

Commonwealth Corner – Investor Updates

Notice: Stanford Financial Group

R. Allen Stanford established and operated, among other businesses, Stanford Group Company (“SGC”) a broker-dealer that is registered in the Commonwealth of Virginia. SGC, a/k/a Stanford Financial Group operated three branch offices in the Commonwealth. The first office in Virginia opened in Danville in May 2008. The second office was located in Richmond and the third office was in McLean. Those offices were opened in August 2008 and September 2008 respectively. As of February 27, 2009, the branch offices of SGC were no longer open for business.

Mr. Stanford is alleged to have operated a Ponzi scheme for at least ten years based on a complaint filed by the United States Securities & Exchange Commission in the United States District Court for the Northern District of Texas (“Court”). In this alleged Ponzi scheme, SGC is claimed to have misappropriated billions of dollars of investors funds and falsified statements of an associated entity, Stanford International Bank, Ltd. (“SIB”) to conceal the fraud. Immediately upon filing, the Judge presiding over the matter ordered all of SGC’s assets to be frozen and placed in control of a court-appointed receiver.

On March 5, 2009, the Court ruled in favor of the receiver’s request to unfreeze a portion of SGC’s assets to allow investors access to their funds. According to the ruling, customers of SGC who have accounts with a balance of less than \$250,000, as of the close of business on February 27, 2009 may access their accounts that were under the custodial control of Pershing, LLC to effect a transfer to another brokerage firm. Customers are not limited to a time horizon and will not incur any fees related to the transfer to a new institution. However, customers should act promptly, and there are limitations on which accounts can be transferred. For more information regarding the terms of the transfer, investors may visit the following website:
<http://www.stanfordfinancialreceivership.com/>.

In addition to the Court’s ruling on March 5th, the Federal Bureau of Investigation (“FBI”) also invites clients of SGC, SIB, SCM, or other Stanford affiliated companies to contact the FBI; leaving their name, address, number, and email (if applicable). The statement, which was released to the press on March 9, 2009 revealed the FBI’s specific requests to customers of the “Stanford Empire” to provide information on their amounts invested, gains, losses, and any other information that may be helpful to the investigation. The following is the contact information for the local Bureau office in the Richmond area:

1970 East Parham Road
Henrico, Virginia 23228
(804) 261-1044
<http://richmond.fbi.gov/>

For a complete listing of FBI office locations throughout the state, residents may visit the following website for a complete listing: <http://www.fbi.gov/contact/fo/fo.htm>.

The “Stanford Empire” rendered wealth management services to individuals in over 140 countries. The services offered included the offer and sale of certificates of deposit (“CD’s”) to investors. In addition to CD’s, SGC also offered and sold securities that were cleared through Pershing, LLC or JP Morgan Clearing Corp., and the company offered and sold shares of a proprietary mutual fund that was managed through Stanford Capital Management, LLC (“SCM”). The United States Securities and Exchange Commission has alleged that the sale of CD products issued by SIB and the sale of mutual fund shares to investors were fraudulent.

Virginia investors must be cautious when dealing with brokerage representatives and abnormal investment products or schemes. Any investors in the Commonwealth should feel free to contact the Division of Securities & Retail Franchising if they have ever maintained an account with SGC or an affiliated company of the “Stanford Empire.” Our contact data is located on the homepage; <http://www.scc.virginia.gov/srf>.

You may also visit <http://www.nasaa.org> and <http://www.fbi.gov/homepage.htm> to review more information regarding the allegations against Mr. Stanford and his affiliated companies and possible accomplices.

Remember, invest wisely; and if an opportunity sounds too good to be true, then it probably is!