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## Stanford clients get peek - slowly

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BY DENNIS SEID  
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Some Stanford Financial Group clients will get access to their funds, but the number of clients - and how much of their funds - are yet to be determined.

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Investors caught up in what federal officials say is a \$9.2 billion investment fraud involving Stanford found their access frozen last week after a federal court appointed a receiver to oversee Stanford's assets.

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At the heart of the alleged scheme are the sale of about \$8 billion in international certificates of deposit sold through Stanford and its Antigua-based bank, Stanford International Bank. The U.S. Securities and Exchange Commission also is looking into a fund program that the SEC alleges Stanford used bogus historical information to lure investors.

The fraud involves 4,524 Mississippians with accounts totaling nearly \$391 million.

A court-appointed receiver, Dallas-based attorney Ralph Janney, said late Monday that it would unfreeze some accounts.

However, clients who had accounts held or controlled by Stanford are still locked out. The freeze on the CDs also remains.

Janney said clients who used Stanford only for investment advice will no longer have their assets frozen.

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Assets "held outside of Stanford's custodial relationships with Pershing LLC and J.P. Morgan Clearing Corp." have been released to investors.

"These assets are typically held directly in the name of the client by a mutual fund," the receiver said. "Stanford ... does not transact in these accounts, does not provide custody for these accounts, does not maintain books and records pertaining to the assets and does not provide the client with individual transaction statements or periodic holding statements."

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Mississippi Secretary of State Delbert Hosemann said Tuesday that assets with Fidelity and AmeriTrade were among the funds unfrozen.

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"We don't know how many Mississippians that includes," Hosemann said. "It's important that each account holder immediately check their records and statements to see if they qualify."

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Investors who want to change their representative or broker-dealer from Stanford should make their request in writing and contact each company directly for specific instructions, Hosemann's office said.

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Last week, the office issued a subpoena to get records at Stanford's office in Jackson, and agents were in the office again Monday when the receiver's representative shut down the location.

"So unfortunately we couldn't get any further information," Hosemann said.

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According to Hosemann, who has been in contact with the receiver and other attorneys since the case broke last week, the majority of accounts with Stanford are through Pershing.

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"What that means for Mississippians, we're not sure yet," he said.

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Some investors said the move to freeze Stanford's assets last week has prevented them from paying mortgages, bills and other expenses.

Hosemann said his priority has been to persuade the receiver to release as many assets as he can to not make a bad situation even worse.

"The receiver understands that the freeze implemented under the order can cause inconvenience and in some cases hardship," Janney said in a statement. "The receiver and his advisers are making a concerted effort to identify accounts that are not subject to the order, or can be released."

Jacob Frenkel, a former federal prosecutor who also worked for the SEC's enforcement division, said the release of some of the assets is good news.

"I think it gives investors a little bit of hope that the process will continue, of identifying whether or not to free up access to investors," he said.



That the receiver has access to the Stanford assets is important, especially since lawsuits have been, or will be, filed by investors looking to recover their money.

Frenkel said attorneys filing suits now "are pulling the trigger early. In doing that, they (investors) may end up shorting themselves.

"Plaintiffs attorneys will say that if you don't jump in now, you'll never get your money. Not true. They have time under statute of limitations, and there is a receiver whose specific purpose is to make them as whole as possible."

As for any potential state litigation against Stanford, Hosemann said it wasn't a priority for now.

"There are federal, SEC and state laws that relate to this matter, and we have at this point been trying to get funds released for our citizens as quickly as possible and not have a long and protracted process," Hosemann said. "We're not at the point to look at how we got here, yet."

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