



STATE OF LOUISIANA
OFFICE OF FINANCIAL INSTITUTIONS
BATON ROUGE, LOUISIANA

February 26, 2002



THE BOARD OF DIRECTORS
Stanford Trust Company
445 North Boulevard
Baton Rouge, Louisiana 70802

Dear Board Members:

We have completed our review of President Perry's responses to our July 26, 2001, Report of Examination of Stanford Trust Company (STC). Based on the reported changes and commitments included in his November 20, 2001, letter, it appears that concerns regarding board meetings, minutes, and policies have been adequately addressed. We will review the effectiveness of these changes at future examinations.

In his December 12, 2001 letter, President Perry indicated that the Board had discussed the need for an Internal Revenue Service (IRS) Determination Letter regarding Stanford International Bank (SIB) CDs, and is of the opinion that the ruling is unnecessary. While we continue to have concerns in this regard, we will accept the Board's decision. However, this does not relieve the Board of its fiduciary responsibility to avoid self-dealing and act prudently in the best interest of the accountholders.

President Perry also indicated that the Board agrees with this Office that no violation has occurred regarding referral fees and believes that no violation would occur if fees were received. Again, it appears that Section 4975 (C)(1)(F) of the IRS Code prohibits a fiduciary from receiving a fee in connection with a transaction involving the income or assets of a plan (IRA). Therefore, if STC receives a fee for placing accountholders' funds in SIB CDs in the future, you can expect this violation to be cited in the examination report.

Based on STC's year-end call report, its capital currently exceeds \$5 million. While written confirmation was not provided as requested in our October 8, 2001, correspondence, we expect the company to maintain at least \$5 million in capital on a quarterly basis, as committed to by Mr. Stanford at our July 30, 2001, meeting.

If you have any questions, please contact Review Examiner Didrea Moore at (225) 925-4660.

Sincerely,

Handwritten signature of John D. Travis in cursive script.
John D. Travis

Commissioner of Financial Institutions

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DPM/SES:bwp

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