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DJIA	13,390.51	161.66	0.46%
S&P 500	1,461.02	3.87	0.27%
NASDAQ	3,105.81	14.00	0.45%

Ticker	Volume	Price	Price Delta
STOXX 50	2,719.38	12.99	0.48%
FTSE 100	6,112.14	13.49	0.22%
DAX	7,762.32	41.85	0.54%

Ticker	Volume	Price	Price Delta
NIKKEI	10,652.64	74.07	0.70%
TOPIX	889.02	9.97	1.13%
HANG SENG	23,354.31	135.84	0.59%

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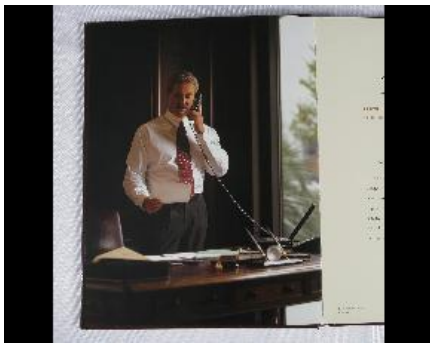
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Stanford's Island Empire Implodes as Antigua Grabs Properties

By Alison Fitzgerald and Thomas Black - March 11, 2009 00:01 EDT



Stanford literature showing R. Allen Stanford



Patrons lined up outside a Bank of Antigua branch



Entrance to R. Allen Stanford's airplane hangar



Gate leading to R. Allen Stanford's boat dock



R. Allen Stanford's Antigua Athletic Club



Stanford Cricket Grounds and Sticky Wicket Restaurant



One of R. Allen Stanford's Antigua residences



HQ of Stanford International Bank in Antigua

March 11 (Bloomberg) -- R. [Allen Stanford](#), clad in jeans and a white polo shirt embroidered with his corporate eagle-shield logo, told employees on Antigua in 2005 that he spent “millions and millions and millions of dollars” on the island “to attract the wealthiest people in the world.”

Potential clients “have to go back literally blown away,” the Texas banker said, according to a video of the meeting provided by Howard Allen, an Antiguan filmmaker who said he was hired to shoot it. Stanford said on the tape that he was upset by opposition to his latest development plans.

The financier, 58, accused by the U.S. of running an \$8 billion Ponzi scheme, built Antigua into a marketing showcase for his Stanford Financial Group by lending its government at least 230 million Eastern Caribbean dollars (\$85 million) and [handing checks](#) to public officials, according to interviews and documents.

At the same time, the state sold him land at what former Prime Minister [Lester Bird](#) called cut-rate prices, appointed him to the agency regulating his offshore bank and handed him the title “Sir.”

Stanford’s island empire-building ended when the U.S. Securities and Exchange Commission sued the banker and two colleagues on Feb. 17 over sales of [certificates of deposit](#) from his Antigua-based Stanford International Bank Ltd. The U.S. stepped up enforcement after financier [Bernard Madoff](#) was arrested in December and accused of running the largest Ponzi scheme in history. He told investors their accounts held \$64.8 billion, according to papers filed in Manhattan federal court.

800 Jobs

On Feb. 27, the parliament of Antigua and Barbuda voted in an emergency session to seize 254 acres of [Stanford’s land](#), according to Wendy Gordon, a spokeswoman for Prime Minister [Winston Baldwin Spencer](#). The move was intended to preserve 800 jobs, the government said in a news release. Financial authorities also took over the Stanford-owned Bank of Antigua and Stanford International.

A federal judge in Dallas froze Stanford's assets and placed his U.S. operations into receivership. Chuck Meadows, an attorney who said he was representing Stanford in the asset freeze, told the judge March 2 that the banker denied the Ponzi scheme allegations.

A Ponzi scheme, named for 1920s financier Charles Ponzi, is a fraudulent transaction whereby early investors are paid high returns from money contributed by later participants.

Stanford started his Caribbean financial career on the island of Montserrat in the mid-1980s and moved what became Stanford International Bank to Antigua in 1990, when Bird's father, V.C. Bird, was running the government.

Bought Local Bank

He soon bought the local Bank of Antigua, which was going bankrupt, Lester Bird, who succeeded his father as prime minister in 1994, said in a Feb. 21 telephone interview.

In 1995, Stanford's Bank of Antigua loaned the [government EC\\$35 million](#) to cover expenses including worker salaries and contributions to the pension fund, according to the government's Web site.

Two years later, Bird urged Natalia Querard to sell the 110- acre [Half Moon Bay](#) beach resort and golf course to Stanford, she said in an interview at her apartment in Antigua. The property, shattered by Hurricane Luis in 1995, sits on a half-mile long, white-sand beach on the southeast coast.

Querard said she refused to sell the still-shuttered hotel and the government moved to [claim the property](#) by eminent domain, which she fought for more than a decade. In December 2007, the U.K. Privy Council, which serves as the final arbiter for Antiguan legal issues, ruled that Antigua had the right to take the land after the owners didn't rebuild.

Several Investors

"The expropriation of Half Moon Bay is the result of what a person like Stanford, when brought to a jurisdiction like Antigua, can produce," Querard said. Bird said in the telephone interview that Stanford was just one of several investors the government sought to develop the beach property.

Stanford became a citizen of his adopted country in 1999 and was the "the most influential money man in the country," according to a [paper](#) scholar Douglas Payne wrote that year on Antigua's governance for the Center for Strategic and International Studies, a Washington-based nonprofit research group.

"I won't deny that Allen Stanford and others have some reasonable influence with the government, but it is predicated on the fact that they are investors," Payne quoted Bird as saying.

Just before the 1999 election that gave Bird a second term, Stanford [fired two editors](#) at the Antigua Sun newspaper he owned after they protested his quashing of an article that criticized the Bird government, according to the Committee to Protect Journalists and the CSIS report.

'Top-Notch Team'

That year, U.S. authorities criticized a Stanford-led effort to rewrite the island nation's banking laws. Bird had appointed him to the board of the Antiguan entity that regulated offshore banks.

Stanford hired a "top-notch team of former U.S. legal and regulatory professionals" to help the country adopt anti-money- laundering rules, his company spokeswoman, Suzanne Hamm, said in a 2006 statement

to Bloomberg.

Thomas Cash, a member of that group, and a former special agent in charge of the Drug Enforcement Agency's Florida and Caribbean Division, said in a March 2 interview that Stanford "didn't have any role in developing the standards," though he "attended a few meetings."

The result was a watering down of Antigua's money laundering laws just as the U.S. was looking to tighten them, Jonathan Winer, a deputy assistant secretary of state at the time, said in a 2006 interview.

'Ceded Oversight'

A State Department cable sent from the U.S. Embassy in 1999 said "the Antiguan government has effectively ceded oversight of its offshore sector to an offshore banker and his minions." Winer said the banker referred to was Stanford.

That led the U.S. Treasury to label Antigua and Barbuda a [money laundering risk](#), only the second time it had issued such a warning against an entire nation. In 2001, after months of negotiations with U.S. officials, Antigua strengthened its banking laws and the Treasury [lifted](#) the warning.

Stanford's role "was unprecedented, bizarre, inappropriate, an obvious conflict of interest," Winer said in an interview last month.

In 2003, Bird [announced](#) that his government and Stanford agreed that the Texas banker would spend EC\$256 million, including EC\$40 million on a development just outside the airport. A further EC\$135 million would go to restore the reef and build a home on Maiden Island, a 19-acre piece of land shaped like the head of a Texas Longhorn steer, with red mangroves along the shoreline.

'Surrendering Patrimony'

Then-opposition leader Spencer, who became prime minister in 2004, criticized the agreement as "surrendering the people's patrimony," according to a copy of the speech on the United Progressive Party Web site.

The airport complex, along a palm-lined boulevard, includes both Stanford banks, a development company, the Stanford Cricket Ground and two restaurants -- the [Sticky Wicket](#) and the [Pavilion](#), which boasts an 8,000-bottle wine cellar "constructed with antique timber oak, handmade brick and weathered French limestone," according to its Web site.

In November 2003, Spencer accused Stanford in a speech posted on his party's Web site of throwing "two fistfuls of dollars" at two Bird cabinet officials for their support on a swap of land.

"This has touched a very raw nerve in my body," Stanford said at a news conference denying the allegations, according to an account on the government's Web site. "I have never in my life bribed or done anything illegal or unethical in my business endeavors, much less in Antigua," he was quoted as saying.

He said the EC\$200,000 he gave to the politicians was for "constituency development," according to the account. Then he announced he was donating a second check for EC\$100,000 to each.

'Knight Commander'

In 2006, at the request of Bird's Antigua Labor Party, Stanford was named "Knight Commander of the

Most Distinguished Order of the Nation.” He adopted the title, [“Sir Allen.”](#)

Bird said his dealings with Stanford were based on the banker’s willingness to spend to develop the island.

“I was not a tremendous personal friend of his as many people are trying to say,” he said in the interview. “I was the prime minister and we had an excellent relationship as the largest investor in the country.”

Spencer moved to stop the banker’s land accumulation after he defeated Bird to become prime minister in March 2004, he said in a Feb. 18 interview after a political rally on the island.

Antigua Debt

By that time, Antigua owed Stanford EC\$230 million, according to a 2004 [budget speech](#) by Finance Minister [Errol Cort](#) posted on the government’s Web site. Cort said the island was budgeting about EC\$524 million for tax revenue in the fiscal year.

In that address, Cort announced that Stanford had agreed to write off EC\$50 million of the debt, donate EC\$1 million to build a national library, create a EC\$10 million fund to support small businesses and build a EC\$25 million higher education complex.

Antigua, in turn, gave what Cort termed the “green light” to Stanford’s acquisition of Guiana Island.

The Spencer administration’s rejection of further development at the airport led to the 2005 meeting with scores of workers, who sat on white folding chairs in front of two gleaming white jets at Stanford’s private hangar. In the video, he said the government wasn’t making payments on any of his loans, and that they “can’t pay their bills.”

He warned that all his future plans, including a resort on Guiana Island and the reef on Maiden Island where he was building his own home, were dependent on approval of the projects.

Manicured Lawns

“This will change all your lives for the better,” he said.

Today, the area around Stanford’s hangar, which he described in the video as “disused,” is landscaped with palms and manicured lawns. It is surrounded by a wall and security gate, where a guard stops visitors from entering. The Maiden Island reef restoration was completed in 2005. Stanford bought Guiana Island last year, though it remains undeveloped.



In the banker’s view, as he told his employees in the video, his investments on Antigua were “the biggest thing that has ever happened in this country, historically, financially, economically.”

The government sought to seize Stanford’s land to “protect the patrimony of Antigua and Barbuda,” Spencer told the Antigua Sun on Feb. 26. “We have done something historical and unprecedented.”

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