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Antigua and Barbuda: Stanford's First Major Victim - Half Moon Bay Hotel, Antigua?
20 July 2009
Article by Ian Moncrief-Scott

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Immediately after Hurricane Luis devastated the prestigious Half Moon Bay Hotel in 1995, the then Prime Minister Lester Bird spoke to its owners offering to broker a sale of their property to R. Allen Stanford, and urging them to accept this proposal.

When the owners declined and, for several years thereafter, the Government took every possible step to block the owners' ability to finance the redevelopment their property. When the owners finally overcame the hurdles set up by the Government, Lester Bird went to Parliament for a Declaration granting the Government power of eminent domain to take the property from the owners by force.

All in all, the Government made three separate attempts to expropriate the property and made no secret of the fact that it intended to transfer title to Stanford to develop. This was broadcast simultaneously with "loans" made by Stanford to the Government and with "loans forgiven."

Although he refused to communicate with the owners of Half Moon Bay directly, Stanford never disguised his interest in having the Government provide him with the property. He presented development plans to Cabinet and hired Nicklaus Golf architects to redesign the Half Moon Bay Golf Course. In an interview with the Wall Street Journal, he confirmed his interest and the Government's right to proceed under the empowerment of eminent domain.

The owners fought this transfer in the Courts of Antigua with the help of the Opposition party, the UPP. Baldwin Spencer, now current Prime Minister, swore an Affidavit in support of the owners request for a Judicial Review, stating that the expropriation was misguided, improper and against the interest of the people of Antigua.

He stated publicly that if and when his party came to power, the Parliamentary decision to forcibly acquire Half Moon Bay Resort would be reversed. Unfortunately, once in power, Spencer surrounded himself with Ministers who had their own agendas and personal interests in transferring the property to Stanford.

By 2004, Antigua owed Stanford EC\$230 million, according to its Errol Cort's budget speech. He also announced that Stanford had agreed to write off EC\$50 million of the debt, create a EC\$10 million fund to support small businesses, donate EC\$1 million to build a national library and build a EC\$25 million higher education complex. (It should be noted that much of the projects were never funded in full or at all.)

In turn, Antigua, gave what Cort called a "green light" to Stanford to proceed with his plans for various developments on Antigua. Prime Minister Spencer announced his administration's "new alliance" with Stanford the philanthropist and boldly staked his political future on its success.

Meanwhile, Half Moon Bay Hotel's owners were forced to take their matter up to the Privy Council in London.

In June of 2007, twelve years after the struggle began, the Law Lords decided that the Government could exercise eminent domain under the laws of Antigua, PROVIDED the owners' constitutional right to "fair compensation within a reasonable time" be honoured.

The Government took physical possession of the property in July 2008. Several months later, the media announced that Stanford was to make a presentation to a Cabinet Committee of his "vision" for several projects on Antigua, and specifically the development of Half Moon Bay.

The Government's position stated in press interviews and published in press releases is that it does not intend to spend a penny on the transfer of the property from the owners to the new developer of choice.

This conflicts with the laws governing the process of eminent domain, which make no mention of any third party outside the Government that takes and the individuals who are paid by that same Government for the loss of their property. This is clearly stated by the Constitution of Antigua and Barbuda, as well as by the Antigua Land Acquisition Act.

Nevertheless, almost a year after the Government took possession of the property, the owners had to take the Government back to court, merely to commence a dialogue on compensation. Following an order of mandamus, a Board of Assessment has been convened as prescribed by the Land Acquisition Act. Now, some ten months later, that Board is yet to hold a hearing and the owners have returned to the High Court seeking further orders to compel the Attorney General's compliance with the process.

The interest that R. Allen Stanford had in owning the Half Moon Bay Resort and the Antiguan Government's desire to fulfil his wish have always been the clear cause and goal of the expropriation of this property. Now, with Stanford no longer in the picture, the Government of Antigua is between a rock and a hard place, while the owners of Half Moon Bay can claim the unenviable title of early major victims of

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Stanford's manipulations.

Meanwhile, by expropriating a property owned by U.S. citizens, the Government of Antigua has breached several international treaties and specifically the Caribbean Basin Initiative. By refusing to deal with compensation for the "forced acquisition," Antigua is now abandoning the last remedy it may have for any international redemption.

This clearly does not concern the Antiguan authorities. As seen in recent weeks, the Government of Antigua has increased its appetite for breach of international covenants and standards of best practise by expropriating Stanford's own properties.

Ironically following the pattern set by its expropriation of Half Moon Bay and jumping over the same initial steps prescribed by its Land Acquisition Act, Antigua's Attorney General Justin Simon applied to Parliament for authority to seize approximately 240 acres of property held by R. Allen Stanford and his group of companies, claiming this action was necessary to prevent their seizure by U.S. courts and court-appointed Receiver.

Wendy Gordon, a spokeswoman for Prime Minister Baldwin Spencer, said the move was intended to preserve 800 jobs.

On 26 February Spencer himself announced, "We have done something historical and unprecedented."

Days later the process of expropriation of Stanford-owned property was halted. The U.S.-appointed Receiver for all Stanford interests, with the weight of the American Government behind him, stopped the process. Simon spun this locally as suddenly becoming "cognisant of his responsibilities to U.S. authorities."

The Financial Authorities also took over the Stanford-owned Bank of Antigua and handed it to a newly created inter-Caribbean private financial entity of which the Government of Antigua is the largest single shareholder.

As observers watch to see whether the international authorities and regulators approve these actions or choose to interpret them as accessory to money laundering, frustration of creditors' rights and benefiting from the proceeds of crime, there can be no doubt that Antigua has confirmed its dismissive attitude towards international treaties, financial regulations and best practise.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

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