
Stanford International Bank Limited

(In Liquidation)

Update to Creditors

July 2023

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Introduction

- 1.1 The purpose of this report is to update the creditors on developments in the liquidation of Stanford International Bank Limited (SIB). The previous report was posted to the liquidation website, www.sibliquidation.com, in November 2022. This report focuses on developments that have occurred since that report.
- 1.2 We continue to post updates on important developments on the liquidation website as they occur.

Distributions

- 2.1 We have made three distributions to creditors to date, totalling 2.6% of victims' claims, equivalent to approximately US\$133 million.
- 2.2 We continue to make regular redistributions to creditors who for a variety of reasons either did not receive or could not bank their cheques.
- 2.3 Unclaimed and accrued distributions currently total approximately US\$15.8 million at the date of this report. As mentioned in previous reports, unclaimed and accrued distributions represent amounts held for creditors who, for a variety of reasons, have not banked their distribution cheques or who we have not been able to contact. It is to be expected in a long running liquidation with over 17,000 creditors that there will be some creditors to whom we are unable to successfully make distributions.
- 2.4 We have set aside funds totalling US\$5.7 million, representing Swiss frozen fund recoveries, for the next distribution to creditors. It is uneconomical to make a distribution to creditors for this amount and therefore these funds will not be distributed until further recoveries are made. Given the uncertainties of litigation, it is not possible for us to predict the timing or amount of any recoveries from the bank litigation claims we are continuing to pursue.

Updates on Recovery Efforts

- 3.1 The Joint Liquidators of SIB are continuing to pursue a claim against Société Générale Private Banking (Suisse) SA (Soc Gen) in Switzerland for approximately US\$700 million. The claim against HSBC has recently been discontinued following a UK court ruling preventing us from pursuing the bulk of our claims against HSBC. The claim against Toronto-Dominion Bank (TD) is also now finished following the Ontario Supreme Court's decision denying our application for leave to appeal.
- 3.2 We are disappointed with the final outcomes of the TD and HSBC claims and understand that the results will likewise be disappointing for creditors. We believe that these claims were good claims but must accept the decisions of the Canadian and UK Courts.
- 3.3 Creditors will likely have heard the news of the settlements agreed by the US Receiver in respect of the litigation claims being pursued against 5 banks in the US. The 5 banks included TD, HSBC and Soc Gen and we understand that the agreed settlements total approximately US\$1.6 billion. This is a positive development for creditors of the US Receivership estate of SIB. As previously advised the US claims against the banks are separate and distinct from the bank claims we have been pursuing and our position is that the claims we are pursuing against TD and Soc Gen are not impacted by the US settlements agreed. See further discussion on this point at paragraph 3.6 below.

Claims against the Toronto-Dominion Bank

- 3.4 Following the Ontario Court of Appeal's dismissal of SIB's claims against TD Bank we applied for leave to appeal the decision to Ontario's highest court, the Supreme Court. The Supreme Court, on 20 July 2023, dismissed our application for leave to appeal. This means our claim against TD Bank is now finished and there are no more avenues of appeal available to us.

Claim against HSBC (London, England)

- 3.5 The UK Supreme Court issued its judgment in December 2022 dismissing our appeal and confirming the Court of Appeal's ruling that SIB did not suffer any loss as a result of HSBC's actions. The Courts decision can be found at www.sibliquidation.com/homepage/supreme-court-dismisses-majority-of-sibs-claims-against-hsbc.
- 3.6 This decision meant that we were unable to proceed with the bulk of our claim against HSBC. The remaining amount of the claim that we could potentially proceed with was uneconomic to pursue further. We have now formally discontinued all claims against HSBC and resolved the costs issues in respect of the proceedings.

Claim against Soc Gen (Geneva, Switzerland)

- 3.7 Following the US bank settlements discussed above, in which Soc Gen agreed to a settlement of US\$157 million, Soc Gen and the US parties, including the US Receiver, are seeking to prevent our claim against Soc Gen in Switzerland from proceeding. To achieve this they have sought an order from the US District Court for the Northern District of Texas (USDC) which seeks to 'bar' or prevent any proceedings from being pursued anywhere in the world against Soc Gen in respect of SIB. The Texas Court issued the requested Bar Order on June 8, 2023, despite our objections to the Court having jurisdiction over the Antigua estate and the Antiguan Joint Liquidators and the Court's failure to allow us even to be heard to press those positions.

- 3.8 Our position is that the US Court/Texas Court does not have the ability to prevent us from suing Soc Gen in Switzerland. This is against the interests of our creditors and in our view is an over-reach of one country's court's powers over others. For a variety of reasons, including those summarised below, we have appealed the Bar Order and continue to pursue our claim against Soc Gen in Switzerland:
- i. We have been planning for and pursuing our claims against Soc Gen in Switzerland for many years. The claims we are pursuing against Soc Gen are seeking the refund of approximately CHF 600 million (at current exchange rates this converts to approximately US\$700 million).
 - ii. The US Parties have always been well aware of our claims in Switzerland, they have agreed to us pursuing those claims and further it was agreed in the Cross Border Protocol between the parties, including the Antiguan Joint Liquidators and the US Receiver, that claims would be pursued by the parties in the respective jurisdictions in which they are recognised. That protocol was approved by Courts in Antigua, the UK, Canada and by the same court which has issued the Bar Order – the USDC in Dallas, TX. We are recognised as Foreign Representatives in Switzerland and have the relevant authority to pursue the claim against Soc Gen.
 - iii. We were not party to any settlement discussions between Soc Gen and the US Parties.
 - iv. The settlement with Soc Gen specifically provided that Soc Gen could not back out of the deal if the Antiguan Joint Liquidators were carved out of the Bar Order.
 - v. We believe our claims in Switzerland are good claims that should be pursued and they will have significant benefits for our creditors if successful.
 - vi. The US Court does not have jurisdiction to tell the Antiguan Joint Liquidators that they cannot sue a bank in Switzerland on claims arising under Swiss Law.
- 3.9 To be clear, we did not and are not objecting to the settlement agreed between the US parties and Soc Gen. Our principal objection to the Bar Order is that it does not apply to the Antiguan Joint Liquidators and the claim we have made against Soc Gen in Switzerland. Also, it is not in the best interests of creditors for us to walk away from a viable CHF 600 million claim.

Recovery of Swiss Assets

- 3.10 We currently hold approximately US\$5.7 million of Swiss frozen funds that are set aside for distribution to creditors.
- 3.11 Following lengthy engagement with several Cayman Islands investment funds we have recently recovered US\$3.5 million. This recovery represents a Swiss recovery pursuant to the Cross Border Protocol and therefore all of this money must be distributed to creditors. In accordance with the Cross Border Protocol, we have distributed US\$2.4 million of this to the US Department of Justice for onward distribution to the US Receiver.
- 3.12 We anticipate that further Swiss recoveries will be made in due course following the completion of the Swiss ancillary bankruptcy of SIB. We understand that approximately US\$10 million will be distributed to us by the Swiss Bankruptcy Trustee of SIB.

Recoveries from related Stanford companies

- 4.1 Mark McDonald acts as Joint Liquidator of each of the following companies jointly with Mr Hordley Forbes, an accountant based in Antigua:
- Stanford Development Company Limited (“SDC”)
 - Stanford Hotel Properties Limited (“SHPL”)
 - Stanford Trust Company Limited (“STC”)
- (collectively “the Companies”)
- 4.2 The surplus proceeds from each of these liquidations either have been or will be distributed to SIB. US\$14.7 million in distributions from the Companies has been received to date by SIB.
- 4.3 The liquidations of Maiden Island Holdings Limited and Gilbert Resort Holdings Limited have now been closed. The liquidation of STC will be closed shortly.

Stanford Development Company Limited

- 4.4 The only remaining assets of SDC are a parcel of land in Antigua, owned jointly with SHPL, and debts due to SDC from the Government of Antigua and Barbuda (“GOAB”). Our efforts to realise value from these assets are ongoing.
- 4.5 This parcel of land has proved difficult to sell. We estimate it has a value of between US\$740,000 and US\$1.2 million. The debt due to SDC from the GOAB is in excess of EC\$20 million (US\$7.4 million). The GOAB have recently started to engage with us regarding this debt and whilst we are unlikely to recover the full amount outstanding in the near future we are hopeful that continued engagement on this front will lead to some recoveries.

SIB Receipts and Payments

- 5.1 We attach a statement of Receipts and Payments as at 30 June 2023 at Appendix A which shows that the cash on hand at that date totalled US\$27.5 million. This cash balance is held for the following purposes:

	US \$000's
Distribution funds (accrual)	15,767
Amounts held to cover the risk of adverse legal costs orders	2,275
Frozen Swiss Assets held for future distribution	5,739
Available funds	3,704
Total	27,485

- 5.2 The balance of distribution funds (accrual) represents funds owing to creditors in respect of distributions declared to date who have either not banked their cheques or who the Joint Liquidators have been unable to contact to date (see paragraph 2.3).
- 5.3 As discussed above, frozen Swiss Assets held by the Antiguan liquidation estate will be distributed to creditors at such a time as we have sufficient funds for a fourth distribution to be economical.
- 5.4 Amounts held to cover the risk of adverse legal costs orders represent amounts that have been set aside to provide for court orders being made against the liquidation estate in the event we lose litigation claims and have to pay the costs of the banks. The funds in this category above represent just the costs being set aside for the Soc Gen proceedings.
- 5.5 We closely oversee the expenditure of liquidation estate funds on the remaining litigation claims, professional fees and the costs of keeping the estate open. This estate is now in a wind down phase and we have minimised all ongoing costs where possible in order to allow us to continue to run the estate, make distributions and pursue remaining litigation claims.
- 5.6 I am satisfied that the operating costs of the Antiguan office are being minimised where possible and are reasonable to support the ongoing liquidation.
- 5.7 The Receipts and Payments account at Appendix A also shows the total balance of our fees and other professional fees incurred in the period of the liquidation to 30 June 2023. We submit all of our fees and our professional advisors' fees to the Antiguan Court on a regular basis for the Court's review and approval.

Further updates from the Liquidators

- 6.1 We will continue our efforts to achieve further recoveries from the sources outlined in this report and will provide updates via the liquidation website with regards to any significant developments in these efforts.

A handwritten signature in blue ink, appearing to read 'Mark McDonald', with a wavy line extending from the end.

Mark McDonald
Joint Liquidator – Stanford International Bank Limited (in Liquidation)

25TH DAY OF JULY 2023

Appendix A

Receipts and Payments Account as of 30 June 2023

	1 October 2022 to 30 June 2023 US\$	Total as at 30 June 2023 US\$
Receipts		
UK recoveries	-	99,494,719
Sale of Guana and Pelican Islands	-	64,851,341
Sale of Sticky Wicket	-	1,856,000
Non UK Recoveries	1,112,083	79,358,989
General Litigation Claims Settlements	-	22,920,022
Distribution from subsidiaries	-	14,746,841
Interest earned	32,964	2,755,018
Claims transfer income	24,814	890,361
Rental Income and Miscellaneous Income	3,963	354,798
Total receipts	1,173,824	287,228,089
Payments		
Other Legal Advisors Fees And Expenses	1,184,755	48,674,226
Co-Lead Legal Advisors Fees And Expenses	147,907	25,781,177
Adverse Costs	6,838,886	6,838,886
Provision for Adverse Costs	(8,000,816)	2,275,500
Liquidators Fees & Expenses	327,468	17,609,530
Cost of 3rd party funding	-	14,284,633
Former Liquidators' and Advisors Fees	-	9,215,062
Other Operational Expenses	244,255	6,454,582
Other Advisors Fees	18,061	4,671,599
IT / eDiscovery	41,427	4,143,690
Cost Awarded for removal of former liquidators	-	3,185,338
Loans to related Stanford Liquidations	-	1,804,518
Exchange Rate Adjustment	(269,788)	(335,246)
Total Payments	532,155	144,603,495
Net receipts / (payments)	641,669	142,624,594
Less Distribution to Creditors		
Banked Distributions		117,414,408
Unbanked & Accrued Distributions		15,766,549
Total Distribution to Date		133,180,957
Frozen Swiss Assets held for Future Distribution		5,739,500
Surplus		3,704,137
Represented By:		
Cash in Hand		27,485,686
Cash held/ accrued for distribution		(15,766,549)
Adverse legal costs provision		(2,275,500)
Frozen Swiss Assets held for Distribution		(5,739,500)
Available balance on hand		3,704,137