

THE EASTERN CARIBBEAN SUPREME COURT
IN THE HIGH COURT OF JUSTICE
ANTIGUA AND BARBUDA



Claim No. ANUHCV 2011/0478

BETWEEN:

STANFORD INTERNATIONAL BANK LIMITED (IN LIQUIDATION)
(Acting by and through its Joint Liquidators, Marcus A. Wide and Hugh Dickson)
Applicant/Claimant

and

(1) ROBERT ALLEN STANFORD
(2) ANDREA STOELKER
(3) STANFORD DEVELOPMENT COMPANY LIMITED
(4) MAIDEN ISLAND HOLDINGS LIMITED
(5) GILBERTS RESORT DEVELOPMENT HOLDINGS LIMITED
(6) STANFORD HOTEL PROPERTIES LIMITED

Respondents/Defendants

Defence of Third, Fourth, Fifth and Sixth Named Defendants

The Third to Sixth Named Defendant deny in full the claims advanced in the Amended Claim Form and Statement of Claim and in particular paragraphs 25-32 and paragraphs 38- 44. Paragraphs 1-24 and paragraphs 31, 33-44 contain no allegation against the Third to Sixth Defendants and are not pleaded to. The Third, Fourth Fifth and Sixth Defendants will further say:

1. The Amended Claim Form and Statement of Claim is prolix and does not comply with Part 8 of the Civil Procedure Rules and should be struck out.
2. The broad and bare allegation at paragraph 25 of the Statement of Claim is denied and the Third to Sixth Defendants further state that they have received no assets of the Claimant and have not been unjustly enriched at the expense of the Claimant as alleged or otherwise.
3. The Third to Sixth Defendant make no denial or admittance of the belief of the Claimant as pleaded at paragraph 26. However the Third to Sixth

Defendants categorically deny that they hold or have had transferred to them funds from the Claimant in breach of any fiduciary duty or in breach of any trust. The Third to Sixth Defendants have no knowledge of transfers from the Claimant to Stanford Financial Group Company as alleged. Equally, it is denied that they have held or hold sums of money for the Claimant or that they have been unjustly enriched at the expense of the Claimant

4. The Third to Sixth Defendant admit that the First Named Defendant is a shareholder of each of the companies. However, each such Defendant is a separate and distinct legal entity and none were created for the ostensible purpose of avoiding creditors.
5. The Third to Sixth Defendants do not plead to and the allegations of breach of duties by the First Defendant to the Claimant including fiduciary duties. To the knowledge of the Third to Sixth Defendants, allegations of that nature have been advanced in civil proceedings in Houston Texas and it is an abuse of process for the Claimant to advance the same claims in two separate jurisdictions albeit under the guise and control of two separate liquidators. These claims are an abuse of process and should be stayed or struck out.
6. The Third Named Defendant has performed services to the Claimant Corporation to include the provision of commercial accommodation, landscaping and information technology services, security services and other commercial services for which the Claimant has paid.
7. The Third to Sixth Defendants deny receiving monies from the Claimant as alleged in paragraph 26 or as otherwise, save and except as stated in this Defence.
8. The Third to Sixth Defendants know of no sums, or assets held by them in breach of any trust including that alleged at paragraph 27 of the Statement of Claim and deny that the Claimants are entitled to any

declarations to that effect or to any orders or accounts or any restrictions or interest or profits over or derived from the properties and or assets of the Defendants.

9. Further, the Third to Sixth Defendants jointly and severally state that the Claimant has failed to comply with the Civil Procedure Rules in particular Part 8.7 in that it has failed to give any particulars of the monies, assets, transfers, or to annex any document to its Amended Claim Form or Statement of Claim which it intends to rely upon at trial.
10. None of the Third to Sixth Defendants have been unjustly enriched at the expense of the Claimant in particular the Third defendant has not been unjustly enriched as alleged at paragraph 29 of the Statement of Claim.
11. The Fourth Defendant denies the receipt of the monies alleged from the Claimant and further denies that it has been unjustly enriched at the expense of the Claimant as alleged at paragraph 31 of the Statement of Claim.
12. The Claimant has not set out in its Statement of Claim any particulars of any monies paid to the Defendants and in particular no allegation of monies received is particularized in relation to the Fifth and Sixth Defendants and insufficiently particularized in relation to the Third and Fourth Defendants nor has the Claimant stated particulars of or annexed to the Statement of Claim any document or documents they consider necessary to their case as mandated by Part 8.7 of the Civil Procedure Rules [CPR] and accordingly cannot rely upon any at trial.
13. The Defendants and in particular the Third Defendant denies any breach of trust and in particular any breach as alleged at paragraph 38 of the Statement of Claim.

14. Further the Third to Sixth Defendants have not in breach of any trust carried out any sale of the Claimant's property at any undervalue and in particular the Third to Sixth Defendants and none of them have:

- a. Transferred any lands to Naple Developers at any under value
- b. Transferred any residential properties to Salem and Elias Hadeed at any under values.
- c. Sold any wines at any under value.
- d. Entered into a contract to sell any warehouse.
- e. Offered 12 properties in Cedar Valley Springs for sale at an under value.
- f. Received any monies from any car park in which the Claimant has a beneficial interest, though the Third Defendant has a car park, income from which it applies to the operation of its business.

15. The Third to Sixth Defendants deny that have participated in the diversion of any monies belonging to the Claimant. They further deny that they have any obligation in to account to the Claimant for any of their incomes. The Third to Sixth Defendants further deny that the Claimant has sought to recover any monies from the First Defendant and further state that prior to the commencement of these proceedings and a letter dated the 1st day of July 2011 the Claimant never made any claim against the any of these Defendants.

16. Further, the Third to Sixth Defendants deny that the Claimant has asserted or pleaded grounds sufficient in law under which the Defendants are fiduciaries, or otherwise liable to account to it for any of their assets income or profits. The Claimants have established no basis in law under which the Third to Sixth Defendants can be declared constructive trustees. The Claimants have not established in the Amended Claim Form or in the Statement of Claim that the Third to Sixth Defendants holds or purport to hold any property or properties of the Claimant or holds any proceeds of sale of such properties on such trust.

17. Further, on 28 July, 2011 the Claimant obtained without notice an ex parte Freezing Order against inter alia the Third, Fourth, Fifth, and Sixth Defendants in this action inter alia alleging that the Defendants in particular the Third Defendant had participated in the disposal of assets at an under value and had done so for the benefit of the Second Defendant and had failed to account for the proceeds of sale to the Claimant. The Defendants filed affidavit evidence rebutting every allegation of disposition at an under value and rebutting that the Second Defendant had received the proceeds of sale. These allegations were subsequently not pursued by the Claimant who by consent agreed to the discharge of the injunction against the **Second** Defendant on 30 August, 2011 and further agreed by consent not to make any further adverse public statement concerning the **Second** Defendant (namely that the Third Defendant's assets were being disposed of by the Second Defendant at an under value or that she was receiving such proceeds of sale).

18. Furthermore, to date all proceeds from dispositions made by the Third to Sixth Defendants inclusive have been utilized to meet the bona fide debts of these companies and no question of any profits or the taking of an account arises in any event. Dispositions of property since 30 August, 2011 likewise have been made pursuant to the expressly agreed terms of the Consent Order entered into by the Claimant and once more no question of any profits or obligation to account arises in any event.

19. Furthermore, since 30 August, 2011 the Claimant has yet further after having been chased for a response by the Third to Sixth Defendants and has as a result consented to the sale of two properties at Cedar Valley Springs and accepted without any criticism the sales prices obtained for the sale of these properties. The Claimant's unparticularised allegations are without foundation and ought to be struck out as an abuse of the process.

20. No reasonable cause of action is disclosed on the Statement of Claim or in the Prayer for Relief against the Third, Fourth, Fifth and Sixth Defendants.

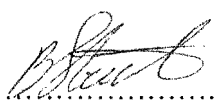
Likewise the Prayer for Relief against the Third to the Sixth Defendants discloses no reasonable cause of action and should be struck out.

21. The Claim is an abuse of the process of the Court and is likely to obstruct the just disposal of these proceedings.

22. The Statement of Claim does not comply with part 8 of the CPR and is prolix.

CERTIFICATE OF TRUTH

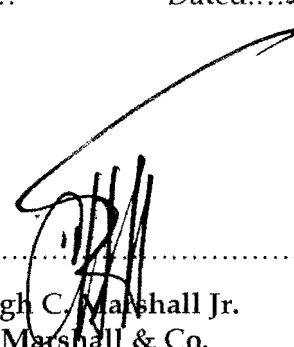
I, BARBARA STREETE an officer of the 3rd, 4th, 5th and 6th Defendants companies certify that all the facts stated in this defence are true to the best of my knowledge information and belief.

Signed..........

Dated:.....24/10/11.....

BARBARA STREETE

Signed


Hugh C. Marshall Jr.
Marshall & Co.
Attorneys-at-Law

For the Third, Fourth, Fifth and Sixth Defendants

The Court Office is at Parliament Drive, St. John's, Antigua its Telephone number is 462-0406/09. The office is open Mondays to Thursday between 8:30.a.m. and 4:30 p.m. and On Fridays 8:30 a.m. to 3 p.m. except public holidays and Court holidays

Filed by Messrs. MARSHALL & CO., Attorneys-at-Law, Ann Rebecca House, Factory Road, St. John's Antigua Telephone Nos. 1(268) 462-3562/72/73/74 Fax 1 2684623563 email: m&co@hcnlaw.com Attorneys for the Third, Fourth Fifth and Sixth Defendant whose address for the service is the same.

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DEVELOPMENT HOLDINGS
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 - (6) STANFORD HOTEL
PROPERTIES LIMITED**
- Respondents/Defendants**

DEFENCE

**Messrs. MARSHALL & Co
Attorneys-at-Law
for the 3rd, 4th, 5th and 6th Named
Defendants**