

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

STANFORD INTERNATIONAL BANK, LTD., ET  
AL.,

Defendants.

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Case No. 3:09-CV-0298-N

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**ORDER APPROVING  
RECEIVER'S FOURTH INTERIM DISTRIBUTION PLAN**

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This Order addresses the Receiver's Motion for Approval of Fourth Interim Distribution Plan (the "Motion").<sup>1</sup> After considering the Motion, any responses, objections, or replies thereto, the arguments of counsel, and the evidence in the record, the Court overrules all objections and grants the Motion in full. Accordingly, the Court orders the Receiver to make a fourth interim distribution according to the following plan:

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<sup>1</sup> Except as to the amount to be distributed under the Fourth Interim Distribution Plan and the distributions to named plaintiffs, the details of the Receiver's Motion for Approval of Fourth Interim Distribution Plan and this Order Approving Receiver's Fourth Interim Distribution Plan are substantially identical to the motions and orders setting forth and approving the First, Second, and Third Interim Distribution Plans. [See Doc. 1877 (Order Approving First Interim Distribution Plan); Doc. 2037 (Order Approving Second Interim Distribution Plan); Doc. 2288 (Order Approving Third Interim Distribution Plan).]

**A. Definitions.**

Unless otherwise defined herein, all capitalized terms shall have the same definitions as those set forth in the Court’s May 30, 2013 Order Approving Receiver’s Interim Distribution Plan. [See Doc. 1877.]

1. “First Interim Distribution Plan” means the Court’s May 30, 2013 Order setting forth and approving the Receiver’s Interim Distribution Plan. [See Doc. 1877.]

2. “Second Interim Distribution Plan” means the Court’s July 2, 2014 Order setting forth and approving the Receiver’s Second Interim Distribution Plan. [See Doc. 2037.]

3. “Third Interim Distribution Plan” means the Court’s March 22, 2016 Order setting forth and approving the Receiver’s Third Interim Distribution Plan. [See Doc. 2288.]

4. “Kroll Settlement” means the settlement agreement by and among the Receiver, the Official Stanford Investors Committee (“OSIC”), Marcus Wide and Hugh Dickson, in their capacities as the joint liquidators of Stanford International Bank, Ltd. and Stanford Trust Company, and Marcus A. Wide and Hordley Forbes, in their capacities as the joint liquidators of Stanford Development Company (the “Antiguan Liquidators”), and Kroll, LLC (f/k/a Kroll, Inc.) and Kroll Associates, Inc. (collectively, “Kroll”) that was approved by the Court on August 30, 2016. [See Docs. 2290-1, 2363.]

5. “Chadbourne Settlement” means the settlement agreement by and among the Receiver, OSIC, Samuel Troice, Punga Punga Financial, Ltd., Pam Reed, Horacio Mendez and Annalisa Mendez (collectively, the “Plaintiffs”) and Chadbourne & Parke LLP (“Chadbourne”) that was approved by the Court on August 30, 2016. [See Doc. 2301-1; *Janvey v. Proskauer, Rose LLP, et al.*, No. 3:13-cv-00477-N (N.D. Tex.), Doc. 127.]

**B. Treatment of Claims under the Fourth Interim Distribution Plan.**

1. The Order Approving the First Interim Distribution Plan expressly states that “[a]ny future distributions to Investor CD Claimants shall likewise be pro rata based on Investor CD Claimants’ Allowed Claim Amounts.” [See Doc. 1877 at 6, ¶ B(1).] Accordingly, the distribution pursuant to the Fourth Interim Distribution Plan shall be made to Investor CD Claimants on a pro rata basis. Specifically, such Investor CD Claimants shall receive payments equal to one percent of their Allowed Claim Amounts as reflected in their Notices of Determination. The Allowed Claim Amounts shall be based on the Investor CD Claimants’ Net Losses.

2. If an Investor CD Claimant serves and files a timely objection to a Notice of Determination, the Investor CD Claimant is not disqualified from receiving a distribution under the Fourth Interim Distribution Plan.<sup>2</sup> However, the Investor CD Claimant shall participate in the Fourth Interim Distribution Plan based initially on the Allowed Claim Amount originally contained in the Notice of Determination. If the Investor CD Claimant ultimately succeeds in increasing the Allowed Claim Amount (either by stipulation with the Receiver or by Court order sustaining the Investor CD Claimant’s objection), the Investor CD Claimant shall receive a supplemental payment representing the pro rata difference between the Allowed Claim Amount in the Notice of Determination and the Allowed Claim Amount after final resolution of the Investor CD Claimant’s objection.

3. Pursuant to the Order Approving the First Interim Distribution Plan, the Receiver was ordered to send a Certification Notice to each Investor CD Claimant asking for certification, as a condition of receiving payment, regarding whether they have applied for or received

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<sup>2</sup> At this time, only one Investor CD Claimant has an unresolved objection to the Allowed Claim Amount originally contained in the Claimant’s Notice of Determination pending before the court.

compensation for their claimed losses from sources other than the Receivership and, if so, the amount of such compensation. [*See* Doc. 1877 at 8, ¶ C(2).] Under the terms of that Order, Investor CD claimants were required to provide the necessary certification within sixty (60) days of the date they received the Certification Notice. [*See id.*] Groups of Investor CD Claimants who fail to return any of their certifications in response to the Receiver's Certification Notices shall not receive payments under the Fourth Interim Distribution Plan. The Receiver, however, retains the right to compensate such Investor CD Claimants pursuant to the First, Second, Third, or Fourth Interim Distribution Plans if, in the Receiver's discretion, such Investor CD Claimants have provided sufficient evidence that they failed to respond due to excusable neglect, inadvertence, or mistake.

4. This Order does not require, and shall not be construed as requiring, the Receiver to send additional Certification Notices beyond the initial Certification Notices required by the First Interim Distribution Plan.

5. To the extent an Investor CD Claimant has received one or more collateral recoveries, the Receiver may, in his discretion, reduce payments to such an Investor CD Claimant to the extent necessary to ensure that all the Investor CD Claimants are treated similarly with respect to the pro rata amount of their Allowed Claim Amounts they recover from all sources as of the date of the payments. The Receiver shall give any such Investor CD Claimant written notice of such a reduction and the reasons for same. Any Investor CD Claimant who disputes such a reduction by the Receiver shall serve upon the Receiver within sixty (60) days, but not file, a written objection to the reduction. The Receiver has ten (10) days to respond to the objection. If the Receiver fails to respond or if the dispute otherwise remains unresolved, then the Investor CD Claimant must file the objection with the Court. An Investor

CD Claimant must file his objection to the reduction within ninety (90) days of the Investor CD Claimant having received the Receiver's written notice of the reduction. Any objection to a reduction that is not timely filed is waived.

6. Each Investor CD Claimant's distribution under the Fourth Interim Distribution Plan shall be based solely on his Investor CD Claims and not on his other types of Claims, if any.

7. Nothing in this Order shall preclude future distributions to Investor CD Claimants or other Claimants under a different plan. Nor shall anything in this Order restrict the Receiver's authority to compromise and settle any Claim, or resolve any objection to a determination, at any time, as appropriate, without further order of this Court. [*See* Doc. 1584 at 21, ¶ 7(u).]

**C. Execution of the Fourth Interim Distribution Plan.**

1. The distribution under the Fourth Interim Distribution Plan shall begin after the Approval Date.

2. All payments under the Fourth Interim Distribution Plan shall be made on a rolling basis. Prior to making a group of payments pursuant to the Fourth Interim Distribution Plan, the Receiver shall file a schedule of the payments to be made. Each such schedule shall be filed at least ten (10) days prior to the subject payments being made. The schedules shall include claim ID numbers and the amount of the associated payments but shall not contain information from which the individual Investor CD Claimants can be identified.

3. Unless the Kroll Settlement Parties agree otherwise, the payments pursuant to the Fourth Interim Distribution Plan representing the Investor CD Claimant's pro rata share of the Kroll Settlement shall be made by check. Similarly, unless the Chadbourne Settlement Parties agree otherwise, the payments pursuant to the Fourth Interim Distribution Plan representing the Investor CD Claimant's pro rata share of the Chadbourne Settlement shall be made by separate

check. The funds representing the Investor CD Claimant's pro rata share of the additional Receivership Assets that make up a portion of the Fourth Interim Distribution Plan shall be included in one of the two checks referenced above. If payment is being made to compensate for losses that derive from accounts jointly owned by or otherwise associated with two or more Investor CD Claimants, the checks shall be jointly payable to all such Investor CD Claimants and require the full endorsement of all such Investor CD Claimants.

4. Each check shall state on its face that it will be void if not cashed within 180 days from the date of issue. The Investor CD Claimant(s) to whom the check was originally issued may submit a written request for reissuance to the Receiver within 180 days of the original date of issuance of the check. All funds represented by void checks not timely reissued shall revert to the Receivership Estate.

5. With respect to check payments representing an Investor CD Claimant's pro rata share of the Kroll Settlement, "SETTLEMENT CHECK" shall be printed on the front of all checks. The following language shall be included on the reverse of all checks, above where the endorser will sign:

I accept this check **in full and final settlement and release** of all claims against Kroll and the Kroll Released Parties related to Stanford and consent to the jurisdiction of the U.S. District Court for the Northern District of Texas for all purposes related to such claims, expressly waiving any different jurisdiction based on my current or future domicile.

[Doc. 2290-1 at 24, ¶ 66(a).] Each check shall be accompanied by a separate document, which may be a tear sheet to which the check is connected, stating:

A global settlement has been reached by (i) Ralph S. Janvey, as Receiver for Robert Allen Stanford and related persons and entities, (ii) the Official Stanford Investors Committee, (iii) Marcus A. Wide and Hugh Dickson, as joint liquidators of Stanford International Bank and Stanford Trust Company, Ltd., and Marcus

A. Wide and Hordley Forbes, as joint liquidators of Stanford Development Company, and (iv) Kroll, LLC (f/k/a Kroll Inc.) and Kroll Associates, Inc. (“Kroll”). The U.S. District Court for the Northern District of Texas has issued a final Bar Order and Judgment approving of the settlement and permanently barring all claims against Kroll and the Kroll Released Parties related to Stanford, as described in the Notice and other documents available at [www.stanfordfinancialreceivership.com](http://www.stanfordfinancialreceivership.com). The enclosed check is in full and final settlement and release of all claims against Kroll and the Kroll Released Parties related to Stanford and its deposit indicates your consent to the jurisdiction of the U.S. District Court for the Northern District of Texas for all purposes related to such claims, expressly waiving any different jurisdiction based on your current or future domicile.

[*Id.* at 24, ¶ 66(b).]

6. With respect to check payments representing an Investor CD Claimant’s pro rata share of the Chadbourne Settlement, the following language shall be included on the reverse of all checks, above where the endorser will sign:

BY ENDORSING THIS CHECK, I RELEASE ALL CLAIMS, KNOWN OR NOT, AGAINST CHADBOURNE & PARKE LLP, ITS PARTNERS, AND EMPLOYEES (WHETHER CURRENT OR PAST, EXCLUDING FORMER PARTNER THOMAS V. SJOBLUM) ARISING FROM OR RELATING TO STANFORD INTERNATIONAL BANK, LTD. AND ACCEPT THIS PAYMENT IN FULL SATISFACTION THEREOF.

[Doc. 2301-1 at 17, ¶ 38.]

7. The Receiver shall distribute from the Chadbourne Settlement proceeds \$15,000 each to Samuel Troice, Punga Punga Financial, Ltd., and Pam Reed in acknowledgement of their participation as the named, putative class representative plaintiffs in the Investor Litigation (*Troice v. Proskauer Rose, LLP*, No. 3:09-cv-01600-N (N.D. Tex.)) and \$5,000 to Horacio Mendez, the former named, putative class representative plaintiff in the Investor Litigation, in acknowledgement of his prior participation in the case. These payments are in addition to the

pro rata distribution to be made to Samuel Troice, Punga Punga Financial, Ltd., Pam Reed, and Horacio Mendez pursuant to paragraph (B)(1) and paragraphs (1) through (6) of this section.

**D. No Effect on Third-Party Claims.**

1. An Investor CD Claimant's receipt of a payment under this Fourth Interim Distribution Plan shall not constitute a waiver of the following:

- a. any defenses an Investor CD Claimant has or may have against litigation claims asserted or that may be asserted by the Receiver, including but not limited to any rights the Investor CD Claimant has or may have to appeal rulings of the trial court in such cases;
- b. any right that an Investor CD Claimant has or may have to pursue claims against former individual Stanford Financial Group financial advisors who were licensed by FINRA, subject to any limitations contained in this Court's prior orders, including but not limited to this Court's Second Amended Receivership Order dated July 19, 2010 [*see* Doc. 1130];
- c. any right that an Investor CD Claimant has or may have to pursue claims against persons or entities that are not Receivership Entities, except as otherwise specified in the release language contained in the distribution checks and further subject to any limitations contained in this Court's prior orders, including but not limited to this Court's Second Amended Receivership Order dated July 19, 2010 [*see* Doc. 1130], and except as otherwise provided by this Court's Bar Order and Judgment dated August 30, 2016 [*see* Doc 2363], this Court's Final Bar Order dated August 30, 2016 [*see* Doc. 2365], and this Court's Rule 54(b) Final Judgment and Bar Order dated



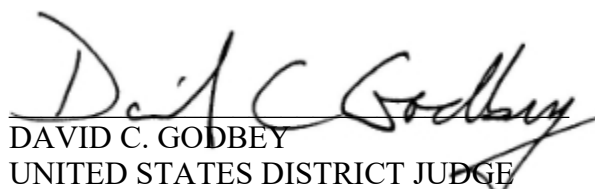
August 30, 2016 [*see Janvey v. Proskauer Rose LLP, et al.*, No. 3:13-cv-00477-N, Doc. 127], which bar certain claims against certain individuals and entities in connection with the Kroll Settlement and the Chadbourne Settlement; or

- d. any claims, rights or defenses which the Receiver, or his counsel, agree in a stipulation filed with this Court are not waived by filing of a Proof of Claim.

**E. Release.**

1. Any Investor CD Claimant who receives a payment pursuant to the Fourth Interim Distribution Plan shall be deemed to have released the Investor CD Claim(s) for which payment was made to the extent of the payment.

SIGNED on May 16, 2017.

  
DAVID C. GODBEY  
UNITED STATES DISTRICT JUDGE