

Miami Meetings at Center of Stanford Woes

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Thomas Sjoblom, an attorney at the international law firm [Proskauer Rose LLP](#), walked into the office of a female Stanford Financial Group executive in Miami after a tense series of private meetings earlier on a February day with Stanford's top brass.

Sjoblom, an attorney representing Stanford, was part of a small group of executives who over the course of several days in early February were meeting in Miami to discuss the financial health and performance of the Stanford family of companies.

The meetings also were prep sessions for Laura Pendergest-Holt, Stanford's chief investment officer who was scheduled to give testimony one week later to the U.S. Securities and Exchange Commission, which had for months been probing Stanford.

Those private meetings came amid the final, frantic days of the Stanford business empire. Fewer than two weeks later, the SEC in mid-February filed civil charges against Stanford chairman R. Allen Stanford, Stanford's chief financial officer [James Davis](#) and Pendergest-Holt alleging their involvement in a massive investment fraud.

Party ends

Before that happened, the small group of Stanford executives assembled in Miami and reviewed a broad set of facts about the company, facts that apparently led to serious concerns among some of the participants.

The female executive whose office Sjoblom entered that day in early February, for example, asked him why he wasn't smiling.

"The party is over," was his reply, according to court documents.

Earlier that day, a different Stanford official broke down crying over revelations about Stanford that had been shared during the Miami meetings. That person told members of the group nearby that details about Stanford might need to be given to appropriate authorities.

Sjoblom walked over and suggested the two of them begin praying together, according to court documents filed in Texas where the SEC's case against Stanford is pending.

New details continue to emerge about how that circle of insiders who met in Miami reacted to the SEC's tightening of the noose around Stanford, a group of companies that generated outsized wealth for its executives, projected an aura of respectability and success and was presided over by a Texas billionaire with a penchant for the game of cricket.

What wasn't evident until the end was that Stanford was built on secrets and private financial transactions that culminated in the SEC accusing Stanford's leadership of running a "massive Ponzi scheme" and of defrauding investors out of billions of dollars.

Two days after he told the Stanford executive "the party is over," Sjoblom sent an e-mail to Mauricio Alvarado, Stanford's general counsel. His proposed instructions regarding

certificates of deposit and financial statements of Stanford's banking arm revealed concerns about both of them.

Part of what the SEC claimed Stanford was doing was promising more inflated returns for its CDs than would have been available from CDs offered by traditional banks.

"All sales of CDs pursuant to the US Accredited Investor Program should cease," Sjoblom's Feb. 8 e-mail to Alvarado reads. "No further public distribution of the disclosure statement or the bank's annual reports should occur. Nor should there be any distribution of any marketing materials that reference either (the Stanford bank or its CDs). All ongoing discussions with prospective clients about the bank's CDs should cease."

Tipping point

Two days after that, Sjoblom was in the room in the SEC's office in Fort Worth, Texas, when Pendergest-Holt faced five representatives of the SEC's Division of Enforcement to give testimony under oath in the SEC's Stanford probe.

A native of Baldwyn, Miss., Pendergest-Holt worked in Stanford's East Memphis office in the Crescent Center from the mid-1990s through 2007. She supervised a group of analysts spread from Memphis to Tupelo, Miss., to St. Croix in the U. S. Virgin Islands.

Sjoblom decided after Pendergest-Holt's testimony to remove himself from the picture. He gave notice to the SEC Feb. 11, the day after Pendergest-Holt's testimony, that his firm was no longer Stanford's counsel.

He followed that up with a Feb. 12 fax to [Kevin Edmundson](#), the assistant regional director in the SEC's Fort Worth office, and left a voicemail message for him the next evening.

Sjoblom typed a note on his BlackBerry to Edmundson a little after 4 p.m. Feb. 14. It read: "Kevin, this will advise the SEC, and confirm my voice message last evening, that I disaffirm all prior oral and written representations made by me and my associates ... to the SEC staff regarding Stanford Financial Group and its affiliates."

The same day Sjoblom sent his Feb. 12 fax to Edmundson, Alvarado turned in his resignation to Stanford's chairman.

"Dear Mr. Stanford," the letter reads. "As you know, during meetings held in Miami last week (Feb. 2-6) with our outside attorney, Tom Sjoblom, and other employees of the company, Stanford's CFO, [James M. Davis](#), made verbal statements and presented other information which are completely opposite and in direct conflict to what I had been represented and led to believe during my entire tenure with the company. I am incredibly surprised and disappointed. Under these circumstances, I cannot continue in the position of general counsel of the Stanford Financial Group. I, therefore, tender my resignation effective immediately."