerate the process for both parties to come to a memorandum of understanding, and the Joint Receiver-Managers offered to travel to the United States. Whilst the basic idea of co-operation appeared to be welcomed by Mr Janvey he declined the offer to meet requesting that we initially communicate with Baker Botts.

That request was met by CMS providing a detailed letter to Baker Botts on February 26, 2009 with which we provided an initial six page report on work undertaken by the Receiver-Managers to that date. Despite verbal assurances of a substantive response from Baker Botts it took until March 5, 2009 for them to advise that they could not provide a substantive response and progress a co-operation agreement due to issues including:

- The Antiguan authorities not legally recognising the US receivership;
- The US authorities not recognising the Antiguan receivership;

- The US Receiver being prevented from providing information under US law and his court appointment (which we have requested be substantiated); and
- That the estate falls entirely within the scope of the US order.

However, in the same letter an offer of a meeting in Miami was made, although no agenda has been suggested and the Receiver-Managers have real concerns about the true desire of Mr Janvey to co-operate. CMS have therefore replied seeking clarity on the purpose of the meeting if the US Receiver is unable to provide us with information and Baker Botts' response is awaited.

Operations Undertaken by SIB in Antigua

A number of meetings have been held with the Bank staff to establish the activities of SIB and its interaction with other Stanford companies and the operations it conducted in other parts of the world.

Whilst further investigations continue our current findings are as follows:

- SIB was engaged in the taking of deposit from clients and then investing those monies on behalf of the clients. The products offered by SIB appear to be limited to the following:
  - Fixed term deposits known as Fixed Certificates of Deposit ("FixedCD") with terms ranging from 3 months to 60 months. The longer the term of the deposit the higher the interest rate offered. Clients could invest in multiple currencies including US Dollars, Euros, Canadian Dollars and Sterling;
  - Flexible term deposits known as Flexible Certificates of Deposit ("FlexCD") with terms ranging from 3 months to 60 months but with permitted withdrawals during the term. Again interest rates were linked to the term of the deposit and clients could invest in multiple currencies;
  - Index Linked Certificates of Deposit ("ILCD") – where growth of the ILCD was linked to the performance of certain equity markets but with certain minimum guaranteed returns being offered to investors;
  - Express A/c – 24 hour call account;
  - Performance A/c – 15 day call account;
  - Premium A/c – 15 day call account where client liability is matched by treasury bills;
  - Ancillary services including the issuance of SIB credit cards (via Visa and Mastercard) and managing bill payment on behalf of clients.

Clients could also borrow monies from SIB against their deposits. We are advised that typically the client's monies would be invested on a long term basis with loans taken on a short term basis on which SIB made a margin on the interest charged. The Bank records indicate that it has $104,421,957 of loans outstanding against clients Certificates of Deposit ("CD"). It is not considered that it will be possible to realise value for these loans since they are collateralised against clients' own deposits with the Bank.

The records of SIB further indicate that as of February 19, 2009 the Bank had 27,992 active clients. Including accrued interest to February 19, 2009 the Bank's records indicate a total of $7,206,204,579 as being invested by clients and held in the following products:

	US$ million
Fixed CD	4,952
Flex CD	1,994
ILCD	13
Express A/c	227
Performance A/c	1
Premium A/c	19
Total	**7,206**

SIB's clients were from around the world. It is noted that there are clients based in 113 different countries with the top 10 countries, by value of deposits and number being:

Country of Depositor	Number of Clients	% of total clients	Amount US$	% of total deposits
United States of America	4,380	15.66%	1,574,389,287	21.85%
Venezuela	10,432	37.29%	1,511,898,916	20.98%
Antigua & Barbuda *see note below	4,011	14.34%	1,402,094,191	19.46%
Mexico	3,865	13.82%	932,241,662	12.94%
Canada	224	0.80%	308,349,645	4.28%
Haiti	412	1.47%	219,567,759	3.05%
Peru	553	1.98%	120,767,660	1.68%
Columbia	580	2.07%	110,245,322	1.53%
Panama	171	0.61%	89,540,559	1.24%
British Virgin Islands	132	0.47%	84,632,344	1.17%
TOTALS (relating to top 10 by deposit value)	**24,760**	**88.51%**	**6,353,827,370**	**88.18%**

*Note: Within the amounts detailed as being received from clients based in Antigua and Barbuda are included investments held in the name of Stanford Trust Company Ltd on behalf of its 3,800 clients.

We are advised that typically a client would be referred to SIB by a financial advisor from within the Stanford Financial Group which appears to have had a number of offices in:

Canada	Caribbean
Columbia	Ecuador
Mexico	Panama
Peru	Switzerland
United States of America	Venezuela

We are advised that nearly 100% of the Bank's clients were referred to SIB by Stanford Financial Advisors.

From the headquarters in Antigua the following operations were conducted:

- Client take on procedures and account openings;
- Receipt of client investments;
- Payments to clients including interest payments and capital redemptions;
- Preparation and issue of client statements;
- Client file management;
- Operational accounting functions.

Operations in Montreal, Canada

In addition to the operations conducted in Antigua, SIB had a representative office in Montreal, Canada which operated as a sales office for SIB. At the date of our appointment there were 5 employees in Montreal.

Since the day to day operations of SIB had ceased prior to our appointment and SIB was no longer able to accept any further deposits from clients the decision was taken to close the Montreal office and members of the Receiver-Managers' staff attended the office in Montreal to close the office and make the staff redundant. Specialist IT staff have also attended the offices to ensure that all IT equipment has been imaged and safeguarded.

We are presently liaising with our lawyers in Canada to deal with the sale of the assets located in the Canada office which is limited to office and IT equipment.

ASSET IDENTIFICATION WORK

As detailed above, SIB is subject to regulation by the FSRC. As part of the regulatory process in Antigua, SIB was required to file with the FSRC quarterly reports on a set of forms known as IB5. The last return filed by SIB was for the quarter ended September 30, 2008 which was submitted on October 21, 2008.

The reporting package required that SIB provide information on:

- Details of key employees;
- Statement of Assets and Liabilities;
- Schedule of deposits classified by country of depositor;
- Schedule of borrowers classified by country of borrowers;
- Schedule of interest rates applied to deposits and loans with minimum and maximum rate disclosure;
- Analysis of deposits and loans by size (in bands) and number of clients for each band;
- Details of the twenty largest depositors and borrowers;
- Analysis of investments by:
    - Type (which as at September 30, 2008 included, Brokerage accounts, Equity Securities, Private Bonds, Other)
    - Currency of holding
    - Country of Issuance
    - Intermediary/Broker/Issuer
    - Initial / Cost Value
    - Current balance sheet value

Mr Juan Rodriguez-Tolentino, the President of SIB Caribbean based in Antigua, has advised that the Quarterly Reporting Package was always prepared by Mr James Davis and colleagues from the Stanford offices in Houston, Texas and then provided to SIB for submission to the FSRC.

As at September 30, 2008 the assets and liabilities statement provided to the FSRC detailed the following:

ASSETS		US$
Cash in hand		1,222
Due from Banks	Time deposits	382,041,278
	Demand	406,946,399
	Other	500,000
Loans advanced		94,117,178
Investments	Corporate bonds and long term securities	2,082,247,069
	Other investments	5,574,646,324
Fixed Assets	Property, office equipment, vehicles	7,221,738
Other Assets	Accrued Interest & Prepayments	4,760,622
	TOTAL ASSETS	**8,552,381,850**

LIABILITIES		US$
Deposits	Demand	140,954,759
	Time	7,819,397,249
Accrued Interest		57,870,012
Share Capital	Ordinary shares	10,000,000
	Ordinary share surplus	338,500,000
Undistributed Profits	Retained earnings	241,421,761
	Profit & Loss Account	(55,761,931)
	TOTAL LIABILITIES	**8,552,381,850**

Mr Rodriguez-Tolentino has advised that save for the analysis provided to SIB with each quarterly submission, SIB in Antigua was not provided with specific details of the Investment Assets which were managed by Mr Davis and Mr Stanford from the Stanford Financial Group offices in the United States of America.

On a monthly basis the SIB accounting team in Antigua would prepare the management accounts covering matters such as operating costs, interest payments to clients and would then be advised by Stanford Financial Group of the investment income and analysis of SIB results for the month in question.

Mr Rodriguez-Tolentino has further informed us that during November 2008 he was advised that Mr Stanford had invested additional capital of US$541,000,000 into SIB. The Receiver-Managers have located faxes and e-mails received on December 16, 2008 from Mr Rolando D. Roca from Stanford Houston detailing the accounting entries that were required to be made by the accounts team based in Antigua to reflect the increased capital in SIB. Mr Rodriguez-Tolentino is unable to advise in what form the capital injection was made although he advised the Receiver-Managers that he had heard it related to property assets being injected into SIB by Mr Stanford. A written request has been made of Mr Stanford, Mr Davis and Ms Laura Pendergest-Holt via their lawyers to confirm the exact nature of the purported capital injection so that the Receiver-Managers can seek to identify the assets for the benefit of the investors and creditors of SIB. No response has been received to date.

Cash Balances

Our investigations have established that as of close of business on Wednesday, February 18, 2009 SIB's records detailed the following cash balances being held:

Bank	Country	US$
The Toronto Dominion Bank	Canada	18,918,662
Trustmark National Bank	United States of America	1,886,857
HSBC Bank Plc	United Kingdom	5,246,601
HSBC Bank Panama S.A.	Panama	3,149,478
Bank of Antigua	Antigua	9,984,971
Bank of Houston	United States of America	1,948,374
Comerica Bank	United States of America	5,457,680
	TOTAL BALANCES	**46,594,623**

All banks known to be holding cash balances have been contacted to seek confirmation of balances. At present the following responses have been received:

Bank	Response received
The Toronto Dominion Bank	Confirmed account numbers and balances; accounts frozen until they receive a Canadian Court order or joint instructions from the Antiguan and US Receivers
Trustmark National Bank	Confirmed account numbers and balances; accounts frozen pursuant to Temporary Restraining Order
HSBC Bank Plc	Confirmed account numbers and balances; accounts frozen until they receive an English Court order or joint instructions from the Antiguan and US Receivers
HSBC Bank Panama S.A.	No response
Bank of Antigua	Bank of Antigua have made deductions from the account of US$6,737,520 in relation to credit card debits for credit card accounts issued to SIB customers along with a further $500,000 retention for future debits. The balance has been released to the Receiver-Managers to meet the ongoing operational costs of SIB and the professional costs that are being incurred by the Receiver-Managers.
Comerica Bank	No response
Bank of Houston	Confirmed account numbers and balances; accounts frozen but they assert right of set-off

Investment Assets

Whilst we were advised that these assets were dealt with from Houston our investigations have located significant amounts of paperwork detailing accounts with financial institutions and companies where it would appear that SIB has invested monies. To date we have been in contact with 38 financial institutions who are detailed as holding cash, bonds, equities and other investments on behalf of SIB and the statements located detail maximum holdings of $443 million although we have serious concerns that the current values will be much less.

We have also located monthly reporting schedules from Stanford Group Company the latest being December 31, 2008 showing 21 different equity investments managed on behalf of SIB totalling $365 million and loans to 10 companies of $105 million.

Further investigations have also been commenced with a review of some 762 wire transfers made from one of SIB's main bank accounts held with Bank of Houston for the 12 month period prior to the commencement of the receivership which has detailed over 150 transfers to non Stanford companies totalling US$152 million. Letters have been issued to all recipients of these monies (a number of which are shown in the December 31, 2008 schedule) seeking confirmation of investments and/or sums owed to SIB. The movements on this bank account also detail many payments to other Stanford entities and in due course it will be necessary to conduct a more detailed forensic examination of the movement of monies to and from all SIB bank accounts to establish whether SIB monies have been used to acquire other assets held by Mr Stanford personally, other individuals or

other Stanford entities whether in Antigua or other countries around the world. Where it is established that claims exist then all efforts will be made to recover the assets in question for the benefit of SIB's creditors.

At this time it is not possible for the Receiver-Managers to accurately advise the Court of the value of the investment assets identified for a number of reasons including:

1. SIB not being in receipt of current statements from financial institutions detailed as holding funds. We have however located significant paperwork detailing that SIB was providing high volumes of sell orders on their investment portfolios to these organisations during January and February 2009 which we understand was to generate cash to meet client redemption requests which had been increasing steadily since October 2008 when the worldwide financial institution crisis gathered momentum. It is likely that due to the withdrawals made and the continuing decline in worldwide equity markets, values have diminished since the date of the statements we have located which range from 2005 to January 2009.

2. Refusal by Swiss financial institutions (RBS Coutts and SG Private Banking) to release information without an order of the Swiss Court.

3. A number of the investments being made in privately held entities where it is not possible to access public data and for which responses are awaited.

In addition to external organisations we have also sought confirmation of balances held with other Stanford entities which, according to the last regulatory return of September 30, 2008, were shown as holding the following monies on behalf of SIB:

Casa de Valores

US$1,390,343 – brokerage account

US$2,048,544 – equities

US$7,118,876 – private bonds

Stanford Global Financial:

US$3,167,816,080 – equities

US$910,000,000 – bonds

Stanford Coins & Bullion:

US$1,327,584

For Casa de Valores we have written directly to the company in Ecuador and their response is awaited although we understand that the company is now under the control of the Regulator in Ecuador and a response may take some time to be obtained.

For Stanford Global Financial and Stanford Coins & Bullion we have written to Baker Botts seeking their confirmation of balances held in the name of SIB. On March 4, 2009 we were advised by Baker Botts that they did not have any detailed information on the investments held in the name of SIB although regrettably they have failed to provide any information on any assets they have located in the name of SIB.

We also asked Baker Botts about the basis on which Mr Janvey provided a press release on March 2, 2009 in which he stated "the liquidity situation and overall financial condition of the Stanford entities can only be described as dire" and that "Evidence is mounting that the assets of the Estate will only

be a fraction of the amount needed to satisfy the anticipated claims against the Estate". Baker Botts' response was merely to state that "Mr Janvey reached the conclusion that there will be low recoveries for SIB's investors based upon the information brought to his attention during the course of his work as Receiver". Baker Botts have not sought to provide any further information on how Mr Janvey has reached his conclusions which again is a matter of ongoing disappointment for the Receiver-Managers.

We are further confused at Mr Janvey's inability to advise of the position with the assets held by other Stanford companies now under his control given his further statement of March 2, 2009 that "my advisors and I have made significant progress in securing Stanford's assets and operations".

Notwithstanding the lack of clarity from Mr Janvey, the information we have located on the investment assets confirms his overall conclusion that the assets of SIB are insufficient to meet the liabilities owed to investors and other creditors. At present we have not seen information that indicates that investment assets held outside of other Stanford entities (assuming there are assets held by other Stanford entities on behalf of SIB) have a value in excess of US$943 million and that estimate remains highly speculative pending confirmation from the parties identified as holding SIB assets.

Non investment assets

We have undertaken a review of the balance sheet of SIB which has identified a number of additional assets including:

- The freehold property at 1000 Airport Boulevard, Coolidge, St John's, Antigua which is occupied by Bank of Antigua;
- A further 3 small parcels of land in Antigua;
- Office furniture and IT equipment within the Bank's head office at No.11 Pavillion Drive, St John's, Antigua; and
- A number of motor vehicles.

The overall value of these assets within SIB's accounts is detailed at US$6.2 million. We are aware that the property assets are subject to the terms of the declaration made under Section 3 of the Land Acquisition Act, Cap. 233 and in due course it will be either necessary to agree the value to be paid by the Antiguan Government for the land acquired or reach agreement that the land and property assets can be sold on the open market for the benefit of SIB's creditors.

Our investigations have also identified that SIB pre-paid US$6.5 million in rent in 1998 for its headquarters which were then No.1 Pavillion Drive and now No.11 Pavillion Drive. The basis on which any company would pre-pay such a large amount of rent is unclear particularly when SIB has only ever enjoyed the benefit of a 2 year lease. Further investigation will be required but it is considered that a claim may be made for the beneficial ownership of No. 11 Pavillion Drive which if successful will further improve the pool of assets available for the creditors of SIB.

CONCLUSION ON THE INSOLVENCY OF SIB

Since our appointment we have been able to establish that SIB has outstanding investor liability balances totalling some $7.2 billion.

It has not been possible to identify assets that total an amount close to the liabilities owing to investors and there will be further liabilities to suppliers such as telephone, utilities, tax authorities, employees, software providers which have yet to be fully established, although our current estimate is that such liabilities are in excess of US$1 million.

The Receiver-Managers have therefore concluded that SIB is insolvent and is it not capable of being re-organised via Receivership. We therefore believe that SIB should be placed into liquidation without delay in order that the appointed liquidators can continue the work required to realise the assets of SIB, agree the creditor claims of SIB and in due course return monies to creditors.

Urgency of Need for Liquidation Proceedings to Commence

To date the Receiver-Managers have continued the employment of all staff of SIB. Whilst this has been necessary in ensuring initial investor enquiries have been dealt with and client statements issued it is no longer viable to continue to employ all staff as there are insufficient tasks for them to undertake on a day to day basis. The Receiver-Managers are also conscious that the continued employment of staff who are not meaningfully employed will only deplete the limited monies held and which may be the subject of criticism from the Bank's investors and other creditors. The current monthly salary costs are in excess of US$180,000. Action now needs to be taken to reduce staff levels which we are advised by our Antiguan lawyer can only be properly achieved in a liquidation and not in a receivership.

As detailed in our report there is very significant concern from the Bank's investors to understand the true levels of the Bank's assets and therefore to understand the level of funds that may be returned to them in due course. Work to resolve these key issues must be the ongoing primary focus for the liquidators.

At present the Receiver-Managers have encountered difficulties in both establishing and securing the Bank's assets many of which are held in foreign jurisdictions (Switzerland, Panama, United Kingdom, Canada, United States, Israel) due to the legal position of a receivership not being treated as a collective procedure that is recognised by Courts around the world as a bankruptcy procedure. Upon SIB being placed into liquidation it will be possible to seek formal recognition in each of the countries where assets are held that should then allow for the assets to be released into the control of the appointed liquidators and therefore for the ultimate benefit of SIB's creditors.

Advice has been taken from the Receiver-Managers' lawyers in the United Kingdom, Switzerland, Canada and the United States and we are advised that early applications can be made to avoid any further delay in securing assets. Given that a number of the assets held are equities and with the current state of the world-wide equity markets it is considered imperative that pro-active action is taken to secure investment assets and manage their realisation.

It is accepted that there are likely to be multi-jurisdictional issues to be resolved in the various countries where assets are held, not least due to the order of the United States Court, which claims control of all assets wherever held in the world. Our legal advice however, is that the Centre of Main Interest ("COMI") for SIB is Antigua. COMI is the primary test that Courts in foreign jurisdictions will wish to consider in dealing with applications for recognition and the earlier such applications are made the greater the chance that the liquidators appointed by the Antiguan Court will have in being able to fulfil their duties. Notwithstanding this advice we remain open to entering into co-operation agreements both with the US Receiver and any regulator who has sought to take control of SIB assets. With particular regard to the US Receiver any agreement must however recognise the authority of the Antiguan Court and provide for meaningful two way sharing of information. Further there must be collective efforts to locate and realise assets for the benefit of SIB's creditors. We believe this remains the appropriate route despite concerns as to Mr Janvey's intentions on co-operation given his failure to share any information to date and his unannounced representation in the

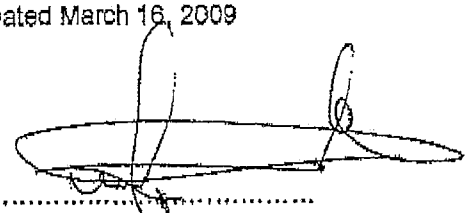
Antiguan Court on March 9, 2009 during which his legal counsel sought various relief under section 220 of the International Business Corporations Act. Cap 222, including relating to the primacy of the US receivership.

Entry into liquidation would also allow the Court to order a stay of all proceedings, actions and claims against SIB or its assets in Antigua and Barbuda and elsewhere. Due to the distress and panic caused by the freezing of SIB accounts under the order of the US Court, law suits have been entered against SIB in a number of jurisdictions including the US and Canada. By combining a stay against all proceedings brought against SIB with an Order granting the liquidators the power to initiate proceedings in other jurisdictions, it would grant the liquidators the capacity to build upon the work of the Receiver-Managers to date and to complete the work of identifying, tracing and bringing under their control the assets of SIB for the purpose of ultimately distributing the maximum return possible for all creditors of SIB around the world.

In order to ensure that assets are not dissipated, that identified assets of SIB are preserved and that applicable antecedent transactions are examined, and, if appropriate, unwound, it is necessary for the Receiver-Managers to be granted the powers of liquidators with the appropriate orders of the Court and for SIB to be placed into liquidation. Given the multi-jurisdictional nature of this matter, and the daily developments that are occurring in various jurisdictions, it is of utmost importance that these issues are resolved as soon as possible so that the Bank and its assets can be managed and controlled effectively.

Moreover, I am aware of an application filed with the Antiguan Court on Monday March 9, 2009 served on SIB Wednesday 11, March 2009 seeking the provisional liquidation of SIB as a matter of urgency. In addition my US Counsel inform me that a considerable number of actions have been filed in Dallas, Texas relating to the Stanford Group. I therefore believe it is imperative that a multiplicity of actions should be avoided in different jurisdictions and that the proper place for the liquidation of SIB is in Antigua. Thereafter, other jurisdictions will have the opportunity to proceed in accordance with international law as the liquidators make the appropriate recognition and declaratory applications.

Dated March 16, 2009



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Nigel Hamilton-Smith,
Joint Receiver-Manager

INSOLVENCY PRACTITIONERS ASSOCIATION

This is to Certify that

Peter Nicholas Wastell

is authorised by this Association to

act as an insolvency practitioner as

defined in Section 388 of the Insolvency Act 1986

and as defined in The Insolvency (Northern Ireland) Order 1989.

This authorisation shall take effect

1st January 2009

31st December 2009

for the INSOLVENCY PRACTITIONERS ASSOCIATION

Secretary

Officials number 09100490

Insolvency Practitioners Association

This certifies that

[illegible]

has proved to the satisfaction of the Council of the INSOLVENCY PRACTITIONERS ASSOCIATION that [illegible] possesses the qualifications specified by the regulations and is a Fellow of the Association.

PRESIDENT

COUNCIL MEMBER

SECRETARY

Membership No. [illegible] Dated this [illegible] day of [illegible] 19[illegible]

TAB 7

APPENDIX 7

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

Claim No. ANUHCV 2009/ 0149

In the Matter of Stanford International Bank Limited (In Receivership)
-And-

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

In the Matter of an Application for the Liquidation and Dissolution of Stanford International Bank Limited and the Appointment of Liquidators

ORDER

BEFORE THE HONOURABLE JUSTICE DAVID HARRIS, IN OPEN COURT

DATED THE 15TH DAY OF APRIL, 2009

ENTERED THE 17th DAY OF APRIL, 2009

UPON THE Hearing of the Petition filed herein on the 25th day of March, 2009.

AND UPON READING the Petition and Affidavits of Paul A. Ashe and Nigel Hamilton-Smith filed herein on the 25th day of March 2009 in support of the Petition;

AND UPON HEARING the evidence of Paul A. Ashe and Nigel Hamilton-Smith given in Court on the 15th day of April, 2009

AND UPON HEARING Charlesworth O. D. Brown, Counsel for the Petitioner, Jasmine Wade appearing with him; Coniliffe Clarke, Counsel for Alexander M. Fundora, and several other creditors and an interested persons, appearing with Marcel E. Commodore and R. Dexter Wason; Leslie Anne Brisette, Counsel for Victoria Rolston and other creditors and interested persons; and Sir Clare K. Roberts QC, amicus curiae, Counsel for Ralph S. Janvey, US Receiver of the

Stanford International Bank Limited appointed by the United States District Court for the Northern District of Texas, Dallas Division United States of America.

THE PETITION herein

Having been filed by Paul A. Ashe, the Supervisor of International Banks and Trusts of the Financial Services Regulatory Commission, the Appropriate Official, under section 300 of the International Business Corporations Act, Cap. 222 of the Laws of Antigua and Barbuda (the Act);

Having been heard on the 6th, 7th, 8th, 9th, 14th, and 15th days of April 2009 together with the Petition of Alexander M. Fundora, a creditor and an interested person, filed on the 9th day of March 2009 under section 220 of the Act in Claim No. ANUHCV 2009/0126 (the Fundora Petition).

THIS COURT having

dismissed the Fundora Petition on the ground that Mr. Fundora has no standing to present the Fundora Petition under section 220 of the Act;

satisfied itself that the Stanford International Bank had acted in contravention of the Act and that the Appropriate Official has standing and met the pre requisite conditions stipulated under section 300 of the Act;

considered the evidence adduced in support of and in opposition to the Petition;

noted the failure of the Stanford International Bank Limited to oppose the Petition or otherwise avail itself of the opportunity to be heard during the proceedings by itself or through Counsel.

AND THIS COURT having determined that in the circumstances it is just and convenient that the Stanford International Bank be liquidated and dissolved under the supervision of this Court pursuant to the Act.

IT IS HEREBY ORDERED THAT:

1. Stanford International Bank Limited (the "Bank") be liquidated and dissolved under the supervision of this Honourable Court pursuant to the provisions of the International Business Corporations Act, Cap. 222, as amended, of the Laws of Antigua and Barbuda (the Act).

2. Nigel Hamilton-Smith and Peter Wastell be and are hereby appointed liquidators (the "Liquidators") of the Bank, with all of the powers and duties of a liquidator as contained in the Act or any other legislation

related thereto and with further powers, duties and responsibilities as conferred by this Order.

3. The Liquidators shall forthwith give notice of the liquidation and the appointment of the Liquidators to each known claimant and creditor of the Bank and all other interested persons by publishing a notice in the Official Gazette and in a newspaper with national circulation in Antigua and Barbuda and otherwise give notice in every jurisdiction where the Bank had a place of business.

4. The Liquidators shall take possession of, gather in and realise all the present and future assets and property of the Bank, including without limitation, any real and personal property, cash, choses in action, negotiable instruments, security granted or assigned to the Bank by third parties including property held in trust or for the benefit of the Bank, and rights, tangible or intangible, wheresoever situate and to take, such steps as are necessary or appropriate to verify the existence and location of all the assets of the Bank, or any assets formerly held whether directly or indirectly or to the order of or for the benefit of the Bank or any present or former subsidiary or company associated with the Bank, including the terms of all agreements or other arrangements relating thereto, whether written or oral, the existence or assertion of any lien, charge, encumbrance or security interest thereon, and any other matters which in the opinion of the Liquidators may affect the extent, value, existence, preservation, and liquidation of the assets and property of the Bank.

5. All assets, tangible and intangible and wheresoever situate, shall vest in the Liquidators, who shall collect and gather in all such assets for the general benefit of the Bank's creditors and as may be directed by this Court.

6. The Liquidators shall open and maintain in their official name as Liquidators a bank account in this jurisdiction or in such other jurisdiction as they consider appropriate (collectively referred to as the "Account"), in order to deposit therein the funds so gathered and realised.

7. The funds in the Account and any other of the Bank's assets and property are to be held for the benefit of the depositors, creditors and investors of the Bank as their interests appear in accordance with the laws of Antigua and Barbuda, subject to the payment of the fees, expenses and costs of the receivership and liquidation which shall be paid in the following order in priority to claims of depositors, creditors and investors:

7.1 The fees and expenses of the Receiver-Managers and of the Liquidators, including fees and expenses of legal counsel, and agents, accountants, investigators or other experts engaged by the Receiver-Managers and

the Liquidators to assist them in the conduct of their duties and responsibilities;

7.2 The costs of the receivership and the liquidation, including but not limited to any costs of retaining the Bank's staff and officers to assist in liquidation including without limitation benefits and expenses, rent, power telephone, charges associated with computer systems, bank charges and interest and any other costs that in the opinion of the Liquidators are required to facilitate the liquidation process;

7.3 Severance payments to former employees of the Bank;

7.4 The balance to be paid on account of the claims of creditors and depositors of the Bank as at the date of this Order and in accordance with their priority under the Act and other laws of Antigua and Barbuda, or as may be ordered by this Honourable Court with the remaining balance, if any, to be distributed to the shareholders of the Bank in accordance with their entitlement.

8. The Liquidators shall have a first priority security interest in the assets and property of the Bank in priority to all other persons as security for the Liquidators' fees, expenses and costs.

9. The Liquidators shall be at liberty, and without the necessity of any further order, to summon before the High Court for examination under oath any person reasonably thought to have knowledge of the affairs of the Bank or any person who is or has been a director, officer, employee, agent, shareholder, accountant of the Bank, or such other person believed to be knowledgeable of the affairs of the Bank and to order such person(s) liable to be examined to produce any books, documents, correspondence or papers in his or her possession or power relating to all or in part to the Bank, its dealings, property and assets and the Liquidators are authorised to issue writs of subpoena ad testificandum and duces tecum for the compulsory attendance of any of the persons aforesaid required for such examination.

10. The Bank and any person holding or reasonably believed to have in their possession or power any assets or property of the Bank including without limitation, computer records, programs, disks, documents, books of account, corporate records, minutes, opinions rendered to the Bank, documents of title, electronic or otherwise (collectively called "Papers") relating in whole or in part to the Bank or such persons, dealings, or property showing that he or she is indebted to the Bank may be required by the Liquidators to produce or deliver over such property forthwith to the Liquidators notwithstanding any claim or lien that such person may have or claim on such assets and property and the Liquidators shall have full and complete possession and control of such assets and property of

the Bank including its premises. In the event of a bona fide dispute as to ownership and legal entitlement to such property and Papers, the Liquidators shall take away copies of such Papers.

11. Further, and without limiting the generality of paragraphs 9 and 10 hereof:

11.1 The (i) Bank; (ii) all of its current and former directors, officers, managers, employees, agents, accountants, holders of powers of attorney, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Liquidators of the existence of any Property in such Person's possession, power, control, or knowledge, and shall grant immediate and continued access to the Property to the Liquidators, and shall deliver all such Property to the Liquidators upon the Liquidators' request, subject only to any privilege attaching to solicitor-client communications or statutory provisions prohibiting such disclosure;

11.2 All Persons shall forthwith advise the Liquidators of the existence of and grant access to and deliver to the Liquidators or to such Agent or Agents they may appoint, any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Bank, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Liquidators or permit the Liquidators to make, retain and take away copies thereof and grant to the Liquidators unfettered access to and use of accounting, computer, software and physical facilities relating thereto, subject only to any privilege attaching to solicitor-client communications or statutory provisions prohibiting such disclosure;

11.3 If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Liquidators for the purpose of allowing the Liquidators to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Liquidators in their discretion deem expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Liquidators. Further, for the purposes of this paragraph, all Persons shall provide the Liquidators

with all such assistance in gaining immediate access to the information in the Records as the Liquidators may in their discretion require including providing the Liquidators with instructions on the use of any computer or other system and providing the Liquidators with any and all access codes, account names and account numbers that may be required to gain access to the information; and

11.4 The Persons are hereby restrained and enjoined from disturbing or interfering with the Liquidators and with the exercise of the powers and authority of the Liquidators conferred hereunder.

12. The Liquidators are authorised in their own names or on behalf of the Bank as Liquidators to join in and execute, assign, issue and endorse such transfers conveyances, contracts, leases, deeds, bill of sale, cheques, bills of lading or exchange or other documents of whatever nature in respect of any assets and property of the Bank as may be required to carry out their duties including the realisation and liquidation of the assets of the Bank or for any purpose pursuant to this Order or under the law.

13. The remuneration of the Liquidators and their expenses and costs, may be drawn on account of the total on a monthly basis from the assets from the Bank including cash and deposits on hand, on the basis of the time expended by the Liquidators and their staff at rates to be approved by this Court, provided always that the statement of the Liquidators' fees expenses and costs for a particular month must be presented to the Court within 7 days of the following month.

14. The Liquidators may engage agents, appraisers, auctioneers, brokers, or any other experts as may be required to assist them with the liquidation process and determining claims in the liquidation.

15. The Liquidators may retain independent legal advice and engage legal counsel both inside and outside Antigua and Barbuda to assist them for purposes of fulfilling their duties hereunder.

16. No person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Bank, without written consent of the Liquidators or leave of this Honourable Court.

17. All persons having oral or written agreements with the Bank or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation and freight services, utility or other services to the Bank are hereby restrained until further Order of this Honourable Court from

discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Liquidators; and that the Liquidators shall be entitled to the continued use of the Bank's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Liquidators in accordance with normal payment practices of the Bank or such other practices as may be agreed upon by the supplier or service provider and the Liquidators, or as may be ordered by this Honourable Court.

18. The Liquidators shall have the authority as officers of this Honourable Court to act in Antigua and Barbuda or any foreign jurisdiction where they believe assets, property or Papers of the Bank may be situate or traced at equity or otherwise, and shall have the right to bring any proceeding or action in Antigua and Barbuda and/or in a foreign jurisdiction for the purpose of fulfilling their duties and obligations under this Order and to seek the assistance of any Court of a foreign jurisdiction in the carrying out of the provisions of this Order, including without limitation, an order of examination of persons believed to be knowledgeable of the affairs, assets, property and Papers of the Bank and to assist the Liquidators in the recovery of the assets and property of the Bank.

19. The Liquidators shall have the authority to initiate, prosecute and continue the prosecution of any and all proceedings, and to defend all proceedings for the benefit of the Bank's creditors now pending or hereinafter initiated with respect to the Bank and, upon receiving the approval of this Court, to settle or compromise any such proceeding.

20. The Liquidators are hereby constituted as foreign representatives for the purposes of any proceeding with respect to the Bank that may be commenced or taken under any applicable law outside of Antigua and Barbuda, including but not limited to bankruptcy, trust, insolvency, company or other applicable law.

21. The Liquidators shall be at liberty and are hereby authorized and empowered to apply, upon such notice as they may consider necessary or desirable, to any other Court or administrative bodies in any other jurisdictions, whether in Antigua and Barbuda or elsewhere, without limitation, for orders recognizing the appointment of the Liquidators by this Honourable Court and confirming the powers of the Liquidators in such other jurisdictions, and requesting the further aid, assistance or recognition of any court, tribunal, governmental and administrative body, or other judicial authority, howsoever styled or constituted, to assist in the carrying out of the terms of this Order and the duties and responsibilities

of the Liquidators hereunder, including but not limited to, and on the basis of:

21.1 all applicable foreign corporate, insolvency, or other statutory provisions or customary practices that permit the recognition of foreign representatives of an insolvent estate; and/or

21.2 the doctrines curial deference and comity, including but not limited to:

21.2.1 recognizing the Liquidators as having the equivalent powers of a liquidator or of an insolvency office holder within any foreign jurisdictions and to investigate the affairs of the Bank, take evidence thereof and identify, trace, arrest, seize, freeze, detain, secure, recover, receive, control, preserve and protect the Bank's assets, property and Papers and administer such property, assets and Papers, howsoever characterized, pursuant to this Order;

21.2.2 granting extraordinary relief to the Liquidators to identify, trace, arrest, seize, freeze, detain, secure, recover, receive, control, preserve and protect the Bank's assets, property, and Papers and compel disclosure of information and documents to the fullest extent otherwise permitted, in aid of the Liquidators authority hereunder to discover assets, property and Papers under the dominion or control of the Bank, to trace the movement and conversion, past and present, of the Bank's property, assets or Papers and to fully learn of the activities of the Bank with regard thereto;

21.2.3 compelling disclosure of the identities of all known or unknown wrongdoers, facilitators and all other persons or entities who have acted, knowingly or unknowingly, in concert with the Bank in any fashion whatsoever;

21.2.4 restraining any person who may become aware of this Order or of any other proceedings in connection therewith from disclosing same, or any information whatsoever in this regard; and

21.2.5 compelling for examination under oath, by the Liquidators or other authorized person, any person reasonably thought to have knowledge of the affairs of the Bank, or any person who is or has been an agent, banker, clerk, employee, contractor, servant, officer, director, nominee, trustee, fiduciary, auditor, accountant, shareholder, lawyer, attorney, solicitor, advocate or advisor to the Bank, regarding the Bank, their dealings or the Bank's assets, property or papers; in ordering any person liable to be so examined to produce any books, documents, correspondence,

reports or papers in his possession or power, relating in all or in part to the Bank, or in respect of his dealings with either the Bank or with the Bank's assets, property or Papers.

22. This Honourable Court requests the aid, assistance and recognition of any foreign Court, tribunal, governmental body or other judicial authority, howsoever styled or constituted, in any other jurisdiction where property and assets of the Bank may be found (or traced) to assist in carrying out the terms of this Order and the duties and responsibilities of the Liquidators hereunder and to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

23. The Liquidators shall provide a report to this Honourable Court within ninety (90) days of the date of this Order with respect to the liquidation and their preliminary determination of the assets to be realised, the likely recoveries and the extent to which the claims of creditors, depositors, and investors in the Bank may be met. The Liquidators shall further report to the Court as they or the Court determine is appropriate, but shall in any event report no less frequently than three (3) months from the date of their last report.

24. The Liquidators, their officers, employees, legal counsel, agents and such other persons retained by them in the performance of their duties hereunder shall be granted indemnity from the assets of the Bank for all fees, expenses and actions taken, including indemnity for any litigation or other claims, actions or demands whatsoever in respect of any debts, costs, claims, liabilities, acts, matters, or things done or due to be done or omitted by the Liquidators, their officers, employees, legal counsel, agents and such other persons retained by them except where there is a finding by the Court of negligence or wilful neglect in the performance of their and/or their respective duties.

25. All actions, proceedings and any claims whatsoever and wheresoever initiated against the Bank, its assets and property, are hereby stayed and no person, which shall include a body corporate, shall bring or continue with a claim or proceeding in Antigua and Barbuda or elsewhere as against the Liquidators or the Bank without leave of this Honourable Court.

26. The Liquidators in the carrying out of their duties and responsibilities may apply for directions and guidance from this Honourable Court from time to time including any application as may be required for the amendment of this Order.

27. The Liquidators, in their names or in the name of the Bank, shall be at liberty to apply for any permits, licences, approvals or permissions as may be required by or deemed necessary pursuant to any laws,

governmental or regulatory authority, in the pursuit and performance of their duties hereunder.

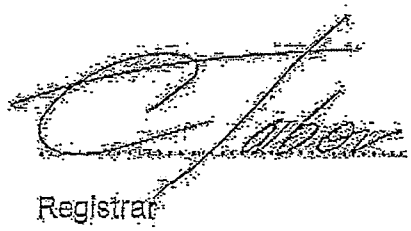
28. The Liquidators are not required to post security in respect of their appointment.

29. The Liquidators shall exercise, perform or discharge their duties independently or jointly and in doing so shall be deemed to act as agents for the Bank and they act solely in their capacity as Liquidators and without personal liability if they rely in good faith upon the financial statements of the Bank or upon an opinion, report or statement of any professional adviser retained by them.

30. The Petitioner is hereby awarded costs to be paid out of the liquidation estate of the Bank.

31. This Order shall take effect from the date hereof.

BY THE COURT



Registrar

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

Claim No. ANUHCV 2009/ 0149

In the Matter of Stanford International Bank Limited (In Receivership)
-And-

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

In the Matter of an Application for the Liquidation and Dissolution of Stanford International Bank Limited and the Appointment of Liquidators

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ORDER

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CHARLESWORTH O.D. BROWN
Attorney-at-Law

CERTIFIED TO BE A TRUE
COPY OF THE ORIGINAL

REGISTRAR OF THE HIGH COURT
ANTIGUA & BARBUDA

DATE 16 April 2009