

TROY LILLIE, LEAH FARR
KENNETH DOUGHERTY,
CHARLES WHITE,
MARTHA JEAN WITMER,
SHARON WITMER,
OLIVIA SUE WARNOCK,
CLYDE J. CHISHOLM,
RONALD McMORRIS,
ARTHUR ORDOYNE
WILLIAM DAWSON,
TERRY TULLIS,
JAMES STEGALL,
ANTHONY VENTRELLA,
ROBERT SMITH,
THOMAS SLAUGHTER,
LARRY PERKINS,
WILLIAM PHILLIPS,
CHARLES HART,
RICHARD FEUCHT,
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MERRILL LAPLANTE,
JAMES BROWN,
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MICHELLI,
WILLA MAE GILDERSLEEVE,
ANITA ELLEN CARTER,
FRED DEMAREST,
NANCY GILL,
LINDA BOYD,
VIRGINIA BUSCHEME,
ROBERT GILDERSLEEVE,
WALTER STONE,
VIRGINIA McMORRIS,
CAROL STEGALL,
GARY MAGEE,

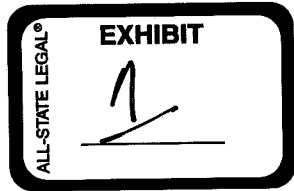
* DOCKET NO. 581070
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* SECTION
* **SEC. 24**
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* 19th JUDICIAL DISTRICT COURT
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* PARISH OF EAST BATON ROUGE
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* STATE OF LOUISIANA
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MONTY PERKINS, *
 JOAN FEUCHT, *
 KATHLEEN MIER, *
 MAMIE SANCHEZ, *
 MARGARET S. NIX, *
 MARGARET DUMESTRE, *
 CLAUDIA O'REAR, *
 GORDON C. GILL, *
 JOHN BUSCHEME, AND *
 CHARLIE L. MASSEY *
 THOMAS E. BOWDEN, *
 G. KENDALL FORBES *
 DEBORAH S. FORBES, *
 WILLIAM BRUCE JOHNSON, *
 TERENCE BEVEN, M.D., *
 RALPH D. D'AMORE, *
 DANIEL P. LANDRY, *
 RONALD R. MARSTON, *
 RODNEY P. STARKEY, *
 STEPHEN WILSON, *
 JEANNE ANNE MAYHALL, *
 JOHN WADE, LYNN J. *
 PHILIPPE, *
 LISA SCRANTZ *
 VERSUS *
 STANFORD TRUST COMPANY, *
 STATE OF LOUISIANA, OFFICE *
 OF FINANCIAL INSTITUTIONS, *
 AND SEI INVESTMENTS *
 COMPANY *

PLAINTIFFS' ORIGINAL PETITION (CLASS ACTION)

NOW INTO COURT, through undersigned counsel comes Plaintiffs, LEAH FARR,
 TROY LILLIE, KENNETH DOUGHERTY, CHARLES WHITE, MARTHA JEAN
 WITMER, SHARON WITMER, OLIVIA SUE WARNOCK, CLYDE J. CHISHOLM,
 RONALD McMORRIS, ARTHUR ORDOYNE, WILLIAM DAWSON, TERRY TULLIS,
 JAMES STEGALL, ANTHONY VENTRELLA, ROBERT SMITH, THOMAS
 SLAUGHTER, LARRY PERKINS, WILLIAM PHILLIPS, CHARLES HART, RICHARD
 FEUCHT, LONNIE ORDOYNE, ARTHUR WAXLEY, DARRELL COURVILLE,
 MERRILL LAPLANTE, JAMES BROWN, IRA CAUSEY, JERRY BURRIS,
 JACQUELINE MILLET, LOUIS MIER, MAMIE BAUMANN, CHARLES SANCHEZ,
 JOSEPH CHUSTZ, JR., ROBERT BUSH, BOBBY NIX, CLAUDE MARQUETTE,
 GWEN FABRE, ROBERT SCHWENDIMANN, WANDA BEVIS, TERRY TARVER,
 MARCEL DUMESTRE, RONALD VALENTINE, BENNIE O'REAR, JULIE SAVOY,
 LAURA LEE, DENNIS KIRBY, BILLIE RUTH McMORRIS, LARRY SMITH,

KENNETH WILKEWITZ, MURPHY BUELL, KERRY KLING, LYNN GILDERSLEEVE MICHELLI, WILLA MAE GILDERSLEEVE, ANITA ELLEN CARTER, FRED DEMAREST, NANCY GILL, LINDA BOYD, VIRGINIA BUSCHEME, ROBERT GILDERSLEEVE, WALTER STONE, VIRGINIA McMORRIS, CAROL STEGALL, MONTY PERKINS, JOAN FEUCHT, KATHLEEN MIER, MAMIE SANCHEZ, MARGARET S. NIX, MARGARET DUMESTRE, CLAUDIA O'REAR, GORDON C. GILL, JOHN BUSCHEME, CHARLIE L. MASSEY, JAMES ROLAND, SUSAN ROLAND, MICHAEL J. GIAMBRONE, THOMAS E. BOWDEN, G. KENDALL FORBES, DEBORAH S. FORBES, WILLIAM BRUCE JOHNSON, TERENCE BEVEN, THOMAS J. MORAN, RALPH D. D'AMORE, DANIEL P. LANDRY, RONALD R. MARSTON, RODNEY P. STARKEY, STEPHEN WILSON, JEANNE ANNE MAYHALL, JOHN WADE, LYNN J. PHILIPPE, and LISA SCRANTZ (collectively referred to herein as "Plaintiffs"), who hereby file this action on their own behalf and on behalf of the class of Plaintiffs listed in Paragraphs 101 to 106, who respectfully represent as follows:

PARTIES

1.

Plaintiffs in this case, appearing individually and on behalf of their individual retirement accounts or trusts, are as follows:

1. **LEAH FARR**, a person of the full age of majority residing at 3040 MADERIA DRIVE, BATON ROUGE, LA 70810 ("Farr");
2. **TROY LILLIE**, a person of the full age of majority residing at 9619 BELLE PLACE CIRCLE, MAURICE, LA 70555 ("Lillie");
3. **KENNETH DOUGHERTY**, a person of the full age of majority residing at 13821 BLACKWATER ROAD, BAKER, LA 70714 ("Dougherty");
4. **CHARLES WHITE**, a person of the full age of majority residing at 12847 BECKY DRIVE, WALKER, LA 70785 ("White");
5. **MARTHA JEAN WITMER**, a person of the full age of majority residing at 5008 SUMMA COURT, BATON ROUGE, LA 70809 ("Witmer");
6. **SHARON WITMER**, a person of the full age of majority residing at 530 SHADY LAKE PKWY, BATON ROUGE, LA 70810 ("Witmer");

7. **OLIVIA SUE WARNOCK**, a person of the full age of majority residing at 16420 BATAVIA, BATON ROUGE, LA 70817 (“Warnock”);
8. **CLYDE J. CHISHOLM**, a person of the full age of majority residing at 1937 WEST MAGNA CARTA PLACE, BATON ROUGE, LA 70815 (“Chisholm”);
9. **RONALD McMORRIS**, a person of the full age of majority residing at 7456 O’GUNNER LANE, ETHEL, LA 70730 (“McMorris”);
10. **ARTHUR ORDOYNE**, a person of the full age of majority residing at 25831 ROYAL TROON, DENHAM SPRINGS, LA 70726 (“Ordoyne”);
11. **WILLIAM DAWSON**, a person of the full age of majority residing at 40174 DOVE ESTATES, GONZALES, LA (“Dawson”);
12. **TERRY TULLIS**, a person of the full age of majority residing at 5924 LANDMOR DRIVE, GREENWELL SPRINGS, LA 70739 (“Tullis”);
13. **JAMES STEGALL**, a person of the full age of majority residing at 10843 RAMBLEWOOD DRIVE, BATON ROUGE, LA 70810 (“Stegall”);
14. **ANTHONY VENTRELLA**, a person of the full age of majority residing at 15330 ASHVILLE AVENUE, PRIDE, LA 70770 (“Ventrella”);
15. **ROBERT SMITH**, a person of the full age of majority residing at 6140 TEZCUCO COURT, GONZALES, LA 70737 (“Smith”);
16. **THOMAS SLAUGHTER**, a person of the full age of majority residing at 3559 HANCOCK STREET, ZACHARY, LA 70791 (“Slaughter”);
17. **LARRY PERKINS**, a person of the full age of majority residing at 21973 W.J. WICKER ROAD, ZACHARY, LA 70791 (“Perkins”);
18. **WILLIAM PHILLIPS**, a person of the full age of majority residing at P.O. BOX 3, ZACHARY, LA 70791-0003 (“Phillips”);
19. **CHARLES HART**, a person of the full age of majority residing at 126 MALLARD LANDING, FERRIDAY, LA 71334 (“Hart”);
20. **RICHARD FEUCHT**, a person of the full age of majority residing at 7907 DENHAM CHASE, DENHAM SPRINGS, LA 70726 (“Feucht”);
21. **LONNIE ORDOYNE**, a person of the full age of majority residing at 515 HIGHWAY 20, THIBODAUX, LA 70301 (“Ordoyne”);

22. **ARTHUR WAXLEY**, a person of the full age of majority residing at 15884 EL RANCHITOS AVENUE, PRIDE, LA 70770 ("Waxley");
23. **DARRELL COURVILLE**, a person of the full age of majority residing at 12553 PLEASANT RIDGE, WALKER, LA 70785 ("Courville");
24. **MERRILL LAPLANTE**, a person of the full age of majority residing at 339 DELGADO DRIVE, BATON ROUGE, LA 70808 ("Laplante");
25. **JAMES BROWN**, a person of the full age of majority residing at 3024 MEADOWOOD DRIVE, BATON ROUGE, LA 70777 ("Brown");
26. **IRA CAUSEY**, a person of the full age of majority residing at 23535 SUNNYSIDE LANE, ZACHARY, LA 70719 ("Causey");
27. **JERRY BURRIS**, a person of the full age of majority residing at 7851 LAZY OAKS CIRCLE, DENHAM SPRINGS, LA 70726 ("Burris");
28. **JACQUELINE MILLET**, a person of the full age of majority residing at 7851 LAZY OAKS CIRCLE, DENHAM SPRINGS, LA 70726 ("Millet");
29. **LOUIS MIER**, a person of the full age of majority residing at 8813 EAST VERNON ROAD, ZACHARY, LA 70791 ("Mier");
30. **MAMIE BAUMANN**, a person of the full age of majority residing at 4580 DRUSILLA DRIVE, BATON ROUGE, LA 70809 ("Baumann");
31. **CHARLES SANCHEZ**, a person of the full age of majority residing at 4580 DRUSILLA DRIVE, BATON ROUGE, LA 70809 ("Sanchez");
32. **JOSEPH CHUSTZ, JR.**, a person of the full age of majority residing at 14333 ELISE CATHERINE, BATON ROUGE, LA 70737 ("Chustz");
33. **ROBERT BUSH**, a person of the full age of majority residing at 606 SANDRA DRIVE, BAKER, LA 70714 ("Bush");
34. **BOBBY NIX**, a person of the full age of majority residing at 82 N. HILL DRIVE W., CARRIERE, MS 39426 ("Nix");
35. **CLAUDE MARQUETTE**, a person of the full age of majority residing at 1915 CAMELLIA TRACE DRIVE, BATON ROUGE, LA 70808 ("Marquette");
36. **GWEN FABRE**, a person of the full age of majority residing at 7800 COOKS LANDING DRIVE, VENTRESS, LA 70783 ("Fabre");

37. **ROBERT SCHWENDIMANN**, a person of the full age of majority residing at 7246 ANGUS AVENUE, ZACHARY, LA 70791 ("Schwendimann");
38. **WANDA BEVIS**, a person of the full age of majority residing at 2209 EAST EAGLE STREET, ZACHARY, LA 70791 ("Bevis");
39. **TERRY TARVER**, a person of the full age of majority residing at P.O. BOX 222, CLINTON, LA 70722 ("Tarver");
40. **MARCEL DUMESTRE**, a person of the full age of majority residing at 19844 WEST 56TH PLACE, GOLDEN, COLORADO 80403 ("Dumestre");
41. **RONALD VALENTINE**, a person of the full age of majority residing at 1530 BIRDIE DRIVE, ZACHARY, LA 70791 ("Valentine");
42. **BENNIE O'REAR**, a person of the full age of majority residing at 2416 ST. REGIS DRIVE, BATON ROUGE, LA 70816 ("O'Rear");
43. **JULIE SAVOY**, a person of the full age of majority residing at 45349 STRINGER BRIDGE, ST. AMANT, LA 70774 ("Savoy");
44. **LAURA LEE**, a person of the full age of majority residing at 620 SOUTH MAGEN, FAIR GROVE, MO 65648 ("Lee");
45. **DENNIS KIRBY**, a person of the full age of majority residing at 23142 ELBERTA LANE, ZACHARY, LA 70791 ("Kirby");
46. **BILLIE RUTH McMORRIS**, a person of the full age of majority residing at 4747 NEWELL STREET, ZACHARY, LA 70791 ("McMorris");
47. **LARRY SMITH**, a person of the full age of majority residing at 920 EAST TOM STOKES COURT, BATON ROUGE, LA 70810 ("Smith");
48. **KENNETH WILKEWITZ**, a person of the full age of majority residing at 13680 MILLEDALE ROAD, ZACHARY, LA 70791-1324 ("Wilkewitz");
49. **MURPHY BUELL**, a person of the full age of majority residing at 23525 SUNNYSIDE, ZACHARY, LA 70791 ("Buell");
50. **KERRY KLING**, a person of the full age of majority residing at 5773 LAUREL HILL LANE, ST. FRANCISVILLE, LA 70775 ("Kling");
51. **LYNN GILDERSLEEVE MICHELLI**, a person of the full age of majority residing at 2337 MYRTLE AVENUE, BATON ROUGE, LA 70806 ("Michelli");

52. **WILLA MAE GILDERSLEEVE**, a person of the full age of majority residing at 2337 MYRTLE AVENUE, BATON ROUGE, LA 70806 (“Gildersleeve”);
53. **ANITA ELLEN CARTER**, a person of the full age of majority residing at 3800 PLACID LANE, LAKE CHARLES, LA 70605 (“Carter”);
54. **FRED DEMAREST**, a person of the full age of majority residing at 5822 LAKE SHADOW DRIVE, BATON ROUGE, LA 70817 (“Demarest”);
55. **NANCY GILL**, a person of the full age of majority residing at 2234 ROBINHOOD, HOUSTON, TEXAS 77005 (“Gill”);
56. **LINDA BOYD**, a person of the full age of majority residing at 3213 ST. ANN, ZACHARY, LA 70791 (“Boyd”);
57. **VIRGINIA BUSCHEME**, a person of the full age of majority residing at 3510 MENTANA PLACE, SAN ANTONIO, TEXAS 78258 (“Buscheme”);
58. **ROBERT GILDERSLEEVE**, a person of the full age of majority residing at 3123 TIDAL BAY LANE, VIRGINIA BEACH, VIRGINIA 23451 (“Gildersleeve”);
59. **WALTER STONE**, a person of the full age of majority residing at 530 SHADY LAKE PKWY, BATON ROUGE, LA 70810 (“Stone”);
60. **VIRGINIA McMORRIS**, a person of the full age of majority residing at 7456 O’GUNNER LANE, ETHEL, LA 70730 (“McMorris”);
61. **CAROL STEGALL**, a person of the full age of majority residing at 10843 RAMBLEWOOD DRIVE, BATON ROUGE, LA 70810 (“Stegall”);
62. **MONTY PERKINS**, a person of the full age of majority residing at 21973 W.J. WICKER ROAD, ZACHARY, LA 70791 (“Perkins”);
63. **JOAN FEUCHT**, a person of the full age of majority residing at 7907 DENHAM CHASE, DENHAM SPRINGS, LA 70726 (“Feucht”);
64. **KATHLEEN MIER**, a person of the full age of majority residing at 8813 EAST VERNON ROAD, ZACHARY, LA 70791 (“Mier”);
65. **MAMIE SANCHEZ**, a person of the full age of majority residing at 4580 DRUSILLA DRIVE, BATON ROUGE, LA 70809 (“Sanchez”);
66. **MARGARET S. NIX**, a person of the full age of majority residing at 82 N. HILL DRIVE W., CARRIERE, MS 39426 (“Nix”);

67. **MARGARET DUMESTRE**, a person of the full age of majority residing at 19844 WEST 56TH PLACE, GOLDEN, COLORADO 80403 (“Dumestre”);
68. **CLAUDIA O’REAR**, a person of the full age of majority residing at 2416 ST. REGIS DRIVE, BATON ROUGE, LA 70816 (“O’Rear”);
69. **GORDON C. GILL**, a person of the full age of majority residing at 2234 ROBINHOOD, HOUSTON, TEXAS 77005 (“Gill”);
70. **JOHN BUSCHEME**, a person of the full age of majority residing at 3510 MENTANA PLACE, SAN ANTONIO, TEXAS 78258 (“Buscheme”);
71. **CHARLIE L. MASSEY**, a person of the full age of majority residing at 3460 PIPER ROAD, SLAUGHTER, LA 70777 (“Massey”);
72. **GARY MAGEE**, a person of the full age of majority residing in 8134 Cypress Lake Drive, Baton Rouge, Louisiana. 70809 (“Magee”);
73. **WILLIAM BRUCE JOHNSON**, a person of the full age of majority residing at 234 WEST GREENS DRIVE, BATON ROUGE, LA 70812-8933 (“Johnson”);
74. **DEBORAH S. FORBES** a person of the full age of majority residing at 222 GRANVILLE COURT, BATON ROUGE, LA 70810 (“Forbes”);
75. **THOMAS E. BOWDEN**, a person of the full age of majority residing at 102 SEDGEFIELD CIRCLE LAFAYETTE, LA 70503 (“Bowden”);
76. **TERENCE BEVEN, M.D.** a person of the full age of majority residing at 17538 Amelia Drive, Baton Rouge, Louisiana 70810 (“Beven”);
77. **KENDALL FORBES**, a person of the full age of majority residing at 222 GRANVILLE COURT, BATON ROUGE, LA 70810 (“Forbes”);
78. **RALPH D. D’AMORE**, a person of the full age of majority with an address of 114 Pinecrest Drive, Greenwood, SC (“Damore”);
79. **DANIEL P. LANDRY**, a person of the full age of majority residing at 135 Bayou Side Street, Napoleonville, LA 70390 (“Landry”);
80. **RONALD R. MARSTON**, a person of the full age of majority residing at 18664 Amen Corner Court, Baton Rouge, LA 70810 (“Marston”);
81. **RODNEY P. STARKEY**, a person of the full age of majority residing at 18016 Highland Drive, Independence, LA 70443 (“Starkey”);

82. **STEPHEN WILSON**, a person of the full age of majority with an address of 701 Hennessey Boulevard, Ste. 200, Baton Rouge, LA 70808 (“Wilson”);

83. **JEANNE ANNE MAYHALL**, a person of the full age of majority with an address of 78294 Oak Ridge Road, Folsom, LA 70437 (“Mayhall”);

84. **JOHN WADE**, a person of the full age of majority with an address of 78294 Oak Ridge Road, Folsom, LA 70437 (“Wade”);

85. **LYNN J. PHILPPE**, is a person of the full age of majority residing at 17538 Amelia Drive, Baton Rouge, Louisiana 70810 (“Phillipe”); and

86. **LISA SCRANTZ**, is a person of the full age of majority residing at 7125 Jefferson Hwy Baton Rouge, LA 70806-8114 (“Scrantz”)

2.

The Plaintiffs are designated herein are representatives of a class of all persons who are grantors, or beneficiaries of IRA accounts or Trust accounts that Stanford Trust purchased SIB certificates of deposits. Further, the Plaintiffs are all persons or entities that who (i.) purchased any SIB CD in Louisiana between January 1, 2007 and February 13, 2009, which would be subject to the Louisiana Securities Law; or (ii.) renewed any SIB CD in Louisiana between January 1, 2007 and February 13, 2009; or (iii.) made a decision not to redeem the SIB CD prior to maturity based upon express representations made by the Trust, their agents, or the Stanford Financial Group or based upon the values stated by SEI between January 1, 2007 and February 13, 2009; or (iv.) any Plaintiff for whom the trust purchased SIB CD’s between January 1, 2007 and February 13, 2009. This is filed as a class action lawsuit.

3.

Made Defendants herein are the following parties:

A. **STANFORD TRUST COMPANY**, a trust company organized and existing under the laws of the state of Louisiana, which can be served through its registered agent for service of process, Zack S. Parrish, 445 North Blvd., 8th Floor, 70802-5709;

B. **STATE OF LOUISIANA, OFFICE OF FINANCIAL INSTITUTIONS**, (sometimes referred to as “State of Louisiana”, “OFI”, or “Commissioner of Securities”).

C. **SEI INVESTMENTS COMPANY**, a foreign corporation registered to do and actually doing business in the state of Louisiana, which may be served through via the Louisiana

Long Arm Statute at its registered office at 1 Freedom Valley Road, Oaks, Pennsylvania 19456 (“SEI”).

SUMMARY OF ALLEGATIONS

4.

The Plaintiffs in this case are mostly retirees of Exxon and IRA account holders and other persons that invested substantial funds with the Stanford Trust Company that was chartered and regulated by the State of Louisiana. Plaintiffs and their respective trusts and IRA Accounts invested substantially all of their life savings with the Stanford Trust (the “Trust”). Many of the investors lost their entire life savings, held in individual retirement accounts (“IRAs”). These funds were amassed by sacrificing and cautiously saving throughout the course of their working lives. The losses at issue are not the simple result of the failure of legitimate investments to perform as expected; rather, these are losses which could have been avoided had the Trust, SEI and State of Louisiana not breached fiduciary, statutory and contractual duties owed to Plaintiffs. The State of Louisiana, SEI, and Trust turned a “blind eye” to the Stanford Scheme, as alleged herein and their inaction provided fertile ground for the scheme to grow and succeed, which devastated the Plaintiffs and their families.

5.

Plaintiffs have suffered substantial financial injury as a result of Defendants’ conduct, as alleged herein. Because a substantial number of all of the Plaintiffs are older adults who are no longer gainfully employed, their prospects of replacing the retirement monies lost are virtually nonexistent--leaving Plaintiffs with substantially reduced means for their continued sustenance. Thus, as a consequential and proximate result of their financial injuries, Plaintiffs have experienced, and continue to experience, severe emotional distress in the form of depression, fear, anxiety, worry, grief, loss of sleep, and strokes, according to proof at trial. Plaintiffs’ emotional distress has caused and is continuing to cause them to suffer additional financial losses as well, according to proof at trial.

6.

Trust is owned by the Stanford Group Company (“SGC”) and Stanford Group Holdings, Inc. Trust was acquired for the primary purpose of serving a custodian on IRA accounts, trustee of pension plan accounts, and trustee for private trusts. Investment Advisors of SGC, who recommended the purchase of the SIB CD’s to each Plaintiff (“Investment Advisors”), served as

investment advisors to the Plaintiffs, and as agents of Trust and recommended that Plaintiffs' retirement funds be rolled over from the retirement plans of the company where each of the Plaintiffs had worked most of their careers and that Stanford Trust be designated as the custodian of the IRA for the sole purpose of providing a conduit to the purchase and/or renewal of certificates of deposit from Stanford International Bank, Ltd. (the "SIB CD's"). As an operating plan, the Trust targeted groups of retirees of major companies and small businesses as a primary source of business and developed a business plan of indentifying persons retiring within two years of their retirement date, soliciting these individuals over an extended period of time to roll over their life retirement accounts into the Trust, and then authorizing the Trust to invest in the SIB CD's based upon the recommendations of the Trust.

7.

Trust indirectly received commission income from the sale of the CD's because the income realized by the parent company, Stanford Group Holdings, Inc., from SIB, was used to pay the overheading and operation of the trust company. Trust Company was an integral part of the SIB CD Scheme. Because of the marketing plan and commission structure and the substantial financial benefit that the Trust received, Trust failed to inquire about material facts and risks of the SIB CD's that the Trust should have known and understood as fiduciaries representing Plaintiffs and failed to inform Plaintiffs of these material facts and risks. Representatives of the Trust called the debt instruments sold to Plaintiffs "certificates of deposit" and referred to the issuing entity as a "bank." In truth and in fact, the "bank" was a speculative highly leveraged hedge fund and the so-called "certificates of deposit" were nothing more than a high-risk ultra speculative mezzanine type debt junk bond. Trust failed to follow generally accepted standards of due diligence for trust fiduciaries in evaluating the Plaintiffs' risks in the purchase of the SIB CD's and failed to make reasonable inquiry of the Plaintiffs' risks in an investment in an affiliate of Trust. Further, the Trust and SEI failed to properly report the value of the SIB CD's. The State of Louisiana failed to advise Plaintiffs of the new risks it had discovered during its examination of the Trust during 2007 and 2008, and to suspend the sale of the SIB CD's in the state of Louisiana after discovering risk associated with the SIB CD's during 2007 and 2008. Had the accounts been properly valued by SIB and Trust based upon the underlying assets of SIB, the fraud of Allen Stanford would have been apparent and the Plaintiffs would not have rolled their IRA into Stanford Trust.

8.

In addition to the generally accepted standards of due diligence, the Trust served as the trustee of certain Plaintiffs' IRAs, purchasing investments on behalf of its customers. The State of Louisiana-OFI allowed the Trust to market the sale of the SIB CD's to retirees of Exxon and other companies, who did not meet the required suitability standards. Further, the State of Louisiana-OFI allowed the Trust to purchase the SIB CD's on behalf of the Plaintiffs with little or no regard or understanding of the risk profile or where the funds were being invested or whether the required information was being disclosed to the Plaintiffs. The State of Louisiana allowed these SIB CD's to be sold to the Trust despite the fact that the Office of Financial Institutions had examined the Trust and ordered that the sales of SIB CD's be restricted and later removed from the Trust. The failure to disclose the risk perceived by OFI to each investor who purchased SIB CD's or renewed SIB CD's during this time period resulted in loss to State of Louisiana.

9.

Because of this lack of disclosure of material information and the risks associated with the SIB CD's by Trust, SEI, and State of Louisiana-OFI, Plaintiffs misunderstood or simply did not know the risks inherent in an investment in the SIB CD's. In truth and in fact, SIB was a "ponzi scheme", which used cash flow realized from the proceeds of the sale of other SIB CD's to new investors to pay the interest income on the older SIB CD's rather than the actual cash income generated from the investments of SIB. The State of Louisiana-OFI allowed the trust to operate as an integral part of the IRA Scheme during 2007 and 2008 without informing the investing public. Had State of Louisiana-OFI exercised its statutory duty to regulate the sale of securities at the same time that it was attempting to regulate the Trust, Plaintiffs would have been able to correctly evaluate the risks and Plaintiffs would not have purchased the SIB CD's.

DEFINITIONS AND NAMES

10.

The following names and abbreviations are used in this Petition:

A. "Stanford International Bank, Ltd." or "SIB" is a private international bank domiciled in St. John's Antigua, West Indies. SIB sold the SIB CD'S to U.S. investors through SGC, its affiliated investment adviser. Each of the Trust was affiliated with SGC.

B. "Stanford Group Company" or "SGC" is a Houston-based corporation, which is registered with the Commission as a broker-dealer and investment adviser. It has 29 offices located throughout the U.S., including Baton Rouge SGC's principal business consists of sales of SIB-issued securities, marketed as certificates of deposit. SGC is a wholly owned subsidiary of Stanford Group Holdings, Inc., which in turn is owned by R. Allen Stanford ("Stanford"). Trust are employees of and affiliated with SGC.

C. "Stanford Capital Management" or "SCM" is a registered investment adviser, which took over the management of the SAS program (formerly Mutual Fund Partners) from SGC in early 2007. Stanford Group Company markets the SAS program through SCM.

D. "SEI" means SEI Investments Company, who contracted with the Trust.

E. "SIB CD's" means the debt instruments sold by Trust and issued by Stanford International Bank, Ltd. to Plaintiffs.

F. "Trust" means the Stanford Trust Company.

G. "State of Louisiana" means the Office of Financial Institutions for the State of Louisiana and in his position as the Commissioner of Financial Institutions and Commissioner of Securities

11.

All of the Plaintiffs had accumulated life savings based upon hard work every day of their lives. In each case, Investment Advisors, as agent for the Trust, approached Plaintiffs and induced them to invest their life savings in the SIB CD's based upon certain assurances. As a part of this plan, the Trust was designated as the "custodian" of the IRA accounts as required by federal law and used as a conduit to purchase to SIB CD's. Had the Trust and SEI not agreed to serve as "custodian" of the IRA accounts, which held the SIB CD's, and turn a blind eye to the activities of SIB, it is unlikely that these scheme against the IRA account holders could have been implemented or perpetuated which has resulted in the loss of their life savings.

12.

In other cases, Investment Advisors, as agents for the Trust, approached Plaintiffs to solicit trust funds and induced them to invest the corpus of the trust in the SIB CD's based upon certain assurances. As a part of this plan, the Trust was designated as the trustee or advisor of the Trust accounts as required by federal law and used as a conduit to purchase to SIB CD's. Had

the Trust and SEI not agreed to serve as trustee or advisor of the trust accounts, which held the SIB CD's, and turn a blind eye to the activities of SIB, it is unlikely that these schemes against the Trust account holders could have been implemented.

13.

Trust represented to the Plaintiffs that:

A. SIB's investments were invested in financial instruments, which could be readily liquidated to provide redemption payments to Plaintiffs on the SIB CD's with a minimum penalty.

B. Trust had evaluated the management and investment committees of SIB and, based upon Trust's evaluation, felt that the management and investment committees were competent and proficient to operate SIB.

C. SIB's multi-billion investment portfolio of assets employed a sizeable team of skilled and experienced analysts to monitor and manage the portfolio.

D. SIB's financial statements were audited and that the value of SIB's assets was independently verified by independent auditors and appraisers.

E. Trust had knowledge of the companies in which SIB had invested funds and believed the companies in which SIB had invested (i.) had sufficient capital and cash flow to serve any debt or preferred return to SIB and (ii.) had adequate debt to capital ratios which would satisfy the Plaintiffs that those companies were not overleveraged.

F. SIB was a bank regulated by the Antigua government and was examined on a regular basis by the bank authorities.

G. The SIB CD's issued by SIB were called "certificates of deposits" in order to create a perception of security and limited degree of risk for the Plaintiffs and to create the impression and inference that the SIB CD's had the same degree of risk as certificates of deposit issued by commercial banks regulated by the FDIC and Federal Reserve Board.

H. The SIB CD's were a safe investment vehicle suitable for long term investment with little or no risk relating to the repayment and redemption of the SIB CD's.

I. Trust had retained independent legal counsel to structure the investment and based upon the opinion and advice of counsel, SIB CD's were marketed in accordance with the state and federal laws of the United States and that Stanford's legal counsel had in fact approved the marketing of the product in the United States.

J. The Trust had the Plaintiffs' best interests at heart, and that no conflict of interest existed in recommending the SIB CD's.

K. The Trust had verified (i.) SIB's safety and security; and (ii.) the consistent, double-digit returns on the bank's investment portfolio and there was little or no risk the money would not be repaid because the type of investment strategies that were employed and the unique investment opportunities available to SIB.

L. All of SIB's investments were arms length transactions and there were no insider dealings between any affiliate of Stanford Group Company and Stanford Capital Management, including Allen Stanford, and SIB.

M. SIB was a profitable business and was realizing cash income from its investments.

14.

These were the same representations that each of the Investment Advisors made to the Plaintiffs.

15.

All of the above representations were inaccurate or false. Plaintiffs relied upon the truthfulness and accuracy of these facts and the assurances of representative of Trust that they had performed the required due diligence on the operations of SIB, and the representations made by SIB to the Trust to determine the truthfulness of these facts. In truth and in fact, Trust never made the proper inquires and as a result violated their duties to Plaintiffs.

16.

In the alternative, Plaintiffs allege that Trust failed at all times to inform Plaintiffs that (i.) Trust had not made these due diligence inquiries on Plaintiffs' behalf, and (ii.) Trust had no knowledge, one way or another, whether the representations that were being made to the Plaintiffs were accurate.

17.

In the alternative, Plaintiffs allege that Trust made the necessary inquiries but failed to disclose the information to the Plaintiffs.

18.

In all events, the financial benefit received by the Trust from the commission paid to SG on the sale of the SIB CD's impacted and impaired their objective evaluation of the relevant risks and issues and has resulted in substantial loss to the Plaintiffs. As proof of this fact, at a later

point in time as SIB began to unravel in the late summer and fall of 2008, Trust failed to disclose to Plaintiffs the “growing storm” of SIB’s liquidity crisis because of the financial impact that it would have on SGC and Trust’ jobs and re-solicited the Plaintiffs’ purchase of SIB CD’s after Trust had sufficient knowledge of the increased risk.

19.

At the time of the renewal of the SIB CD’s, Plaintiffs were reassured of the safety of the SIB CD’s. Had the value of the SIB CD’s been reported correctly by SEI and Trust at the time of the renewals, the Plaintiffs would have not renewed the SIB CD’s. In the alternative, had the value of the SIB CD’s been reported correctly by SEI and Trust, the SIB CD’s could have been liquidated prior to maturity and avoided some or all of the loss. In truth and in fact, an inquiry into the liquidity of SIB and the SIB CD’s by Trust that SIB would have shown that SIB had invested in illiquid investments, or no assets at all and the only source of repayment were the new funds being raised from other purchasers of SIB CD’s in a giant ponzi scheme.

20.

The SIB CD’s were not certificates of deposit as such term is known in the financial industry. SIB, along with its affiliate SGC and SCM, called the SIB CD’s “certificates of deposit” but, in truth and in fact, these were nothing more than highly speculative debt instruments similar to junk bonds. SIB, along with SGC and SCM, called itself a bank to create an impression of security, when in fact it was operating, in the best of circumstances, as a hedge fund, and in the worst of circumstances, as Allen Stanford’s private bank account.

21.

In marketing the SIB CD’S, SIB touted the liquidity of its investment portfolio. For example, in its marketing brochure, SIB emphasized the importance of the liquidity of the SIB CD, stating, under the heading “Depositor Security,” that the bank focuses on “maintaining the highest degree of liquidity as a protective factor for our depositors” and that the bank’s assets are “invested in a well-diversified portfolio of highly marketable securities issued by stable governments, strong multinational companies and major international banks.” Likewise, SIB trained SGC advisers that the “liquidity/marketability of SIB’s invested assets” was the “most important factor to provide security to SIB clients.”

22.

As of November 28, 2008, SIB reported \$8.5 billion in total assets. SIB's primary product and source of deposits was the SIB CD's.

23.

Because of the favorable commission structure and the fact that the trust needed the income from SG to support its operation, Trust promoted the sale of the SIB CD's to the detriment of less risky financial products. The commission structure also provided a powerful incentive for Trust to turn a blind eye to the sales activities of the Investment Advisors.

24.

Because of the financial benefits that accrued to Trust from the sale of the SIB CD's, the Trust began immediately recommending the SIB CD's to the Plaintiffs and others through a marketing plan aimed at attracting primarily unsophisticated retirees to roll their retirement funds into the Trust so the Trust could purchase the SIB CD's. SEI knew at all time the makeup of the customers of Trust because of the functions that it was performing on behalf of the Trust. Further SEI knew that the SIB CD's were the primary investment of the Trust because the SIB CD's were the primary assets reported upon by SEI.

**THE NEGLIGENT REPRESENTATIONS
AND FAILURE TO SUPERVISE IT AGENTS**

25.

Investment Advisors were the agents of the Trust, and in many instances, were the only persons that contacted the Plaintiffs in establishing the IRA Accounts with the Trust. During the course of Trust's relationship with Plaintiffs, the Trust, through its duly authorized Investment Advisor Agents, made numerous negligent representations to Plaintiffs, which breached the duty owed by the Trust to the Plaintiffs. If Plaintiffs had been aware of the truth, Plaintiffs would not have purchased the SIB CD's.

26.

A. **Representation No. 1.** The Trust, represented that SIB's investments were invested in liquid financial instruments, which could be readily liquidated to provide liquidity to the Plaintiffs' certificates of deposit with a minimum penalty.

27.

In selling the SIB CD's, SIB touted the liquidity of its investment portfolio. For example, in its SIB CD marketing brochure, SIB emphasized the importance of the liquidity of the SIB CD, stating, under the heading "Depositor Security," that the bank focuses on "maintaining the

highest degree of liquidity as a protective factor for our depositors” and that the bank’s assets are “invested in a well-diversified portfolio of highly marketable securities issued by stable governments, strong multinational companies and major international banks.” Likewise, SIB trained SGC advisers that the “liquidity/marketability of SIB’s invested assets” was the “most important factor to provide security to SIB clients.”

28.

Trust, in the exercise of its duties to Plaintiffs as an investment advisor, should have known that these representations were not true. Trust failed to make appropriate inquiries or seek the appropriate verification to determine the veracity of such statements.

29.

In truth and in fact, SIB’s investment portfolio was not invested in a “well-diversified portfolio of highly marketable securities issued by stable governments, strong multinational companies and major international banks.” Instead, the portfolio consisted primarily of illiquid investments or no assets at all. The Trust at all times failed to request that SIB disclose its financial statements, valuation reports, methodology of reporting net income, or positions reports to them so that the Trust could have adequate information to advise their client. The Trust never requested that SIB disclose the performance of these investments. Trust never disclosed to Plaintiffs that this information had not been provided and was necessary to make prudent decisions as to whether to invest in the certificates of deposit. Trust should have known that SIB’s investments were not allocated as advertised by SIB’s investment objectives or as detailed in SIB’s financial statements.

30.

Trust failed to disclose to Plaintiffs the issues relating to the makeup of the portfolio of SIB and negligently advised Plaintiffs to invest in the SIB CD’s when this information was not available for Trust’ review prior to recommending the investments and receiving commissions on the investment.

31.

B. Representation No. 2. The Trust, represented that SIB’s financial statements were audited and prepared in accordance with generally accepted accounting principles and that the value of SIB’s assets were independently valued by independent auditors and appraisers.

32.

Trust represented to Plaintiffs that SIB's financial statements were audited and prepared in accordance with generally accepted accounting principals and further that SIB's assets were independently valued by independent and governmental auditors and appraisers. Contrary to these representations to investors, SIB's assets were not audited or verified. Instead, SIB's accountant, C.A.S. Hewlett & Co., a small local accounting firm in Antigua, was responsible for auditing SIB's multi-billion dollar investment portfolio.

33.

In truth and in fact, the detailed financial statements of the assets of SIB were never requested or reviewed by Trust. Further, the financial statements were not prepared in accordance with Generally Accepted Accounting Principles ("GAAP"). The assets on SIB's financials statement were not valued in accordance with "fair value" accounting principles. Trust in fact had no knowledge of the methodology used by SIB in recognizing and reporting income and made no attempt to analyze the operating net cash flow of SIB. In truth and in fact, SIB went to great lengths to prevent any true independent examination of those portfolios and SIB's internal accountants reverse-engineered SIB's financial statements to report investment income that SIB did not actually earn.

34.

Trust failed to disclose to Plaintiffs the issues relating to the financial reporting of SIB and negligently advised Plaintiffs to invest in the SIB CD's when this information was not available for the Trust to review prior to recommending the investments and receiving commissions on the investment.

35.

C. Representation No. 3. The Trust represented that professionals were investing and monitoring SIB's portfolio of assets and that SIB's multi-billion dollar investment portfolio was monitored by a team of independent analysts.

36.

Trust represented to Plaintiffs that professionals were investing and monitoring SIB's portfolio of assets and that SIB's multi-billion dollar investment portfolio was constantly monitored by a team of analysts.

37.

In truth and in fact, in violation of their duty to Plaintiffs, Trust made no independent inquiry of this fact before representing this fact to the Plaintiffs. In truth and in fact, the vast majority SIB's multi-billion dollar investment portfolio was not monitored by a team of analysts, but rather by two people – Allen Stanford and James Davis. Contrary to Trust' representations to Plaintiffs, the Antiguan regulator responsible for oversight of the bank's portfolio, the Financial Services Regulatory Commission, did not audit SIB's portfolio or verify the assets of SIB as SIB claims in its financial statements.

38.

Trust failed to disclose to Plaintiffs the issues relating to the lack of professionals investing and monitoring the portfolio of SIB and negligently advised Plaintiffs to invest in the SIB CD's when this information was not available for the Trust to review prior to recommending the investments to Plaintiffs and receiving commissions on the investment.

39.

D. Representation No. 4. The Trust represented that SIB was a "bank" that was regulated by the Antiguan government and that the SIB CD's were "certificates of deposit" to create an appearance of safety and trust.

40.

Trust represented to the Plaintiffs that the SIB CD's were safe because SIB was a "bank" and that the Antiguan regulator responsible for oversight of the bank's investment portfolio, the Financial Services Regulatory Commission audited its financial statements. Further, the Trust represented to the Plaintiffs that the SIB CD's were identical to certificates of deposit from banks located in the United States of America.

41.

In truth and in fact, SIB was not a "bank" but was, at best, a speculative hedge fund and, at worse, Allen Stanford's piggy bank.

42.

Further, the SIB CD's were "certificates of deposit" in name only. These representations were made for the Plaintiffs to believe that they had the same degree of risk of certificates of deposit issued by commercial banks regulated by the FDIC and Federal Reserve Board. In truth and in fact, the certificates of deposits were "junk bonds" issued to finance a hedge fund with a high degree of risk because of the volatility of the market and extent of leverage.

43.

Trust represented to Plaintiffs that SIB was a bank and that the SIB CD's were certificates of deposits. Trust negligently failed to disclose to Plaintiffs the difference between a junk bond and a certificate of deposit and negligently advised Plaintiffs to purchase the SIB CD's when this information was not available for Trust review prior to recommending the SIB CD's and receiving commissions on the purchase.

44.

E. Representation No. 5. The Trust, represented (i.) that its legal counsel had reviewed the formation and operation of SIB and the marketing of the SIB CD's and (ii.) that the operation of SIB and the sale of the SIB CD's was in accordance with the law.

45.

Trust represented (i.) that its legal counsel had reviewed the formation and operation of SIB and the marketing of the SIB CD's and (ii.) that the operation of SIB and the sale of the SIB CD's were in accordance with the law. In truth and in fact, the operation was not in accordance with the laws of the United States based upon the recent reports of the receiver of SGC. Had the Trust known that SIB was not being operated in accordance with the law, Plaintiffs would not have purchased the SIB CD's.

46.

F. Representation No. 6. The Trust represented that based upon its principal-client relationship, the Trust had the Plaintiffs' best interest at heart. The Trust further failed to disclose the conflict of interest that arose from the significant financial benefit that the Trust realized by recommending and selling the SIB CD's and never disclosed that SGC as a whole was reliant upon the promotion of the SIB CD'S product.

47.

The Trust received substantial financial benefits from the commissions received by SG on the sale of the SIB CD's. The Trust failed to disclose the conflict of interest apparent in such an arrangement to the Plaintiffs. Further, the Trust failed to disclose that Trust was reliant upon the promotion of the SIB CD's product and that the failure to sell the SIB CD's would affect the viability of the Trust.

48.

Trust failed to disclose to Plaintiffs the issues relating to its conflict of interest and attempt to serve two masters. Despite this conflict, Trust advised Plaintiffs to invest in the SIB CD's of SIB prior to recommending the SIB CD's and receiving commissions on the purchase.

49.

G. Representation No. 7. The Trust represented that each Defendant, as each Plaintiff's investor advisor, had knowledge of SIB's investments and the profitability of SIB's investments and had evaluated and valued the assets of SIB, and, as a result, there was little or no risk the money would not be repaid because the types of investment strategies that were employed by SIB and the unique investment opportunities available to SIB.

50.

Trust represented it had knowledge of SIB's investments and the profitability of SIB's investments and had evaluated and valued the assets of SIB, and, as a result, there was little or no risk the money would not be repaid because of the types of investment strategies that were employed by SIB and the unique investment opportunities available to SIB. In truth and in fact, it now appears that Trust had no knowledge of the investments of SIB.

51.

Trust failed to disclose to Plaintiffs that Trust had no knowledge of the specific assets in which SIB was investing or the value of those investments. If Trust had disclosed to Plaintiffs that Trust had no knowledge of the assets in which SIB was investing or the value of those assets, Trust would not have purchased the SIB CD's. Trust advised Plaintiffs to invest in the SIB CD's when this information was not available for Trust review prior to recommending the SIB CD's and receiving commissions on the purchase.

52.

H. Representation No. 8. Trust represented that all of the investments were arms length transactions and there were no insider dealings between any affiliate of SGC and SCM, including Allen Stanford, and SIB.

53.

Trust represented that all of the investments were arms length transactions and there were no insider dealings between any affiliate of SGC and SCM, including Allen Stanford, and SIB. Trust never described to Plaintiffs the amount of profit that SGC and Trust was realizing from the operation of SIB or from the sale of the SIB CD's.

54.

Trust failed to disclose to Plaintiffs that they had made no inquiry of whether insider loans existed. If Trust had disclosed to Plaintiffs that the Trust had made no inquiry concerning the existence of the insider loans or the amount of fees that SGC was earning from SIB or the level of importance the Baton Rouge Plan was to the successful operation of SGC, Trust would

not have purchased the SIB CD's. Trust advised Plaintiffs to invest in the SIB CD's of SIB when this information was not available for Trust review prior to recommending the SIB CD's and receiving commissions on the purchase.

55.

Trust failed to disclose to Plaintiffs that a substantial portion of the income of SGC and Trust was being generated from the sale of the SIB CD's, that Trust was addicted to this income, and that any termination of the sale of the SIB CD's would materially and adversely affect the going concern of the Trust.

56.

I. Representation No. 9. The Trust, represented that, at the time of the renewal of the SIB CD's, the SIB CD's were liquid, when in truth and in fact, an inquiry of the liquidity of the investments would have shown Trust that the SIB CD's were invested in illiquid investments and the only source of repayment were the new funds being raised from other purchasers of SIB CD's.

57.

Trust represented that SIB's investment were in liquid financial instruments and was a suitable investment for Plaintiffs based upon its fiduciary obligations and prudent man standards. Contrary to these representations, SIB's investment portfolio was not invested in liquid financial instruments or allocated in the manner described in its promotional material and public reports. Instead, a substantial portion of the bank's portfolio was placed in illiquid investments, such as real estate and private equity.

58.

Plaintiffs accepted these recommendations and became convinced that the purchase of the SIB CD's were reasonable investments. At the direction of Trust, Plaintiffs invested in the SIB CD's.

59.

However, beginning in late 2007 and early 2008, SIB began experiencing liquidity problems and was not able to redeem the SIB CD's. Because of these problems, a special marketing plan was setup by Trust to encourage the marketing of the SIB CD's. Trust failed to inquire about the liquidity of the SIB CD's during this time period and failed to inform the Plaintiffs of the liquidity problems at this time. Further, during this same time period, the State of Louisiana, Office of Financial Institutions, commenced an examination of the Trust and advised the Trust that (i.) no further SIB CD's should be sold because of the Trust's heavy

investment in SIB CD's and (ii.) in 2008, the Trust should remove all SIB CD's from its portfolio. Trust continued to advise Plaintiffs to invest in the SIB CD's when this information was not available for Trust review prior to recommending the SIB CD's and receiving commissions on the purchase. SEI continued to report the SIB CD's at 100% of the value of the investment despite its knowledge of serious internal control issue at the Trust.

60.

J. Representation No. 10. The Trust represented that SIB was a profitable business and was realizing cash income from its investments.

61.

Trust represented to Plaintiffs that SIB was a profitable company and was realizing net profits in the form of cash payments from the companies in which SIB invested. In truth and in fact, the net cash flow to SIB, other than the net cash flow from new investors was minimal. The net profits were fictitiously created by revaluation of assets and asset swaps that never occurred. Had Plaintiff known that SIB's earnings were fictitious, they would never have invested funds or sought renewal of their obligations.

62.

K. Representation No. 11. The Trust represented that (i.) Trust had knowledge of the companies in which SIB had invested funds; (ii.) believed the companies had sufficient capital and cash flow to service any debt or preferred return to SIB and (iii.) their debt to capital ratios were such that the investors would not have to be concerned that the companies were overleveraged.

63.

Trust represented to Plaintiffs that they had knowledge of the companies in which SIB invested and that each of these companies has sufficient equity and earnings to repay any funds advance by SIB. In truth and in fact, Trust had no knowledge of where SIB had invested the funds from the SIB CD's and made no independent inquiry on the management, financial operations, and capital structure, and leverage of the companies in which SIB invested.

64.

L. Representation No. 12. The Trust represented that the Trust investment was prudent and safe and the Trust was being operated in accordance with Louisiana law, when in truth and in fact, the Office of Financial Institutions for the State of Louisiana had issued orders to limit the further sale of SIB CD's during 2007 and 2008 and ordered that the Trust divest itself of all SIB certificates.

65.

The Trust was chartered in and regulated by the State of Louisiana-OFI. As part of its regulatory oversight, the State of Louisiana, Office of Financial Institutions perceived a risk

associated with the sale of the SIB CD's and diversification of the Trust's trust portfolio beginning in 2007. The State of Louisiana, Office of Financial Institutions, also ordered that the Trust cease purchasing additional SIB CD's. In 2008 the State of Louisiana ordered the Trust to divest itself of all SIB certificates of deposit. This information was never disclosed to Plaintiffs as purchasers of SIB CD's. If Plaintiffs had known this information, Plaintiffs would not have purchased, or renewed the CD's, or could have exercised its right to redeem the SIB CD's prior to maturity with minimum penalty.

STANFORD TRUST COMPANY AND THE STATE OF LOUISIANA

66.

Stanford Trust Company is chartered in Louisiana and operated as a Louisiana Trust Company. The State of Louisiana, Office of Financial Institutions, has primary regulatory authority for the operation of the Trust. The State of Louisiana, Office of Financial Institutions, Commissioner of Securities, also has primary jurisdiction for regulating the sale of securities within the state of Louisiana. In the case at hand, all sales of SIB CD's were made by SIB, Trust, and SG in the State of Louisiana. In addition, all sales of SIB CDs to Louisiana plaintiffs, other than purchases made by the Trust, were made in Louisiana and are the subject of this suit.

67.

A substantial portion of the business of the Stanford Trust was the serving as custodian for IRA accounts which held the SIB CD's.

68.

When a person would retire from a company, the Trust would actively seek this person's retirement funds and would attempt to have these funds rolled over into IRA account of which either Pershing or Stanford Trust was the custodian. Generally, the funds sent to Pershing would be deposited in marketable securities and the funds transferred to Stanford Trust was be used to purchase SIB CD's which were administered by SEI.

69.

Stanford Trust routinely and regularly contacted the Plaintiffs and other retirees as a source of business for the sale of SIB CD's. This constituted a major source of business of the Trust, and provided substantial income to the Stanford Group because of the commissions paid to the home office. The designation of the Trust as custodian for IRA accounts that invested in SIB CD's and the continued operation of the Stanford Trust was a key component to the

successful marketing of the SIB CD's to IRA account holders. Further, the turning of a "blind eye" by the Trust, SEI, and the State Of Louisiana to (i.) the investment activities of SIB, (ii.) the marketing techniques of Trust and the representations and omissions that were being made, and (iii.) the over valuation of the SIB CD's in the portfolio of the Trust, was a key ingredient, if not the most important, to the perpetuation of the IRA SIB CD scheme.

70.

In their capacity as trustee, the Trust took title, custody, possession, and ownership of the funds in the Plaintiff's IRA's, which were entrusted to them by each Plaintiff.

71.

The Trust entered into standardized agreements with each Plaintiff. In exchange for annual account fees, administrative and other fees paid by the Plaintiffs, the Trust undertook the responsibility of acting as custodian of the IRA accounts, taking title, custody, possession, and ownership of the funds in the IRA's. The Trust breached the standardized agreement. To perform its fiduciary duties, Trust entered into an agreement with SEI to report the SIB CD's and to value the SIB CD's.

72.

The Trust was required to provide Plaintiffs with account statements that reflected the value of the IRA assets, which must be reported as accurately as possible using the resources available to it. The Trust was to provide Plaintiffs with quarterly account statements purportedly reflecting the value of their IRA, when in the fact those accounts had little or no value because SIB had nonexistent assets. Stanford Trust and SEI violated its duty to Plaintiffs by providing Plaintiffs with inaccurate account statements and maintaining inaccurate fiduciary books and records.

73.

In order to receive the rollover of the funds from each of the Plaintiffs former retirement accounts in to the Trust, each Plaintiff would generally require the retiree to execute an accredited investor form to certify that his or her net worth was in excess of \$1 million dollars. This requirement was mandated by law to insure that the investment in the SIB CD was suitable for the Plaintiff retirees.

74.

As a custodian of the account, the Trust and State of Louisiana were required to independently verify the accuracy of the information from each Plaintiff, which was represented by the Trust because of the affiliate relationships.

75.

Further, based upon information and belief, the Office of Financial Institutions ("OFI") for the State of Louisiana informed the Trust in 2007 that it should cease marketing the SIB CD's because of the need to diversity asset and because of the risks associated with the operation of the foreign bank.

76.

Further based upon information and belief, the OFI informed the Trust that all SIB CD's should be removed from the Trust in 2008 because of the risk associated with the CD's and SIB's inability to inform the OFI what assets, if any, in which the funds from the CD's were invested.

77.

The Trust and the State of Louisiana violated their duties to Plaintiffs despite warnings by the OFI of the risk of SIB's investment strategies and operations. OFI already knew of the risk associated with the sale of the SIB CD's, yet the State of Louisiana did nothing to change its operational procedures to prevent another catastrophe or inform the Plaintiffs of the new risks perceived by OFI.

78.

At all times, the State of Louisiana, based upon its statutory duty to regulate the sale of securities in the State of Louisiana, had a statutory duty to Plaintiffs to disclose material information that it had become aware in the course of the examination of the Trust and to either disclose this information to the investing public or in the alternative suspend the sale of the SIB CD's. The State of Louisiana violated its statutory and public duty to Plaintiffs by doing "nothing" to regulate the sale of securities in the state of Louisiana after become aware of the operational issues at the Trust. At a minimum after becoming aware of the issues at the Trust, and based upon its role to regulate securities in the state of Louisiana, OFI should have:

- A. Verified the accuracy of the information which was being represented by the Trust to Plaintiffs or verified the truthfulness of the representations made by Trust to Plaintiffs as to the risk of the SIB CD's.
- B. Verified that the Plaintiff's investment in the IRA was suitable for each Plaintiff and that each Plaintiff who was a retiree was an accredited investor before the Trust purchased a SIB CD for the IRA account of the Plaintiffs.
- C. Verified that the SIB CD's were marketed and administered in accordance with the requirements of OFI and to initiate a plan of full disclosure of any regulatory issues raised by the OFI to the Plaintiffs and other holders of IRA's so that they would have the option to change investment strategy and to open new IRA accounts with different, safer, more diversified investments.
- D. Verified that the SIB CD's, the assets of the Trust, and SIB were properly valued on a periodic basis;
- E. Verified that the Trust was aware of where the assets of SIB were invested in order to be in a position to evaluate the risk of the trust investment based upon the prudent man standard;
- F. Determined or inquired or monitored the representations or warranties made to Plaintiffs by Investor Trust at the time the rollover funds were solicited, and determine whether the offering of the SIB CD's should have been registered in accordance with the Louisiana Securities Law.
- G. Advised the beneficiaries of the Trust of the risk profile of the type of investment that was being made with its funds.

79.

In truth and in fact, the State of Louisiana failed to perform its statutory duty in no performing the functions listed above in the administration of the sale of securities in the State of Louisiana. Plaintiffs have been damaged as a foreseeable result of the failure to perform the statutory duty.

80.

The State of Louisiana-OFI had a duty Plaintiffs to exercise its statutory duty as Commissioner of Securities, inform the investing public of the risks that the office had

discovered when examining the Trust, and to disclose this information to the investing public or to issue a consent decree preventing the sale of the SIB CD's in Louisiana.

81.

The Trust was required under its contracts with the Plaintiffs to report truthfully and accurately to them the account values and the assets held in the IRA Account, which it failed to do. The Trust, as custodial trustees, obligated itself to certain contractual duties, including the duty to report customers' holding and the accurate value thereof timely and accurately. State of Louisiana had a statutory duty to assure that the value of the Trust assets were properly reported to the grantors, and beneficiaries of the trust.

82.

The Trust, which had exclusive legal control over the IRA assets, failed to hold, safe-keep, or adequately review and value the IRA assets, which the Plaintiffs entrusted to them in violation of their duty of care. State of Louisiana had a statutory to assure that this duty was in fact implemented.

83.

Plaintiffs have suffered substantial financial injury as a result of the conduct alleged herein.

84.

The State Of Louisiana-OFI knew about the many red flags, concerning the Stanford investments, as alleged herein, including the warning by OFI, about the integrity of the SIB.

85.

The State Of Louisiana-OFI knew the reports rendered by Trust and SEI did not accurately reflect the assets in the IRA's.

86.

The State Of Louisiana-OFI ignored its statutory duty to protect purchasers of securities in the State of Louisiana in allowing the continuing sale of the SIB Certificates of Deposit during 2007 and 2008 after the OFI discovered the problems relating to the SIB CD's. Rather than attempt to exercise any discretion in administering the sale of securities in Louisiana, it completely abrogated its statutory duty despite the knowledge that it had gained from the examination of the Trust. Because the statutory duty to regulate the sale of securities was completely ignored, despite specific knowledge of the SIB CD's problems at the trust, the

“discretionary function” does not protect the state from liability. The State of Louisiana is liable to each Plaintiff.

THE ROLE OF SEI

87.

SEI and the Trust entered into an agreement which SEI would perform the trust functions of accounting and reporting of the Trust investments in SIB CD's. This is the same function that was performed by Pershing for all funds and marketable securities.

88.

SEI is a leading global provider of outsourced asset management, investment processing and investment operations solutions. SEI provided investment processing, fund processing, and investment management business outsourcing solutions to the Trust by utilizing SEI's proprietary software system to track investment activities in multiple types of investment accounts, and allowed the Trust to outsource trust and investment related activities.

89.

As a part of the functions of SEI, SEI was compensated to account for and value the investments of the Trust and each of the Plaintiffs in the SIB CD's. As such, SEI agreed to perform the following:

- A. Assure that the SIB CD's were administered in accordance with the requirements of OFI and to value the assets of the IRA's so that each Plaintiff would have the option to change investment strategy and to open new IRA accounts with different, safer, more diversified investments in the event the value changed;
- B. Assure that the SIB CD's, the assets of the Trust, and SIB were properly valued on a periodic basis;
- C. Determine the value of the assets of SIB and whether the funds were invested in order to be in a position to evaluate the risk of the trust investment based upon the prudent man standard;
- D. Fulfill its legal obligations required by the contracts entered into between the Trust and each IRA beneficiary as required by law;
- E. Implement a program of risk management and review of the investment portfolio in order to be in compliance with the fiduciary duties created by the agreements and the law;

- F. Implement a plan of risk management to assure broad diversification of assets so as to minimize the risk of the investment in high risk, speculative, liquid securities; and
- G. Advise the beneficiaries of the Trust of the risk profile of the type of investment that was being made with its funds.

90.

SEI, in particular, put its internationally known and respected brand name behind Stanford Financial and the Trust and SIB, thereby lending recognition and credibility to Stanford Financial and the Trust and SIB and supporting its sales efforts.

91.

SEI had knowledge that the SIB CD's were being marketed to individual investors who had trust accounts because that is the primary valuation and reporting performed by SEI. SEI had full knowledge that the services it was performing was directly for, and in connection with the offering of the SIB CD's and was an integral part of the process used by SG and the Trust to promote and sell SIB CD's to clients in Louisiana. Therefore, SEI was aware that it was involved assisting a group that was impermissibly operating as an investment company selling unregistered securities from, by and through Louisiana.

92.

SEI actively and materially aided SG and the Trust to perpetrate the massive Ponzi scheme now alleged by the SEC.

93.

SEI consistently, year after year, allowed its name to be mentioned prominently in SIB's Annual Reports, alongside Allen Stanford and Jim Davis and the rest of the SIB Board of Directors and the management of SIB, therefore lending more legitimacy to the overall operations of SG, the Trust and SIB.

94.

In agreeing to perform the administrative and reporting for the SIB CDs held by the trust, SEI assumed a duty to disclose all of the information it knew about SG, the Trust and SIB and not to make partial disclosures that might, and did, convey a false impression about SIB. A defendant may not deal in "half-truths" and SEI had more access to information regarding the Trust and SIB than Plaintiffs did and clearly had an incentive to market and sell SIB CD's to

Plaintiffs so that SIB, and the Trust, could continue in business and continue contracting SEI services. Moreover, SEI was clearly on notice that the investing public in Louisiana, who were being actively solicited to roll over the proceeds of their retirement accounts into SIB CD's, were being offered securities, but SEI made no attempt to determine whether the offering was a public offering or whether the offering to the retirees met the proper disclosure requirements.

95.

SEI knew that Plaintiffs would and did rely on the offering statements in making their investment decisions concerning buying the SIB CD's; indeed the very purpose of the reports rendered by SEI was to influence the investors' decision-making process in favor of purchasing and continuing to hold SIB CD's.

96.

By agreeing to assist SG, the Trust and SIB to sell and promote investment products, SEI actively joined the SG and Trust sales force and therefore knew or should have known that they were acting as links in the chain of selling unregistered securities to Plaintiffs from, by and through Louisiana. But for Defendants' participation, Stanford Financial and Stanford Trust and SIB could not have sold unregistered securities to Plaintiffs from, by, and through Louisiana.

97.

SEI aided and abetted SG and the Trust to operate as an illegal hedge or mutual fund in Louisiana and sell securities from, by and through Louisiana, by means of the conduct described herein. With full knowledge that SG and the Trust was selling securities from, by and through Louisiana, SEI aided and abetted and perpetuated SG, the Trust and SIB's violations of the Louisiana Securities Law by continuing to provide the letters herein described for the known purpose of luring new customers like Plaintiffs to SG, the Trust and SIB and selling them the worthless SIB CD's.

98.

Said conduct was designed to perpetuate the SG and Trust "myth" regarding the safety and security of the SIB CD's, and to support the marketing, promotional and sales activities described herein. SEI's actions as described herein allowed SG, the Trust and SIB to continue to sell securities to Plaintiffs from, by and through Louisiana using untruths and materially misleading omissions.

99.

By their conduct described herein, SEI participated with SG, the Trust and SIB in a fraudulent scheme, making Defendants directly liable for fraud. In particular, Defendants made the conscious decision to participate in the scheme by joining the SG and Trust sales force to market promote and advertise SIB to prospective clients in order to assist and enable SG and the Trust to continue to sell SIB CD's based on the misrepresentations that they were fully insured. SEI's actions in participating in the fraudulent scheme are a proximate cause of actual damages to Plaintiffs, being the difference between their investments in the Trust as stated in their last account statement and the amount Plaintiffs may receive from the Receivership distribution.

100.

Defendant, SEI, is directly liable for the acts and omissions of any subsidiary that performed any of these functions or failed to perform any of these function and each subsidiary is the alter ego of SEI and conducted the business including the schemes described herein. Specifically, SEI owns, controls, and dominates each subsidiary listed on its website under www.SEIC.com to such an extent that all subsidiaries in reality functions as a mere division or branch of SEI. Indeed, SEI and all of its subsidiaries, operate as one single unified worldwide business unit or single business enterprise, all operating under the SEI brand, international trademark or tradename and logo, which is prominently displayed on all of the SEI documents and advertising. SEI controls the manner in which its subsidiaries are perceived by the public and therefore intentionally creates the impression in the minds of third parties that SEI is one unified, global entity that acts as a single unit. SEI's own website touts its global approach to client service, in which SEI combines its global resources to offer the full benefit of every service that SEI offers worldwide.

CLASS ACTION ALLEGATIONS

101.

Plaintiffs file this matter as a class action, on behalf of themselves and all others similarly situated in Louisiana. The class which Plaintiffs seeks to represent is composed of all similarly affected persons, who (i.) purchased any SIB CD in Louisiana between January 1, 2007 and February 13, 2009 which would be subject to the Louisiana Securities Law; (ii.) renewed any SIB CD in Louisiana between January 1, 2007 and February 13, 2009; (iii.) made a decision not to redeem the SIB CD prior to maturity based upon express representations made by the Trust,

their agents, or the Stanford Financial Group or based upon the values stated by SEI between January 1, 2007 and February 13, 2009; or (iv.) any Plaintiff for whom the trust purchased SIB CD's between January 1, 2007 and February 13, 2009.

102.

The members of the Class are so numerous that the joinder of all members is impractical. The exact number of Class members is unknown to Plaintiffs at this time and can be ascertained only through appropriate discovery.

103.

Plaintiffs are asserting claims that are typical of the claims of the class, and Plaintiffs will fairly and adequately represent and protect the interests of the class in that they have no interests antagonistic to those of the other members of the class. Plaintiffs have retained counsel who are competent and experienced in the prosecution of class action litigation.

104.

A class action is superior to all other available methods for the fair and efficient adjudication of this controversy, since joinder of all members is impracticable. Moreover, as the damages suffered by a Plaintiff or any other individual class member may be relatively small, the expense and burden of individual litigation make it impossible for the class members to individually redress the wrongs done to them. Plaintiffs anticipate no difficulty in the management of this action as a class action.

105.

Common questions of law and fact exist as to all members of the class. Plaintiffs all bought SIB CD's in Louisiana or where the beneficiaries and owns of trust that bought SIB CDs in Louisiana through the Trust. In many instances, the cash represented funds from retirements that were rolled in IRA administered by Trust. In other instances, the Plaintiff are Louisiana resident who purchased SIB CD's in their individual names.

106.

Common questions predominate over many questions which may affect individual members of the class. Among the questions of law and fact common to the class are the following: (a.) whether Defendants' acts as described here constituted violations of law; (b.) the extent of damages sustained by members of the Class; and (c.) the appropriate measure of damages.

COUNT ONE
TRUST
BREACH OF CONTRACT

107.

Paragraphs 1 to 106 are incorporated herein by reference.

108.

A written or oral agreement existed between Plaintiffs and Trust. The terms of the agreement were that Trust would advise Plaintiffs concerning the risk of certain investments by spending the time necessary to evaluate the investment.

109.

Trust breached the terms of this agreement by not spending the proper time necessary to evaluate the investment and/or perform due diligence on the investment. Trust failed to obtain the information, which were material to Plaintiff's investment decision in the SIB CD's and failed to inform Trust of the compensation arrangements between SGC and SIB. In doing this, Trust have breached a contract or contracts with Plaintiffs.

110.

The actions of Trust have further breached their implied duties of good faith and fair dealing.

111.

Plaintiffs have been damaged by Trust material breaches of contract in an amount to be shown at the trial of this matter.

COUNT TWO
TRUST
MISREPRESENTATION

112.

Paragraphs 1 to 106 are incorporated herein by reference.

113.

Trust made representations to Plaintiffs.

114.

In the course of their business, Trust made representations to Plaintiffs in which they supplied false information.

115.

Trust made these untrue representations for the guidance of Plaintiffs, and Plaintiffs justifiably relied on these false representations.

116.

Trust did not exercise reasonable care or competence in obtaining the accuracy of the information set forth in the Material Representations and communicating the correct information to Plaintiffs.

117.

Trust's actions and omissions have caused damage to Plaintiffs in an amount to be shown at the trial of this matter.

COUNT THREE
TRUST
BREACH OF FIDUCIARY DUTY

118.

Paragraphs 1 to 106 are incorporated herein by reference.

119.

Trust breached the fiduciary duties owed to Plaintiffs by Trust.

120.

The relationship of trust and confidence between Plaintiffs and Trust gave rise to a fiduciary duty on the part of Trust. Trust therefore owed a duty to Plaintiffs to act fairly and in the utmost good faith in all of their transactions with Plaintiffs, to make full and fair disclosure of all material facts to Plaintiffs, not to take advantage of their relationship with the Plaintiffs for personal gain, and to act openly and honestly regarding their transactions with Plaintiffs.

121.

Trust breached this fiduciary duty by acting in a reckless manner in failing to determine the accuracy of the Material Representations

122.

Trust violated their fiduciary duty when they failed to disclose their conflicts of interest as described above.

123.

As a result of the foregoing breaches of fiduciary duty by Trust, Plaintiffs are entitled to actual damages in an amount to be shown at the trial of this matter.

COUNT FOUR
TRUST and SEI
UNFAIR TRADE PRACTICES
(La. Rev. Stat. § 51:1401, et seq.)

124.

Paragraphs 1 to 106 are incorporated herein by reference.

125.

Based upon the above allegations, Trust and SEI have violated the Louisiana Unfair Trade Practices Act, La. Rev. Stat. § 51:1401, *et seq.* (the "Act"), and such actions constitute deceptive trade practices within the meaning of the Act.

126.

Accordingly, Plaintiffs are entitled to damages under the Act and are entitled to reasonable attorneys' fees, as provided for therein.

COUNT FIVE
TRUST
VIOLATION OF THE LOUISIANA SECURITIES LAW

127.

Paragraphs 1 to 106 are incorporated herein by reference.

128.

Trust has violated the Louisiana Securities Act, La.R.S. 51:701, *et seq.*

129.

All Trust sold securities to Plaintiffs, within the meaning of the terms "sale" and "security" as defined in Section 702 of the Louisiana Securities Act. Trust sold these securities by means of untrue statements of material fact and/or omissions of material facts, which made their statements misleading in the light of the circumstances in which they were made

130.

These misrepresentations and omissions were in violation of Section 712 of the Louisiana Securities Act.

131.

• •

In addition, Trust sold securities that were not registered in accordance with the law of the State of Louisiana and were not subject to a private placement exemption under the laws of the State of Louisiana.

132.

The failure to register was in violation of Sections 705 and 712 of the Louisiana Securities Law. IRA Trust is liable based upon Section 714 (A) and (B) of the Louisiana Securities Law.

133.

Trust made the referenced representations in reckless disregard of the truth, and could have discover all of the misrepresentations and omissions by exercising the requisite due care require under 714(B) of the Louisiana Securities Act.

134.

In accordance with Section 712(b) of the Louisiana Securities Act, every person, who participates in any material way in the sale is liable jointly and severally with and to the same extent as the person liable under 714(A) of the unless the person whose liability arises under this Subsection sustains the burden of proof that he did not know and in the exercise of reasonable care could not have known of the existence of the facts by reason of which liability is alleged to exist.

135.

The Trust materially participated in the offering and could have, in the exercise of reasonable care, determined the existence of the facts set forth herein, or in the alternative, determined the omission of certain facts that was making the offering of the SIB CD's misleading.

136.

Plaintiffs relied on the foregoing material representations and/or omissions to their detriment.

137.

Trust, directly and indirectly, prepared, disseminated or used contracts, written offering documents, promotional materials, investor and other correspondence, and oral presentations, which contained untrue statements of material facts and misrepresentations of material facts, and

which omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

138.

Trust made the referenced representations in reckless disregard of the truth or in the alternative could have discovered these facts if they had exercised "reasonable care" as set forth in Section 714(B) of the Louisiana Securities Law.

139.

As a result of the foregoing violations of the Louisiana Securities Act, Plaintiffs have sustained actual damages and are entitled to actual damages in an amount to be shown at the trial of this matter and a return of all amounts that have been invested.

COUNT SIX
STATE OF LOUISIANA
OFI
TORT-FAILURE TO REGULATE

140.

Paragraphs 1 to 106 are incorporated herein by reference.

141.

The Stanford Trust was one of a limited number of trusts approved and regulated by the state of Louisiana which are not a part of a bank or bank holding company. Stanford Trust operated as separate entity subject to the regulation of the OFI. Rules promulgated by the OFI state clearly that they have the power to "supervise, regulate and examine" any Trust licensed by OFI. There was no supervision of the Trust's highly questionable activities in the sale of SIB CD's to plaintiffs located in the state of Louisiana.

142.

Article 12 Section 10 (A) of the LA Constitution waives sovereign immunity in the case of contract and torts, and therefore a suit can be brought against the state for contract and torts claims. The legislature limited this right of action against the state in enacting La. R.S. 9:2798.1, a statute granting "discretionary immunity" to the state in some actions.

143.

The immunity statutes (La. R.S. 9:2798.1) provide that "liability shall not be imposed on public entities or their officers or employees based on the exercise or performance" when undertaking policymaking or discretionary acts. The OFI-Commissioner of Securities abrogated

its statutory duty to the Plaintiffs by doing nothing to protect the Plaintiffs, when the OFI Division that regulated the Stanford Trust was well aware of the problems relating to the SIB CD's commencing in 2007.

144.

La. R.S. 9:2798.1(C)(1) provides that there is no immunity from suit when the state's actions or omissions are not reasonably related to the legitimate government objective for which the policymaking or discretionary act exists. The inactions by the OFI-Commissioner of Securities by not suspending the offering of the SIB CD's after the OFI-Trust Division obtained knowledge of irregularities is not reasonably related to legitimate government objectives.

145.

The second exception, La. R.S. 9:2798.1(C)(2), provides that discretionary immunity is not applicable to acts or omissions that constitute criminal, fraudulent, malicious, intentional, willful, outrageous or reckless misconduct. The inactions by the OFI-Commissioner of Securities by not suspending the offering of the SIB CD's or disclosing the information to the Plaintiffs after the OFI-Trust Division obtained knowledge of irregularities is not reasonably related to legitimate government objectives.

146.

OFI has duties to third parties that are affected by their failure to regulate the party they had a duty to regulate. *Wilson v. Davis*, 2007-1929 (La. App. 1 Cir. 5/28/08), 991 So. 2d 1052.

147.

The action or inaction of the OFI-Commissioner of Securities was not grounded in social, economic and political policy and in turn, discretionary immunity does not apply.

148.

Failure of the OFI-Commissioner of Securities to take meaningful action in light of its knowledge of the problems as a regulator of the Trust did not involve policy making or discretionary duties and thus the discretionary function is inapplicable. *Wilson v. Davis*, 2007-1929 (La. App. 1 Cir. 5/28/08), 991 So. 2d 1052.

149.

Given the OFI's knowledge of the issues at the trust as alleged herein, failure to enforce the Louisiana Securities Law or at a minimum provide full disclosure to the Plaintiffs as to the information it discovered during the examination of the Trust, is not within the scope of

discretionary immunity. Given the OFI's knowledge of the issues at the trust as alleged herein, failure to further inquire about the offering of SIB CD's to other investors in the state of the Louisiana is not within the scope of discretionary immunity.

150.

Discretionary immunity does not apply to the OFI, Commissioner of Securities when it failed to enforce its own regulations.

151.

Inactions of the OFI-Commissioner of Securities fell within the exceptions to the discretionary function, and thus OFI is not provided immunity. *Brown v. ANA Ins. Group*, 965 So. 2d 902 (1st Cir. 2007).

152.

The omission or failure to oversee is not reasonably related to the legitimate government objective of the liquidation provisions of the Louisiana Securities Law and thus the La. R.S. 9:2798.1(C)(1) exception is applicable. The omission or failure to oversee constitutes reckless misconduct and thus the 9:2798.1(C) (2) exceptions apply. *Wilson v. Davis*, 2007-1929 (La. App. 1 Cir. 5/28/08), 991 So. 2d 1052.; *Brown v. ANA Ins. Group*, 965 So. 2d 902 (1st Cir. 2007).

153.

OFI acted negligently, recklessly or intentionally acquiesced in the Trust Plans to sale of unregistered securities and securities with a high degree of risk and gave implicit **regulatory approval** to these transactions as a means of generating income for the Trust to protect the going concern value of the Trust company during 2007 and 2008. In protecting the going concern value of the Trust, the OFI-Commissioner of Securities abrogated its responsibilities to the Plaintiff who purchased securities in this state by doing nothing to suspend the sale of the SIB CD's or inform or protect the purchasers of securities in the state of Louisiana. These inactions of the OFI-Commissioner of Securities violated it own duties specified under the Louisiana Securities Law, and can only be assumed that these inaction occurred in order to protect the going concern value of the trust over which it also had regulatory authority. In essence, the Plaintiffs were made "sacrificial lambs" in order to protect the going concern value of the Trust.

154.

The Trust sold securities to Plaintiffs, within the meaning of the terms “sale” and “security” as defined in Section 702 of the Louisiana Securities Law. Trust sold these securities by means of untrue statements of material fact and/or omissions of material facts, which made their statements misleading in the light of the circumstances in which they were made. Despite its knowledge of the fact the SIB CD risk was not being disclosed as determined in its examination, State of Louisiana made no attempt to correct the offering material of the Trust to accurately reflect the risk inherent in the investment based upon what the state determined in its examination of the Trust.

155.

Even though these misrepresentations and omissions were in violation of Section 712 of the Louisiana Securities Law, the State of Louisiana abrogated its statutory duty under the states securities law and did nothing about it.

156.

In addition, the State of Louisiana (i.) knew or should have known that the SIB CD's were being sold to people who were not accredited investors because it examined the IRA accounts held by the Trust, (ii.) knew that the offering was not registered with the State or the Securities Exchange Commission based upon its 2007 and 2008 examinations, allowed the sale of securities that were not registered in accordance with the law of the State of Louisiana and were not subject to a private placement exemption under the laws of the State of Louisiana. State of Louisiana turned a blind eye to the sale by the Trust Company of securities to Plaintiffs who did not meet the non-public offering requirements who were not sophisticated investors.

157.

State of Louisiana made no attempt to terminate the offering of the SIB CD's that were being marketed as unregistered securities to unsophisticated investors who were retirees. If the State of Louisiana had exercised his statutory duty and not completely abrogated its statutory duty, the non-public offering would have be terminated and the offering could not have continued until the S-1 was filed with the SEC which would have required SIB to fully disclose in detail its assets.

158.

As a result of the above allegations, the Plaintiffs have been damaged and are entitled to recovery, as set forth in paragraph 174.

COUNT SEVEN
SEI
VIOLATION OF THE LOUISIANA SECURITIES ACT

159.

Paragraphs 1 to 106 are incorporated herein by reference.

160.

Trust has violated the Louisiana Securities Law as set forth herein. SEI has liability under the Louisiana Securities Law based upon Section 714(B) as a participant in the sale of unregistered securities by Trust and SG.

161.

Trust entered into contractual agreements with SEI to administer and report the Plaintiffs the performance and value of the SIB CD's. The reporting of the SIB CD's was the primary function performed by SEI and was the primary if not the sole security, that it was required to administer and report upon. The obtaining of a company to perform this role on behalf of the Trust was a key component in promoting the sale of SIB CD's to retirees who rolled their IRA's over into the trust as alleged herein. SEI received substantial income for performing this function. Because this was the primary security that it was required to administer, SEI had a heightened duty to understanding the nature of the SIB CD and to understand the manner in which it was being offered to Plaintiffs and the manner in which it was valued on the reports rendered to Plaintiffs.

162.

SEI knew at all times that the SIB CD's were being marketed to Plaintiff who were retirees in most instances, and that many of these individuals had rolled their IRA retirement funds into the IRA accounts that Trust and SEI administered. This knowledge was based upon the reporting function that it was performing on behalf of trust. Further, SEI knew that Trust and SG had not filed an registration statement with the state of Louisiana or the Securities and Exchange Commission because of its intimate involvement in the operation of Trust. Further, SEI knew that trust was experiencing major internal control issues based upon its participation in the resolution of these issues, but made no attempt to assure that the Plaintiff were aware of these

issues.

163.

Trust sold securities to Plaintiffs, within the meaning of the terms "sale" and "security" as defined in Section 702 of the Louisiana Securities Law. Trust sold these securities by means of untrue statements of material fact and/or omissions of material facts, which made their statements misleading in the light of the circumstances in which they were made. As a participant in the offering, and knowledge of the registration process because SEI was a public company registered under the Securities Exchange Act of 1934, SEI made no attempt to determine the accuracy of the information that was being given to the Plaintiffs by Trust or to determine what information was omitted from the offering documents or whether the securities should have be registered which would have required disclosure of the underlying assets of SIB.

164.

These misrepresentations and omissions were in violation of Section 712 of the Louisiana Securities Law.

165.

SEI participated in the sale of securities that were not registered in accordance with the law of the state of Louisiana and were not subject to a private placement exemption under the laws of the state of Louisiana. SEI participated in the sale of securities to Plaintiffs who did not meet the non-public offering requirements who were not sophisticated investors.

166.

The failure to register the securities being marketed to Plaintiffs was in violation of Sections 705 and 712 of the Louisiana Securities Law. SEI is liable based upon Section 714 (A) and (B) of the Louisiana Securities Law. SEI played a vital and substantial role in the sale and marketing of the unregistered SIB CD's to the Plaintiffs. Had the securities been registered, the assets of SIB would have been disclosed, and Plaintiff would have been able to make an informed decision on the value of the SIB CD's.

167.

Plaintiffs relied on the foregoing material representations and/or omissions to their detriment.

168.

SEI participated, directly and indirectly, in the preparation, dissemination of written offering documents, promotional materials, investor and other correspondence, and oral presentations, in the solicitation of the IRA accounts of the Plaintiffs which contained untrue statements of material facts and misrepresentations of material facts, and which omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

169.

SEI could have discovered all of the misrepresentations and omissions including the failure to register the SIB CDs by exercising the requisite due care require under 714(B) of the Louisiana Securities Act.

170.

In accordance with Section 712(b) of the Louisiana Securities Act, every company who participates in any material way in the sale is liable jointly and severally with and to the same extent as the person liable under 714(A) of the unless the person whose liability arises under this Subsection sustains the burden of proof that he did not know and in the exercise of reasonable care could not have known of the existence of the facts by reason of which liability is alleged to exist. Based upon the role of SEI, SEI participated in the offering in a material way based upon the allegations set forth herein and is jointly and severally liable.

171.

SEI could have, in the exercise of reasonable care, determined the existence of the facts set forth in Paragraphs 1 to 106 or in the alternative, determine the omission of certain facts that was making the offering of the SIB CD's misleading.

172.

SEI, in the course of its business relationships with SG and the Trust, made material representations to Plaintiffs on a monthly and quarterly basis based upon the value of the SIB CD's. SEI and its employees and agents knowingly made the misrepresentations as to the value of the SIB CD's, and/or recklessly made the representations contained in said reports as positive assertions without any knowledge of their truth. Acting on behalf of SG and the Trust and at its behest, SEI created and transmitted monthly and quarterly reports to each Plaintiff with the intention that investors like Plaintiffs act upon the representations by investing in, or continuing

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to maintain investments in, SIB CD's. Plaintiffs received the reports created and transmitted by SEI and justifiably relied upon them and, based upon them and the information provided by SG and Trust, formed the belief that the SIB CD's were legitimate investments and valued correctly. As a direct and proximate result of Plaintiffs' reliance on SEI's fraudulent misrepresentations, Plaintiff suffered damages, being the difference between their investments in SIB as stated in their last account statement and the amount Plaintiffs may receive from the Receivership distribution.

173.

As a result of the foregoing violations of the Louisiana Securities Act, Plaintiffs has sustained actual damages and are entitled to actual damages in an amount to be shown at the trial of this matter.

DAMAGES OWING BY DEFENDANTS

174.

Plaintiffs have suffered substantial financial injury as a direct, foreseeable and proximate result of Defendants breach of the duties, based upon the accounts alleged herein. In addition to the general damages flowing directly from these breaches, the Plaintiffs are entitled to recover consequential, incidental and special damages, lost profits, lost opportunities and other economic damages. Whereas almost all members of the Plaintiffs are older adults, who are no longer gainfully employed, their prospects of replacing the retirement monies lost are virtually nonexistent-leaving Plaintiffs with substantially reduced means for their continued sustenance. Thus, as a consequential and proximate result of their financial injuries, Plaintiffs have experienced, and continue to experience, severe emotional distress in the form of depression, fear, anxiety, worry, grief, loss of sleep, and strokes, and are entitled to recover for such non-economic consequential damages, according to proof at trial. Additionally, Plaintiffs' emotional distress has caused and is continuing to cause them to suffer additional financial losses as well, according to proof at trial.

175.

Plaintiffs have suffered substantial financial injury as a direct, foreseeable, and proximate result of the Stanford Trust' contractual breaches, as alleged herein. In addition to the general damages flowing directly from these breaches, the Plaintiffs are entitled to recover

consequential, incidental and special damages, lost profits, lost opportunities, and other economic damages.

JURY DEMAND

176.

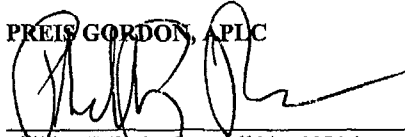
Plaintiffs demand trial by jury of all issues so triable.

WHEREFORE, PREMISES CONSIDERED, Plaintiffs, pray for the following:

- A. that Defendants be cited to appear and answer;
- B. that, upon trial on the merits, Plaintiffs recover actual damages;
- C. that, upon trial on the merits, Plaintiffs recover attorneys' fees, prejudgment interest, post judgment interest, costs of court, and such other and further relief to which Plaintiffs may be justly entitled; and
- D. for all other equitable and legal relief as provided by law.

Respectfully submitted:

PREIS GORDON, PLC



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PLEASE WITHHOLD SERVICE ON ALL DEFENDANTS AT THIS TIME

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TROY LILLIE, LEAH FARR	*	DOCKET NO. _____
KENNETH DOUGHERTY,	*	
CHARLES WHITE,	*	
MARTHA JEAN WITMER,	*	
SHARON WITMER,	*	
OLIVIA SUE WARNOCK,	*	SECTION _____
CLYDE J. CHISHOLM,	*	
RONALD McMORRIS,	*	
ARTHUR ORDOYNE	*	
WILLIAM DAWSON,	*	
TERRY TULLIS,	*	
JAMES STEGALL,	*	
ANTHONY VENTRELLA,	*	19 th JUDICIAL DISTRICT COURT
ROBERT SMITH,	*	
THOMAS SLAUGHTER,	*	
LARRY PERKINS,	*	
WILLIAM PHILLIPS,	*	
CHARLES HART,	*	
RICHARD FEUCHT,	*	
LONNIE ORDOYNE,	*	
ARTHUR WAXLEY,	*	
DARRELL COURVILLE,	*	
MERRILL LAPLANTE,	*	
JAMES BROWN,	*	
IRA CAUSEY,	*	
JERRY BURRIS,	*	PARISH OF EAST BATON ROUGE
JACQUELINE MILLET,	*	
LOUIS MIER,	*	
MAMIE BAUMANN,	*	
CHARLES SANCHEZ,	*	
JOSEPH CHUSTZ, JR.	*	
ROBERT BUSH,	*	
BOBBY NIX,	*	
CLAUDE MARQUETTE,	*	
GWEN FABRE,	*	
ROBERT SCHWENDIMANN,	*	
WANDA BEVIS,	*	
TERRY TARVER,	*	STATE OF LOUISIANA
MARCEL DUMESTRE,	*	
RONALD VALENTINE,	*	
BENNIE O'REAR,	*	
JULIE SAVOY,	*	
LAURA LEE,	*	
DENNIS KIRBY,	*	
BILLIE RUTH McMORRIS,	*	
LARRY SMITH,	*	
KENNETH WILKEWITZ,	*	
MURPHY BUELL,	*	
KERRY KLING,	*	
LYNN GILDERSLEEVE	*	
MICHELLI,	*	
WILLA MAE GILDERSLEEVE,	*	
ANITA ELLEN CARTER,	*	
FRED DEMAREST,	*	
NANCY GILL,	*	
LINDA BOYD,	*	
VIRGINIA BUSCHEME,	*	
ROBERT GILDERSLEEVE,	*	
WALTER STONE,	*	
VIRGINIA McMORRIS,	*	
CAROL STEGALL,	*	
GARY MAGEE,	*	

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MONTY PERKINS, *
 JOAN FEUCHT, *
 KATHLEEN MIER, *
 MAMIE SANCHEZ, *
 MARGARET S. NIX, *
 MARGARET DUMESTRE, *
 CLAUDIA O'REAR, *
 GORDON C. GILL, *
 JOHN BUSCHEME, AND *
 CHARLIE L. MASSEY *
 THOMAS E. BOWDEN , *
 G. KENDALL FORBES *
 DEBORAH S. FORBES, *
 WILLIAM BRUCE JOHNSON, *
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 RODNEY P. STARKEY, *
 STEPHEN WILSON, *
 JEANNE ANNE MAYHALL, *
 JOHN WADE, LYNN J. *
 PHILIPPE, *
 LISA SCRANTZ *
 *
 VERSUS *
 *
 *
 STANFORD TRUST COMPANY, *
 STATE OF LOUISIANA, OFFICE *
 OF FINANCIAL INSTITUTIONS, *
 AND SEI INVESTMENTS *
 COMPANY *
 *

REQUEST FOR NOTICE OF TRIAL DATE

TO THE CLERK OF COURT in and for the above Parish:

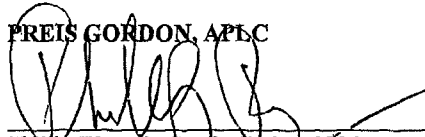
PLEASE TAKE NOTICE that undersigned counsel, attorney for parties listed, does hereby request written notice of the date of trial of the above matter, as well as notice of hearings (whether on merits or otherwise), orders, judgments and interlocutory decrees, and any and all formal steps taken by the parties herein, the Judge or any member of Court, as provided in the *Louisiana Code of Civil Procedure*, particularly *articles 1571, 1572, 1913 and 1914* thereof.

I HEREBY CERTIFY that a copy of the above and foregoing *Request for Notice of Trial Date* has this day been served on all parties appearing in proper person, and on all parties appearing through representation by attorneys, by depositing a copy of same in the United States Mail, properly addressed and postage prepaid to any individuals appearing on their own behalf at their address, and to those parties represented by mailing a copy to their counsel.

• 7 •

Baton Rouge, Louisiana this 20th day August, 2009.

Respectfully submitted:

PREIS GORDON, APLC


Philip W. Preis, Bar Roll No. 40706
Charles M. Gordon, Jr., Bar Roll No. 23758
Crystal D. Burkhalter, Bar Roll No. 27396
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Facsimile: (225) 344-0510

TROY LILLIE, ET AL.

DOCKET NO. 581,670 SECTION 24

VERSUS

19th JUDICIAL DISTRICT COURT

STANFORD TRUST COMPANY,
STATE OF LOUISIANA, OFFICE
OF FINANCIAL INSTITUTIONS,
AND SEI INVESTMENTS
COMPANY

PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA

PLAINTIFFS' FIRST AMENDMENT TO
PLAINTIFFS' ORIGINAL PETITION FOR DAMAGES (IRA)

NOW INTO COURT, through undersigned counsel comes Plaintiffs, TROY LILLIE,
LEAH FARR, KENNETH DOUGHERTY, CHARLES WHITE, MARTHA JEAN
WITMER, SHARON WITMER, OLIVIA SUE WARNOCK, CLYDE J. CHISHOLM,
RONALD McMORRIS, ARTHUR ORDOYNE, WILLIAM DAWSON, TERRY TULLIS,
JAMES STEGALL, ANTHONY VENTRELLA, ROBERT SMITH, THOMAS
SLAUGHTER, LARRY PERKINS, WILLIAM PHILLIPS, CHARLES HART, RICHARD
FEUCHT, LONNIE ORDOYNE, ARTHUR WAXLEY, DARRELL COURVILLE,
MERRILL LAPLANTE, JAMES BROWN, IRA CAUSEY, JERRY BURRIS,
JACQUELINE MILLET, LOUIS MIER, MAMIE BAUMANN, CHARLES SANCHEZ,
JOSEPH CHUSTZ, JR., ROBERT BUSH, BOBBY NIX, CLAUDE MARQUETTE,
GWEN FABRE, ROBERT SCHWENDIMANN, WANDA BEVIS, TERRY TARVER,
MARCEL DUMESTRE, RONALD VALENTINE, BENNIE O'REAR, JULIE SAVOY,
LAURA LEE DENNIS KIRBY, BILLIE RUTH McMORRIS, LARRY SMITH,
KENNETH WILKEWITZ, MURPHY BUELL, KERRY KLING, LYNN
GILDERSLEEVE MICHELLI, WILLA MAE GILDERSLEEVE, ANITA ELLEN
CARTER, FRED DEMAREST, NANCY GILL, LINDA BOYD, VIRGINIA BUSCEME,
ROBERT GILDERSLEEVE, WALTER STONE, VIRGINIA McMORRIS, CAROL
STEGALL, MONTY PERKINS, JOAN FEUCHT, KATHLEEN MIER, MAMIE
SANCHEZ, MARGARET S. NIX, MARGARET DUMESTRE, CLAUDIA O'REAR,
GORDON C. GILL, JOHN BUSCEME, CHARLIE L. MASSEY, JAMES ROLAND,
SUSAN ROLAND, MICHAEL J. GIAMBRONE, THOMAS E. BOWDEN, G. KENDALL
FORBES, DEBORAH S. FORBES, WILLIAM BRUCE JOHNSON, TERENCE BEVEN,
THOMAS J. MORAN, RALPH D. D'AMORE, DANIEL P. LANDRY, RONALD R.
MARSTON, RODNEY P. STARKEY, STEPHEN WILSON, JEANNE ANNE MAYHALL,

JOHN WADE, LYNN J. PHILIPPE, and LISA SCRANTZ (collectively referred to herein as “Plaintiffs”), who file their First Amendment to the Petition for Damages by adding the following Defendant to the original Petition for Damages (“Petition”) pursuant to the provisions of the Louisiana Code of Civil Procedure articles 1151 and 1156 and who respectfully represent as follows:

1.

Plaintiffs amend their Petition and add the following paragraph to their Petition at paragraph 3D as follows:

“3D.

D. SEI PRIVATE TRUST COMPANY, which is wholly owned subsidiary of SEI Investments Company, a foreign corporation registered to do and actually doing business in the state of Louisiana, which may be served through via the Louisiana Long Arm Statute at its registered office at 1 Freedom Valley Road, Oaks, Pennsylvania 19456 (“SEI”).”

2.

Plaintiffs amend their Petition and add the following paragraph after paragraph 3D. of the Petition as follows:

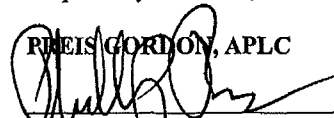
“For purposes of the Petition, SEI Investments Company and SEI Private Trust Company are referred to collectively herein as “SEI.” All other allegations are herein incorporated by reference.”

WHEREFORE, premises considered, Plaintiffs pray for the following relief:

I. That this First Amendment to the Petition for Damages be deemed good and sufficient and, after the lapse of all legal delays and due proceedings had, there me a judgment herein in favor of the Plaintiffs, and against the Defendants set forth in paragraph 3 of the Original Petition for Damages and against SEI Private Trust Company, as set forth in this First Amendment to the Petition for Damages, granting all claims, payment of attorney’s fees, damages and other relief allowed under the law as set forth in the Original Petition for Damages;

II. For all orders and decrees as necessary in the premises and for full, general, and equitable relief.

Respectfully submitted,

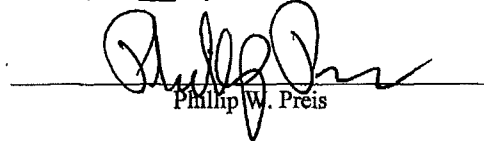

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Facsimile: (225) 344-0510

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the above and foregoing Pleading was this day forwarded to all counsel of record by depositing a copy of same via electronic mail, properly addressed.

Baton Rouge, Louisiana, this 9th day of October, 2009.


Philip W. Preis

**PLEASE SERVE WITH ORIGINAL PETITION
AND FIRST AMENDMENT TO PETITION:**

SEI PRIVATE TRUST COMPANY,
Via La. Long Arm Statute,
at its registered office,
1 Freedom Valley Road
Oaks, Pennsylvania 19456