

## Investors continue push for access to frozen Stanford assets

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Discontent grew Wednesday about fallout from the federal investigation of Stanford Financial Group.

One investor sued regulators in a Houston court to get access to frozen accounts and a group of Stanford brokers planned a meeting with clients that could put the brokers in defiance of a court-appointed receiver's orders.

Ron Frank, a lawyer representing the Houston brokers, said that when the U.S. Securities and Exchange Commission took control of Stanford's Houston offices Feb. 17, the brokers were gathered and told they could not take calls from their clients and could face arrest if they spoke with clients.

The receiver, Dallas lawyer Ralph Janvey, has issued only a few statements since Stanford was put into receivership. He told investors they can contact a small number of brokers at the firm to sell securities but cannot withdraw the proceeds of such sales.

Janvey did not respond to requests for comment on Wednesday's developments.

Stanford Financial Group is an international network of banking and financial firms headed by Texas billionaire R. Allen Stanford. He has not been charged with any crimes, but he, two other executives and three affiliated companies are defendants in a civil fraud complaint the SEC filed in Dallas. All Stanford Financial Group assets are frozen and under court-ordered receivership in connection with the SEC action.

"We think the receiver has overstepped his bounds," Frank said. "It's reached a critical mass, and we're going to try to take on the receiver."

He said a meeting is set for 6 to 8 p.m. today at Houston Community College's West Loop Center, 5601 West Loop South, to include a panel discussion with some of the brokers and their lawyers and a chance for brokers to meet with their clients.

"For many, this will be the first time the clients have gotten a chance to talk to their brokers since the SEC case came down," Frank said. The brokers themselves were not available to discuss the meeting with the Chronicle Wednesday night, he said.

### SEC sued

Earlier Wednesday, a local lawyer sued the SEC to try to get access to frozen retirement accounts.

"I don't care if Stanford is as guilty as they say he is," lawyer J. Mark Brewer said. "They grabbed my accounts because

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of his alleged misconduct, and that can't be right."

Brewer claims the SEC has abridged his constitutional rights. He is asking a Houston federal judge for a temporary order to undo the Dallas court order freezing the funds. He said his funds were held not by Stanford but by Pershing, a clearing firm that handled Stanford transactions. Brewer says Stanford was just the "introducing broker."

### Arguing for access

Clearing firms confirm buy and sell orders placed by brokers, transfer securities and settle payments.

Brewer is one of several investors arguing that assets in Pershing's custody should not be subject to the freeze imposed upon Stanford assets in connection with the SEC fraud complaint.

The legal issue is whether as brokers, Stanford companies had control of the funds even though they were held by Pershing, and whether the funds therefore are subject to the freeze against Stanford Financial Group.

John Heine, a spokesman for the SEC in Washington, said the agency would have no comment on Brewer's suit.

Other investors trying to free their funds held by Pershing have tried a different tactic than Brewer's — intervening in the

SEC's civil lawsuit in Dallas.

Brewer, to cover his family's bases, also filed such an intervention on behalf of his wife, who has a frozen Individual Retirement Account.

### Looking to courts

Ben Elmore, a Houston attorney who has also filed an intervention in the Dallas SEC lawsuit for a client who can't even get to his checking account now, said he suspects the Dallas court is the place to get relief.

"I'm not sure the SEC is the proper party," Elmore said. "The SEC requested the freeze, but the judge ordered it and the receiver has authority to implement it."

Alan Bromberg, a law professor at Southern Methodist University in Dallas, said he doubts Brewer will be successful in the Houston suit.

"Every shot in the dark is worth taking," Bromberg said, but the SEC's action has legal precedent, and a Houston federal judge is unlikely to undo what a Dallas judge did.

"There will be a whole lot of people in this his guy's situation," Bromberg said. But he suspects it will be a long time before the receiver releases assets.

Lawyers who have worked as receivers have told the Chronicle the process can take months or

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years.

### Freeze in Venezuela

Meanwhile, in Caracas, a Venezuelan court acting at the request of a special prosecutor has frozen the assets of board members who headed a bank controlled by Allen Stanford, the Associated Press reported. Venezuela's government last week seized temporary control of Stanford Bank after panicked withdrawals on news of the SEC's fraud charges. Though part of Stanford's sprawling financial empire, the Venezuelan bank is not named in the SEC's complaint.

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