



Ruling Possible This Month in Stanford Bankruptcy

Possible ruling this month on whether to place Stanford businesses under bankruptcy protection

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DALLAS

A federal judge said Thursday he will try to rule this month on whether to put jailed Texas financier R. Allen Stanford's businesses under bankruptcy protection.

Stanford's vast financial empire was placed in the hands of a court-appointed attorney last year when the Securities and Exchange Commission sued Stanford on charges that he was running a \$7 billion Ponzi scheme.

Now some of the allegedly jilted investors are asking U.S. District Judge David Godbey to turn the case over to a bankruptcy court, arguing their rights are better served through U.S. law than the decisions of receiver Ralph Janvey.

Godbey said he needed time to rule.

"I wish there were an easy ... outcome," he said before ending an hourlong hearing Thursday.

Greg Blue, an attorney for the investors, told Godbey his clients were "deeply frustrated" by the process of trying to recover their money. He said previous arguments that the receivership needed time to sort through the complicated case were no longer valid.

"This receivership is almost a year old," Blue said. "This is the right time. Let the creditors exercise their rights."

Janvey's attorney, Kevin Sadler, countered that turning the case over to a bankruptcy court would be costly and waste the time and resources Janvey has already poured into the process.

Sadler also argued that a move to bankruptcy court would give the IRS much easier access to a tax claim against Stanford. He said an IRS claim would wipe out the portion of Stanford's empire that Janvey has under his control.

"This is a plan for delay and disruption," Sadler said. "And it also is a plan where investors get nothing."

Godbey said he was "extremely sympathetic" to the creditors and investors. He also took a moment to praise Janvey, who has been the target of frustrated investors and has been criticized for seeking huge fees as the case proceeds. Those fees must be paid from Stanford money that is recovered.

"I think we need to respect the receiver as the person in the room with the most difficult job," Godbey said.

The SEC accuses Stanford of promising inflated returns to about 28,000 investors on certificates of deposit at his Antiguan bank. The SEC also accuses him of skimming more than \$1 billion to fund a lavish lifestyle.

Stanford, who denies the allegations, remains jailed in the Houston area on similar criminal charges.

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