

Stanford Financial Group Chief Investment Officer Charged With Obstruction

Contributed by Editor
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Laura Pendergest-Holt, the chief investment officer of Houston-based Stanford Financial Group (SFG), was arrested today by agents of the FBI's Houston Field Office on a criminal complaint charging her with obstruction of a proceeding before an agency of the United States, announced Acting Assistant Attorney General of the Criminal Division Rita M. Glavin and Special Agent in Charge of the Houston Division of the FBI, Andrew R. Bland, III.

Pendergest-Holt appeared this afternoon before U.S. Magistrate Mary Milloy at the federal courthouse in Houston.

According to the complaint, Pendergest-Holt met on Feb. 10, 2009, with representatives of the U.S. Securities and Exchange Commission (SEC) at the SEC's Fort Worth, Texas, regional office based on an SEC subpoena. According to the complaint, the SEC summoned Pendergest-Holt to testify in its investigation into allegations that SFG and related companies, including the Stanford International Bank (SIB), had defrauded investors and account holders of an estimated \$8 billion in deposits.

The complaint alleges Pendergest-Holt made several affirmative misrepresentations to the SEC in order to obstruct its investigation.

Specifically, the complaint alleges that Pendergest-Holt met with several SFG corporate officers in Miami during the week of Feb. 2, 2009, to prepare for her upcoming testimony before SEC staff scheduled a week later. Pendergest-Holt is alleged to have discussed with those corporate officers the SIB's "Tier III" Portfolio, using a computer-generated pie chart she created. The complaint alleges that the pie chart reflected, among other things, a \$1.6 billion loan to a shareholder from the Tier III Portfolio.

The complaint alleges that the following week, on Feb. 10, Pendergest-Holt, accompanied by an attorney, made several misrepresentations under oath to SEC investigators during her testimony, including her alleged failure to reveal that she had participated in the Miami preparation session with SFG corporate officers. Pendergest-Holt also allegedly misrepresented her own preparatory work for the testimony, saying she had met with no one other than the attorney as she worked to ready herself for the session with the SEC.

The complaint alleges further that Pendergest-Holt failed to reveal to the SEC investigators during the testimony session that she was a member of the SIB's investment committee, or the extent of her knowledge of the bank's Tier III Portfolio. The complaint also alleges that at no point did Pendergest-Holt reveal that the \$1.6 billion loan had been discussed with corporate officers in Miami. When asked by investigators if she served on the SIB limited investment committee, Pendergest-Holt is alleged to have answered "no."

Pendergest-Holt was interviewed again by SEC investigators on Feb. 17, 2009, in Memphis, Tenn., and, according to the complaint, she continued to obstruct the SEC's investigation by saying she had no knowledge of the Tier III Portfolio.

The complaint is merely an accusation based on a finding of probable cause by a magistrate judge, and the defendant has not been indicted by a grand jury. The defendant is presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

The case is being investigated by the FBI's Houston Field Office, Internal Revenue Service-Criminal Investigations and the U.S. Postal Inspection Service. The case is being prosecuted by Trial Attorney Matthew Klecka and Attorney Allan Medina of the Criminal Division's Fraud Section.

Source: U.S. Department of Justice