

**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

**ORDER APPROVING
RECEIVER’S THIRD INTERIM DISTRIBUTION PLAN**

This Order addresses the Receiver’s Motion for Approval of Third Interim Distribution Plan (the “Motion”).¹ 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 third interim distribution according to the following plan:

¹ Except as to the amount to be distributed under the Third Interim Distribution Plan and the distributions to named plaintiffs, the details of the Receiver’s Motion for Approval of Third Interim Distribution Plan and this Order Approving Receiver’s Third Interim Distribution Plan are substantially identical to the motions and orders setting forth and approving the First and Second Interim Distribution Plans. [See Doc. 1877 (Order Approving First Interim Distribution Plan); Doc. 2037 (Order Approving Second 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. “A&R Settlement” means the settlement agreement by and among the Receiver, the Official Stanford Investors Committee (“OSIC”), Philip Wilkinson, Horacio Mendez, Adams and Reese LLP, Robert C. Schmidt and James R. Austin, Breazeale, Sachse & Wilson, LLP, Cordell Haymon, and Lynnette B. Frazer, Individually and as Independent Executrix of the Estate of Thomas L. Frazer that was approved by the Court on August 27, 2015. [See Docs. 2135-1, 2230.]
4. “BDO Settlement” means the settlement agreement by and among the Receiver, OSIC, Philip Wilkinson, Pam Reed, BDO USA, LLP and other BDO entities² that was approved by the Court on September 23, 2015. [See Docs. 2138-1, 2247.]

B. Treatment of Claims under the Third 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

² BDO International Ltd. (“BDO International”), BDO Global Coordination, B.V. (“BDO Global”), and Brussels Worldwide Services BVBA (“Brussels Worldwide”).

distribution pursuant to the Third 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 Third Interim Distribution Plan.³ However, the Investor CD Claimant shall participate in the Third 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 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

³ At this time, only two Investor CD Claimants have an unresolved objection to the Allowed Claim Amount originally contained in the Claimant's Notice of Determination pending before the court.

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 Third Interim Distribution Plan. The Receiver, however, retains the right to compensate such Investor CD Claimants pursuant to the First, Second, or Third 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 Third 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 Third Interim Distribution Plan.

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

2. All payments under the Third Interim Distribution Plan shall be made on a rolling basis. Prior to making a group of payments pursuant to the Third 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. All payments pursuant to the Third Interim Distribution Plan shall be made via check. 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 BDO USA LLP, ITS PARTNERS AND EMPLOYEES ARISING FROM OR RELATING TO STANFORD INTERNATIONAL BANK, LTD. AND ACCEPT THIS PAYMENT IN FULL SATISFACTION THEREOF.

[See Doc. 2138-1 at ¶ 37.] 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 check 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. The Receiver shall distribute \$5,000 of the BDO Settlement proceeds to Philip Wilkinson and \$21,500 of the BDO Settlement proceeds to Pam Reed in acknowledgement of their participation as named plaintiffs. These payments are in addition to the one percent distribution payment to be made to Phillip Wilkinson and Pam Reed pursuant to paragraph (B)(1) and paragraphs (1) through (4) of this section.

D. No Effect on Third-Party Claims.

1. An Investor CD Claimant's receipt of a payment under this Third 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

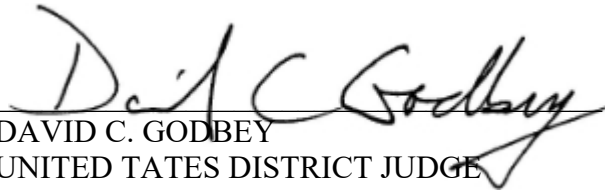
were licensed by FINRA, subject to any limitations contained in this Court's prior orders, including but not limited to this Court's Second Amended Receivership Order dated July 19, 2010 [*see* Doc. 1130];

- c. any right that an Investor CD Claimant has or may have to pursue claims against persons or entities that are not Receivership Entities, 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 Order Approving Settlement and Entering Final Bar Order and Injunction dated August 27, 2015 [*see* Doc 2230], and this Court's Final Bar Order dated September 23, 2015 [*see* Doc. 2248], which bar certain claims against certain individuals and entities in connection with the A&R Settlement and the BDO Settlement, or by operation of paragraph (C)(3) of this Order; 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 Third 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. Each Investor CD Claimant's Allowed Claim Amount shall be reduced, dollar for dollar, by the total amount received pursuant to the Third Interim Distribution Plan.

SIGNED on March 22, 2016.


DAVID C. GODBEY
UNITED STATES DISTRICT JUDGE