

The law firm of Breazeale, Sachse & Wilson, LLP (BSW) and its Litigation Partner, Claude F. Reynaud, Jr. (Mr. Reynaud), were named as defendants in a lawsuit filed on February 16, 2012 (the 2012 lawsuit). The allegations against BSW and Mr. Reynaud appear to be virtually identical to the allegations contained in a lawsuit filed on behalf of the Official Stanford Investors Committee on February 17, 2011 (the 2011 lawsuit). The major difference, from what we can tell, is that the 2012 lawsuit is not filed as a class action lawsuit, as was the 2011 lawsuit. The 2012 lawsuit is likely the result of adverse rulings by Federal District Judge David C. Godbey that severely impacted the class plaintiffs' claims.

This fact is now, as it was in 2011, that BSW occasionally represented Stanford Trust Company on a very limited basis. As its name suggests, Stanford Trust Company was a trust company formed pursuant to and in compliance with Louisiana law. BSW was engaged to perform legal work on behalf of the Stanford Trust Company on a limited scope on issues specific to Louisiana law, such as state and local tax issues, local regulatory issues, and the purchase of a trust charter to allow the creation of the Stanford Trust Company. Neither BSW nor Mr. Reynaud had any knowledge of any illegal or unethical conduct on behalf of Allen Stanford or any of his related companies, and neither BSW nor Mr. Reynaud played any role in any such conduct. At no time did BSW represent Stanford Trust Company or Allen Stanford on matters pertaining to the core elements alleged in the lawsuit, and at no time did BSW or Mr. Reynaud have a legal or ethical conflict of interest or engage in any form of self-dealing. BSW performed limited legal work for Stanford Trust Company, which resulted in Mr. Reynaud later being offered a spot on Stanford Trust Company's board of directors. With full knowledge of that fact, Stanford Trust Company continued to occasionally ask BSW to provide limited legal work for the company, along with other law firms. There is nothing illegal or unethical about such an arrangement, and there was nothing illegal or unethical about BSW's arrangement with Stanford Trust Company in this instance.

We believe that this lawsuit is a frivolous attempt to recoup unfortunate losses incurred by the Stanford Financial Group's investors for alleged actions that, if they occurred, were taken by individuals far removed from BSW and Mr. Reynaud. As one of the most trusted and oldest firms in Louisiana, BSW fully supports the legal process to discover the truth behind the activities of Stanford Financial Group and the recoupment of losses for any individual investors who may have been defrauded. But neither our firm nor our partner, Mr. Reynaud, had any knowledge of any improper or illegal activities on behalf of the Stanford Trust Company or Mr. Stanford.