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Antigua in the shadow of R. Allen Stanford

By Peter Fritsch

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Letters Menu **Archival Menu**

ST JOHN'S, Antigua - This sun-drenched Caribbean island, famous for its cricket stars, palm-flattening hurricanes and outsized corruption scandals, is fast gaining another reputation: as the personal fief of R. Allen Stanford, a Texas developer and international banker.

There is little in this former British colony, which includes the island of Barbuda, that isn't being branded by Mr. Stanford, a distant relative of Stanford University's founder.

His company, Stanford Financial Group, an international banking concern in Houston, has \$14 billion under management. The 51-year-old Mr. Stanford owns Antigua's biggest commercial and offshore banks, a local airline, Caribbean Star, and Antigua's biggest newspaper. He is the former chairman of the government board that oversees Antigua's offshore financial sector.

Since he also lends a great deal of money to the government, he puts off many Antiguan wary of his imposing influence. At the moment, some people are complaining about Antigua's intention to nationalise the Half Moon Bay hotel, taking it from its American owners and, they suspect, selling it to Mr. Stanford.

Mr. Stanford doesn't disclaim an interest in the hotel, but he denies having a deal. "Am I pushing the government? Absolutely not", he says.

Besides, he's busy on other fronts. An Antiguan citizen since 1999, Mr. Stanford is underwriting the construction by a Chinese company of a majestic state hospital now mired in a corruption scandal and new executive offices for the government. He is spending undisclosed millions on a cricket stadium, hotel, cinema and restaurant - the Sticky Wicket - on the grounds of the airport.

"I love this place and its people", says Mr. Stanford. That relationship deepened four years ago, he says, when he met a local Catholic priest with wounds in his hands and feet that he believed to be the stigmata of Jesus Christ. As a memento of that life-changing experience, Mr. Stanford carries with him a vial with the congealed fluids drained from the priest's foot.

Where most balk at lending to a bloated and revenue-strapped government with a record of mismanagement and corruption - it hasn't presented audited national accounts to its Parliament in a decade - Mr. Stanford has ponied up about \$65 million. In short, says a recent editorial in Mr. Stanford's Antigua Sun, he is that unusual benefactor who has eschewed personal profit to boldly answer John F. Kennedy's famous call: "Ask not

what your country can do for you, ask what you can do for your country".

Mr. Stanford's detractors say the government of Prime Minister Lester Bird has become so indebted to Mr. Stanford over the past 12 years that it is only a matter of time before the two-island nation of 70,000 sees another, less altruistic side of the voluble Texan. "This man has a lien on our whole country", says government opposition party leader Baldwin Spencer.

That may be an overstatement, but consider the recent discovery made by an independent commission investigating official corruption in the building of the new hospital. In the course of its investigation, it found that Mr Stanford's Bank of Antigua was being repaid a \$30 million construction loan with money coming directly from the island's social-security system. One angry commission member asked Bank of Antigua's president, Kenny Byron, whether the government "was being taken to the cleaners", in the deal. Mr. Byron told the commission, "Yes".

In an interview, Mr. Stanford says he doesn't lend money to the government "without an absolute guarantee of getting paid". He gets those guarantees by having government airport-exit taxes, property taxes and landing fees signed over to his bank. "It's like one of those automatic debit-card deals", he says.

The Half Moon Bay hotel's owner, Natalia Querard of New York, a small woman who inherited the hotel from her parents, fears her property could be the next withdrawal. The government recently took a step toward nationalising the hotel, closed since a 1995 hurricane heavily damaged it, ostensibly for the good of a population that depends heavily on tourism.

No sooner had the government announced its plan to seize the property late last year than Mr. Bird and his chief of staff, Asot Michael, told Parliament Mr. Stanford was a prime candidate to acquire the property.

Mr. Michael, in a public-relations assault on the Half Moon's owner, recently declared her an "enemy of the state" - a statement since satirised in song on the radio by a local calypso band. In one public tirade, Mr. Michael said: "No white woman can be allowed to own such property!"

Nestled along a pristine and secluded beach named by cable TV's Travel Channel as one of the world's best, the Half Moon, with its 100 seaside rooms, is worth rebuilding and it is worth fighting for. Before its destruction, the hotel played host to Elton John, John Le Carre and Bjorn Borg.

Late last year, Mr. Stanford flew down golf-course designers from Jack Nicklaus Designs to survey the Half Moon's nine-hole course for its 18-hole potential, Nicklaus executives say.

On December 22, Mr. Stanford's newspaper, the Sun, scooped the West Indies media with the news that Mr. Stanford had the Half Moon in his sights.

Only days later, the sun broke another big story: Mr. Stanford would forgive a \$5 million personal loan to the government and follow up that act of generosity with the first tranche of a \$40 million loan to pay the bureaucracy's back salaries and meet other government obligations. "We've made very clear to the government that this does not at all look good" in light of the government's moves to confiscate Half Moon, says a U.S official.

The U.K government - the islands are a Commonwealth country - a number of U.S. politicians and private Antiguan businesses have decried the

government's sequestration of Half Moon as a dangerous signal to private investors. But the island's largest private investor, Mr. Stanford, has remained conspicuously mum on the case. He and his local bankers have refused to discuss the row between the government and the Half Moon's owners, while the Sun has editorialised for Mr. Stanford's involvement.

Speaking for the first time on the matter to the press, Mr. Stanford confirms his interest in buying Half Moon "if the government gets title to it free and clear". He adds: "This is an asset that truly needs to be productive for the betterment of a little country; eminent domain, that's what it's all about, just as long as the owners are compensated fairly."

Mr. Bird didn't respond to repeated interview requests but has denied the fix is in for Mr. Stanford, citing the interest of two other hotel groups (which have since disclaimed any interest to The Wall Street Journal).

Mr. Michael referred all questions on the matter to Tourism Minister Molwyn Joseph, a man who in 1996 lost a previous cabinet post for his role in smuggling a 1932 Rolls Royce onto the island.

"Our country is a victim of the Half Moon's owners", he says. "It's clear that unlike investors like Mr. Stanford, they don't have the money to rehabilitate the hotel."

In fact, as recently as Feb. 15, the World Bank's International Finance Corp. reiterated its willingness to lend to Mrs. Querard, whose fund-raising efforts were stalled for years by a dispute with a former partner in the hotel. Several months ago, a syndicate of five European banks was also ready to grant a loan but finally declined to do so because of the government's failure to issue a standard letter of comfort blessing the deal.

Other potential lenders have been scared off by Antigua's reputation. Under five decades of Bird-family rule, its leaders have been involved in well-documented scandals ranging from smuggling guns to South Africa and the Medellin cocaine cartel to raiding the social security kitty for their own plastic surgeries.

"The government has done everything it can to obstruct the lawful owners' legitimate funding attempts", says Ian Moncrief-Scott, a British investor working with Mrs. Querard. The government has snubbed his requests to discuss efforts to raise funds for the hotel despite letters of introduction from the British High Commission for Antigua. "By this seizure, we are effectively being forced to sell to Mr. Stanford", Ms. Querard says.

With nothing left to do but make a public notice of the Half Moon's seizure, the government isn't in the mood to entertain more debate on the issue. After Mr. Michael, the chief of staff, recently saw his arguments for Half Moon's expropriation shot down on local radio show "Big Issues", the government quickly revoked the work permit of the show's Barbadian host.

Mr. Stanford says such actions are common in Antigua and that he is as much a victim of government caprice as anyone else is. "There's a misconception that I'm in bed with Lester Bird", he says. "I don't always get my way as people think I do."

The Texan, whose offshore banking activities here have come under close U.S. State Department and Treasury scrutiny in the past, says he hopes to steer clear of politics. He's focusing on plans to develop Antigua's airport into a choice entertainment destination for West Indians and his preponderantly Latin American bank clients. To help ferry them in, he is negotiating the acquisition of AMR Corp.'s American Eagle regional Caribbean operations out of San Juan, Puerto Rico.

What the expanding Stanford empire will mean for Antiguan remains unclear. As one recent caller to a radio talk show dedicated to Mr. Stanford and the Half Moon fight concluded glumly in his English patois: "You know, mon, we folk can be bought for a drink of rum and a chicken leg."



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