
Stanford International Bank Limited (In Liquidation)

Update to Creditors

November 2022

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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 March 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\$16.25 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 The Joint Liquidators continue to deal with these unclaimed distributions on an ongoing basis. Historically, redistributions to creditors who had not claimed previously declared distributions have been made on a quarterly basis. However, going forward, we intend to reduce the frequency of redistributions from quarterly to semi-annually in order to reduce costs.
- 2.5 Further distributions will be dependent on realisations from the bank litigation claims we are continuing to pursue, as discussed below. Given the uncertainties of litigation, it is not possible for us to predict the timing or amount of any recoveries from these claims.

Updates on Recovery Efforts

3.1 The Joint Liquidators of SIB are continuing to pursue three claims against banks to recover funds lost by approximately 17,000 victims. The main perpetrator behind the fraud, Robert Allen Stanford, is serving a 110-year sentence in a US federal prison by reason of his conviction for orchestration of this US\$5 billion fraud, one of the largest in financial history. These claims are set out below:

Claim Defendant	Jurisdiction	Total claim Amount	Nature	Report Paragraph
Toronto-Dominion Bank ("TD")	Canada	US \$4.5 billion	Negligence relating to TD's provision and maintenance of a US dollar correspondent account	3.5 to 3.7
HSBC	United Kingdom	£118 million	'Quincecare' duty of care claim	3.8 to 3.9
Société Générale Private Banking (Suisse) SA ("Soc Gen")	Switzerland	US \$510 million	Negligence	3.10

3.2 As advised previously, these are complex and challenging claims to pursue given their scale, the duration of the alleged wrongdoing and the developing nature of the law in this area. We believe the evidence shows their conduct fell below that required of banks in their position. We have weighed up the specific legal merits and challenges of each claim and have taken into account the significant recoveries which may be achieved if we are successful.

3.3 We have now taken an assignment of SIB's claim against Soc Gen from the Swiss bankruptcy representative which will now allow us to progress this claim in Geneva.

3.4 The US Receiver's estate, in conjunction with the Official Stanford Investors Committee, is also pursuing claims against the same banks as our estate, plus Trustmark National Bank and Bank of Houston. The US Receiver's bank claims are separate and legally distinct and can be run in parallel with the claims that we are maintaining. It is our understanding that if the US Receiver's bank claims are successful this will also result in distributions to the victims to the extent their claims have also been agreed with the US Receiver. This report does not comment on the progress of the litigation claims being pursued by the US Receiver's estate.

Claims against the Toronto-Dominion Bank

- 3.5 The appeal of Justice Conway's first instance decision, dismissing SIB's claim against TD, was heard over 1.5 days on 20 and 21 April 2022.
- 3.6 The Ontario Court of Appeal's decision was issued on 17 November 2022 and it dismissed SIB's appeal. A full copy of the 46 page decision has been posted to the liquidation website, www.sibliquidation.com.
- 3.7 We are disappointed with the decision and will be consulting with our legal team to consider next steps. We will provide a further update on the next steps, via post to the liquidation website, shortly.

Claim against HSBC (London, England)

- 3.8 We continue to await the decision of the UK Supreme Court following a hearing in January 2022 on the issue of whether or not SIB suffered any loss as a result of HSBC's actions. The outcome of this decision will determine whether or not the bulk of SIB's claim against HSBC can proceed to a full trial of the merits.
- 3.9 We had hoped the decision would have been released by now. We will publish the decision to the liquidation website as soon as it becomes available.

Claim against Soc Gen (Geneva, Switzerland)

- 3.10 As previously advised, Mr Christophe de Kalbermatten is the bankruptcy trustee of the ancillary bankruptcy of SIB in Switzerland. We had been attempting to work with Mr De Kalbermatten on the basis that the ancillary bankruptcy would file SIB's claims in the Geneva Court against Soc Gen. Unfortunately, this process has taken significantly longer than expected and it became clear that in order to avoid further delays, the most appropriate course of action was to take advantage of an assignment of the right to bring SIB's claims from the ancillary bankruptcy and to file the claim in the Geneva court on behalf of the main bankruptcy estate, acting through the Joint Liquidators. Such assignment of the right to bring SIB's claims has been recently completed and we have already proceeded to file those claims with the Geneva Court. We will keep you updated with any developments in this respect.

Recovery of Swiss Assets

- 3.11 We have received further distributions from the liquidation of Bank of Antigua totalling US\$296,434.56. Two thirds of this amount will shortly be transferred to the US Receiver in accordance with the agreed protocol governing recoveries of frozen Swiss Assets between the two estates.
- 3.12 We continue to work to recover assets of SIB which are held in several Cayman Islands investment funds. This work involves liaising with the administrators of a Cayman Islands Funds, Swiss and US authorities and the US Receiver. We anticipate these recoveries will total approximately US\$3.5 million and as with the above distributions, two thirds of the amount recovered will be transferred to the US Receiver.
- 3.13 Following such assignment of the right to bring claims against Soc Gen, we anticipate that the mandatory procedure of the Swiss ancillary bankruptcy can be completed in the near future and that the balance of cash held by it can be distributed to us and the US Receiver in accordance with the with the agreed protocol governing recoveries of frozen Swiss Assets between the two estates. We understand that the ancillary bankruptcy presently holds cash of approximately US\$10 million.

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”)
 - Maiden Island Holdings Limited (“MIHL”)
 - Stanford Hotel Properties Limited (“SHPL”)
 - Gilbert Resort Holdings Limited (“Gilberts”)
 - Stanford Trust Company Limited (“STC”)
- (collectively “the Companies”)
- 4.2 The surplus proceeds from each of these liquidations either have or will be distributed to SIB. US\$14 million in distributions from the Companies has been received to date by SIB and as matters stand, we estimate that there will be further receipts totalling approximately US\$1.6 million with potentially more to come depending on our debt recovery efforts in Antigua.
- 4.3 A brief update with regards to the status of each of these liquidations, except for MIHL and Gilberts whose assets have been sold and proceeds distributed to SIB, follows.

Stanford Development Company Limited

- 4.4 As advised, 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). Whilst the GOAB have assisted us with the realisation of Antiguan assets to the extent they have permitted us to offset various taxes due, arising from real estate ownership and sale, against this debt we have been unsuccessful in getting their focussed attention on this debt and how to address it with us. We are exploring alternatives to enforce our rights to collect this debt.

Stanford Trust Company Limited

- 4.6 As matters stand there will be no recoveries from STC’s Colombian subsidiary called Stanford S.A. Comisionista de Bolsa (“SCB”) due to the unfavourable judgment from the Colombian Supreme Court in February 2021. There are no other recoverable assets of STC.

SIB Receipts and Payments

- 5.1 We attach a statement of Receipts and Payments as at 30 September 2022 at Appendix A which shows that the cash on hand at that date totalled US\$35.5 million. This cash balance is held for the following purposes:

	US \$000's
Distribution funds (accrual)	16,250
Amounts held to cover the risk of adverse legal costs orders	10,276
Frozen Swiss Assets held for future distribution	4,627
Available funds for future litigation and liquidation costs	4,301
Total	35,455

- 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 The majority of the future costs of this liquidation estate will be incurred pursuing the bank litigation claims. While the costs are high, the damages claims are for significantly higher sums. If successful, the bank claims could result in a material dividend to creditors.
- 5.5 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.
- 5.6 We are conscious of our role as liquidators to manage the funds of the liquidation estate in the most efficient manner possible. With that in mind we closely oversee the expenditure of funds on these litigation claims to ensure SIB is receiving good value for its money on these claims.
- 5.7 In addition to professional costs, there are operational costs which must be incurred to ensure the proper administration of approximately 17,000 claims held by the creditors. This includes ensuring that distributions are reissued regularly and where necessary, dealing with creditor enquiries, updating contact details following changes in the creditors' personal situations and progressing sales of claims when requested. These costs include the salaries of three employees in Antigua, supported by temporary staff as needed, and the running costs of their office location. The Antiguan employees are also assisting us with our litigation claims and management of the significant books and records of the estate.
- 5.8 I am satisfied that the operating costs of the Antiguan office are being minimised where possible and are reasonable to support the ongoing efforts in this liquidation and note that we are currently undertaking a process of downsizing the Antiguan office space used by SIB in order to reduce operating expenditure.
- 5.9 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 September 2022. 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.

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



18TH DAY OF NOVEMBER 2022

Appendix A

Receipts and Payments Account as of 30 September 2022

	1 January 2022 to 30 September 2022	Total as at 30 September 2022
	US\$	US\$
Receipts		
UK recoveries	56,086.00	99,494,719
Sale of Guana and Pelican Islands	-	64,851,341
Sale of Sticky Wicket	-	1,856,000
Non UK Recoveries	92,636	78,246,906
General Litigation Claims Settlements	-	22,920,022
Distribution from subsidiaries	750,000	14,746,841
Interest earned	71	2,722,054
Claims transfer income	54,933	865,547
Rental Income and Miscellaneous Income	7,815	350,835
Total receipts	961,541	286,054,265
Payments		
Other Legal Advisors Fees And Expenses	951,777	47,489,471
Co-Lead Legal Advisors Fees And Expenses	50,585	25,633,270
Provision for Adverse Costs	(90,933)	10,276,316
Liquidators Fees & Expenses	570,248	17,282,062
Cost of 3rd party funding	-	14,284,633
Former Liquidators' and Advisors Fees	-	9,215,062
Other Operational Expenses	285,115	6,210,327
Other Advisors Fees	80,421	4,653,538
IT / eDiscovery	51,216	4,102,263
Cost Awarded for removal of former liquidators	-	3,185,338
Loans to related Stanford Liquidations	-	1,804,518
Exchange Rate Adjustment	(52,505)	(65,458)
Total payments	1,845,924	144,071,340
Net receipts / (payments) before distributions	(884,383)	141,982,925
Distributions to creditors		
Banked Distributions		116,804,342
Unbanked & Accrued Distributions		16,250,408
Total distributions to date		133,054,750
Frozen Swiss Assets held for Future Distribution		4,627,416
Surplus		4,300,759
Represented by		
Cash in Hand		35,454,899
Cash held/ accrued for distribution		(16,250,408)
Adverse legal costs provision		(10,276,316)
Frozen Swiss Assets held for Distribution		(4,627,416)
Available balance on hand		4,300,759