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**Allen Stanford Sentenced to 110 Years in Prison for
Orchestrating \$7 Billion Investment Fraud Scheme**

WASHINGTON – R. Allen Stanford, the former board of directors chairman of Stanford International Bank (SIB), was sentenced today in Houston to a total of 110 years in prison for orchestrating a 20-year investment fraud scheme in which he misappropriated \$7 billion from SIB to finance his personal businesses.

The sentencing was announced by Assistant Attorney General Lanny A. Breuer of the Justice Department's Criminal Division; U.S. Attorney Kenneth Magidson of the Southern District of Texas; FBI Assistant Director Kevin Perkins of the Criminal Investigative Division; Assistant Secretary of Labor for the Employee Benefits Security Administration Phyllis C. Borzi; Chief Postal Inspector Guy J. Cottrell; and Richard Weber, Chief of Internal Revenue Service Criminal Investigation (IRS-CI).

On March 6, 2012, Stanford, 62, was convicted on 13 of 14 counts by a federal jury following a six-week trial and approximately three days of deliberation. The jury also found that 29 financial accounts located abroad and worth approximately \$330 million were proceeds of Stanford's fraud and should be forfeited.

Stanford was sentenced by U.S. District Judge David Hittner. After considering all the evidence, including more than 350 victim impact letters that were sent to the court, Judge Hittner sentenced Stanford to 20 years for conspiracy to commit wire and mail fraud, 20 years on each of the four counts of wire fraud as well as five years for conspiring to obstruct a U.S. Securities and Exchange Commission (SEC) investigation and five years for obstruction of an SEC investigation. Those sentences will all run consecutively. He also received 20 years for each of the five counts of mail fraud and 20 years for conspiracy to commit money laundering which will run concurrent to the other sentences imposed today for a total sentence of 110 years.

As part of Stanford's sentence, the court also imposed a personal money judgment of \$5.9 billion, which is an ongoing obligation for Stanford to pay back the criminal proceeds. The court found that it would be impracticable to issue a restitution order at this time. However, all forfeited funds recovered by the United States will be returned to the fraud victims and credited against Stanford's money judgment.

According to court documents and evidence presented at trial, the vehicle for Stanford's fraud was SIB, an offshore bank owned by Stanford and based in Antigua and Barbuda that sold certificates of deposit (CDs) to depositors. Stanford began operating the bank in 1985 in Montserrat, the British West Indies, under the name Guardian International Bank. He moved the bank to Antigua in 1990 and changed its name to Stanford International Bank in 1994. SIB

issued CDs that typically paid a premium over interest rates on CDs issued by U.S. banks. By 2008, the bank owed its CD depositors more than \$8 billion.

According to SIB's annual reports and marketing brochures, the bank purportedly invested CD proceeds in highly conservative, marketable securities that were also highly liquid, meaning the bank could sell its assets and repay depositors very quickly. The bank also represented that all of its assets were globally diversified and overseen by money managers at top-tier financial institutions, with an additional level of oversight by SIB analysts based in Memphis, Tenn.

As shown at trial, this purported investment strategy and management of the bank's assets was followed for only about 10-15 percent of the bank's assets. Stanford diverted billions in depositor funds into various companies that he owned personally, in the form of undisclosed "loans." Stanford was thus able to continue the operations of his personal businesses, which ran at a net loss each year totaling hundreds of millions of dollars, at the expense of depositors. These businesses were concentrated primarily in the Caribbean and included restaurants, a cricket tournament and various real estate projects. Evidence at trial established Stanford also used the misappropriated CD money to finance a lavish lifestyle, which included a 112-foot yacht and support vessels, six private planes and gambling trips to Las Vegas.

According to evidence presented at trial, Stanford continued the scheme by using sales from new CDs to pay existing depositors who redeemed their CDs. In 2008, when the financial crisis caused a slump in new CD sales and record redemptions, Stanford lied about personally investing \$741 million in additional funds into the bank to strengthen its capital base. To support that false announcement, Stanford's internal accountants inflated on paper the value of a piece of real estate SIB had purchased for \$63.5 million earlier in 2008 by 5,000 percent to \$3.1 billion, despite the fact there were no independent appraisals or improvements to the property.

The trial evidence also showed that Stanford perpetuated his fraud by paying bribes from a Swiss slush fund at Societe Generale to C.A.S. Hewlett, SIB's auditor (now deceased), and Leroy King, the then-head of the Antiguan Financial Services Regulatory Commission.

In addition to Stanford, a grand jury in the Southern District of Texas previously indicted several of his alleged co-conspirators, including: James Davis, the former chief financial officer; Laura Holt, the former chief investment officer; Gil Lopez, the former chief accounting officer; Mark Kuhrt, the former controller; and King. Davis has pleaded guilty and faces up to 30 years in prison under the terms of his plea agreement. The trial of Holt, Kuhrt and Lopez, which was severed from Stanford's trial, is scheduled to begin before Judge Hittner on Sept. 10, 2012. They are presumed innocent unless and until convicted through due process of law.

The investigation was conducted by the FBI's Houston Field Office, the U.S. Postal Inspection Service, IRS-CI and the U.S. Department of Labor, Employee Benefits Security Administration. The case was prosecuted by Deputy Chief William Stellmach and Trial Attorney Andrew Warren of the Criminal Division's Fraud Section and former Assistant U.S. Attorney (AUSA) Gregg Costa of the Southern District of Texas. AUSA Kristine Rollinson of the Southern District of Texas and Trial Attorney Kondi Kleinman of the Asset Forfeiture and Money Laundering Section in the Justice Department's Criminal Division assisted with the forfeiture

proceeding, and AUSA Jason Varnado and Fraud Section Deputy Chief Jeffrey Goldberg assisted with the sentencing proceeding.

The Justice Department also wishes to thank several countries for their ongoing cooperation during the investigation and prosecution of Stanford and his co-conspirators, including the Governments of Antigua and Barbuda, Switzerland, the Cook Islands, the United Kingdom and the Isle of Man.