

DID THIS MAN PULL OFF THE MOST BRAZEN SWINDLE OF ALL?

Antigua may seem like a tiny island paradise, but the Texas billionaire Allen Stanford—that’s *Sir* Allen—lived very, very large there. Local critics say he treated the place like his personal corruption kingdom. And U.S. investigators claim he scammed his clients out of billions of dollars. Aram Roston travels to Antigua to check out the damage and speaks with the disgraced man himself, whose investment in his story is, well, highly emotional

By Aram Roston



ON THE EVENING OF APRIL 20, just over two months after the Securities and Exchange Commission accused Texas billionaire Allen Stanford of a “massive, ongoing fraud,” I put in a call to Stanford’s lawyer, Dick DeGuerin. I’d been trying to reach Stanford for several weeks without any luck, but suddenly, to my surprise, DeGuerin said that if I wanted to speak with the disgraced banker, the moment was now. “Here’s Allen,” he said, putting him on the line. Stanford had spent the day in DeGuerin’s Houston office, talking to reporters from a handful of outlets, defending his honor and lashing out at

others—and now he was doing the same thing with me. “You and every other son of a bitch asking me these questions,” he said. “You sons of bitches, all you want to talk about is something sexy! I was not defrauding people! There was no hocus-pocus! No damned Ponzi scheme going on!” But even in his anger, and after the insults subsided, there was something charming and likable about him—a jest he dropped into his rants, a plainspoken curse, a plea to my empathy and ego. I could see how I might have invested money with him. There were things he wanted to know from me, too, mostly having to do with what the people in Antigua, his adopted nation, were saying about him. And whom had I talked to, anyway?

On the day after the SEC announced its civil charges, I flew to Antigua and landed at V. C. Bird International Airport. I went through customs, picked up my rental car, drove past the parking garage managed by the Stanford Development Company, then past the Stanford Cricket Ground, next to which stood Stanford’s cricket-themed restaurant, the Sticky Wicket, then on past the office of his newspaper, the *Antigua Sun* (which ignored the story of the SEC’s investigation the day after it broke), and eventually made my way to the mother ship of his operations, Stanford International Bank, a stately building surrounded by palm trees and vibrant flower beds. When I parked my rental car and walked up to the front door of the bank, I was met by a guard wearing the distinctive insignia of Stanford’s security force and hollering, “Leave now! Go now! Get out!”

Stanford International Bank was the core of what the SEC alleges was a “massive Ponzi scheme” that sucked in about \$8 billion in “self-styled ‘certificates of deposits’” from thousands of investors in the U.S., Central America, and Europe. So I wasn’t the only one trying to get inside. In the days I was on Antigua, a steady pilgrimage of devastated investors—including, locals told me, a several-time Major League all-star, who flew here from spring training—arrived on the island and made their way to the bank. In the lobby of my hotel one morning I spoke with Esteban Sousa, a Venezuelan businessman, who sat surrounded by five other businessmen in the same predicament that he was in: If they didn’t get their money, they’d have nothing. “My wife’s money! My money! This is a nightmare,” he said with his head in his hands. Later that day, Sousa and his friends flew home empty-handed.

Not everyone in Antigua was despairing, though. For one, there was an election campaign in full swing, and all along the twisting, bumpy roads, past the Technicolor flowers and up and down the hills overlooking the white-sand beaches that ring the island, cars were traveling with speakers jerry-rigged to their roofs, broadcasting the slogans of the candidates for prime minister—“Lester Bird!” or “Baldwin Spencer!” or in one case: “Allen Stanford is a con man!”

In the restaurants, wealthy Antiguan gathered to talk about the latest cricket results or about Stanford’s demise. On my second day there, I sat in a lovely place run by a woman who used to be a high-fashion model and who moved here in the ’90s with her then boyfriend Robin Leach, host of *Lifestyles of the Rich and Famous*. A few tables away sat a man named Bill Cooper—William W. Cooper—who’s been wanted in the United States since 1999, when the federal government indicted him for money laundering and

fraud. He was dressed like a yachtsman, ordering grappa for his table, and at one point he strode over to mine to congratulate the woman I was dining with, a longtime nemesis of Stanford's, who he assumed should be celebrating herself. The next day, in yet another lovely restaurant, I ran into Jay Cohen, who in 2000 had earned special notoriety as the first person ever convicted on federal charges for running an offshore Internet sports-gambling operation, and who spent two years in federal prison before returning to Antigua. What were the odds, I said to a lawyer I was speaking with, of running into a fugitive and a convicted felon on consecutive days? He shrugged and smiled. "Small island," he said.

UNLIKE BERNIE MADOFF, whose name now often appears in the same sentence as his, Robert Allen Stanford, the six-foot-four-inch former bodybuilder from Mexia, Texas, has doubled down on the denials of guilt and the outraged victimization. In our conversation, he insisted that the Stanford Financial Group was "a very well-run organization with the best people in the world, and the U.S. government came in and destroyed it all in two days." There is a lot that would suggest otherwise. According to the SEC, Stanford's multibillion-dollar empire was audited by a tiny accounting firm, for instance; his father and his Baylor University roommate—James Davis, who was charged in civil court along with Stanford and who in late March agreed to cooperate with federal investigators—sat on his board of directors; and Stanford promised consistently high rates of return ("improbable, if not impossible," as the SEC put it) no matter what the economy was doing.

In 2006, the nation of Antigua and Barbuda honored Stanford as a Knight Commander of the Most Distinguished Order of the Nation, and he immediately commenced referring to himself as Sir Allen, and employees were expected to do the same. He became the hero of Caribbean cricket fanatics (the West Indies team he bankrolled is called the Stanford Superstars) and the bane of the sport's English traditionalists by injecting cricket with the kind of money it had never seen. "His egomania displayed itself, more than anywhere else, in the cricket matches," one Antiguan told me. He paid a prize of \$20 million for a match in a tournament the *Times* of London sniffed at as "meaningless and undignified." He openly flirted with players' wives, causing outrage in the British press when he was videotaped with one star English player's pregnant wife perched on his knee. And in June 2008 he irritated the entire United Kingdom by landing a helicopter at the traditional British cricket ground, Lord's, where he then showed off a Plexiglas crate full of cash.

Antigua was where the money went, but the investors came from all over the globe. The holdings of the Stanford Financial Group stretched across the Western Hemisphere, and based on allegations, it appears their main function was to raise deposits for his Antiguan bank. Last summer I called a money-laundering expert named Jack Blum to help me understand the workings of Stanford International. "It's a mystery bank," Blum told me. "Nobody's ever been able to prove anything. When I first became aware of them in the late '90s, it was a small thing. Now, suddenly, out of nowhere, it's representing billions."

Stanford entered the offshore-banking business in the mid 1980s, basing his operations on the tiny island of Montserrat. But when British authorities moved against his

Montserrat bank in the early '90s, he needed a new base, which is when he began his long and fruitful relationship with the Antiguan government.

Those who still defend Stanford talk of him as a man of the people, and for all his cartoonish extravagances, in some ways, and certainly in his own mind, he was. "I'm not a mansion, gold-faucet type of guy," he told me, and then went on to describe "the best two years of my life," when he lived on Maiden Island, a once uninhabited twenty-three-acre natural treasure that he bought from the Antiguan government for no money down and where he installed a specially constructed artificial reef that kept strangers at bay. It was a simple life, he said. "No phone. I took a boat to work. Never should have left that island."

Stanford liked to drive himself along Antigua's rutted roads in his four-wheel-drive SUV. One afternoon, he parked his truck and walked up the steps of a little bar called On the Ground, a hole-in-the-wall with wooden-lathe windows that let in the island breeze. Walter Sweeney, the bar's owner, calls Stanford "the greatest man I've ever met." Stanford would often pay with hundred-dollar bills and refuse the change, Sweeney told me. "I'd have to put six Carib beers on the bar. I used to just put them up there one at a time. But he said, 'No, put six there, Walt!' And then he drinks them like that: one, two, three, four, five, six!" Sweeney smiled, recalling how, after Stanford guzzled them down, he would stretch and flex his muscles a bit and say, "Oh, Walt, now I feel like going to the gym," and then walk out of the bar and drive himself off down the road. "From the time he got here, he let everyone know what he's gonna do in Antigua," Sweeney said. "It was no secret. He and the government got along. He had no fear of investing his money here."

In May 1993, Stanford's bank made its first big loan to the government of Antigua, for \$3.7 million at 13 percent interest. That same day, Stanford, just 43 years old, signed a "trust" that gave him immense control over the airport grounds that would later become the center of his operations.

According to Jack Blum, "He bought the prime minister." Many Antiguan now seem to agree—though that's a separate issue from whether Stanford is guilty of what the SEC is accusing him of. And even if he is, there appears to be genuine ambivalence here about what it will mean for Antigua, since a lot of people here viewed him not as a neocolonialist but as a protector of their interests against the great bully to the north. I joined a group of businessmen and lawyers one day at an outdoor table at the Trade Winds Hotel, high on a hill overlooking tranquil Dickenson Bay. John Fuller, a powerful Antiguan lawyer, sat at the head of the table, cursing at anyone who told him to put his cigarette out. The secret to Stanford's success was simply money laundering, he said. "He must have been washing money. The way that he spent money caused concern for everyone. He spent it *hugely*. He spent it *wildly*, and it became inexplicable." Fuller knew Stanford and had even represented one of his companies for a time. "The only two ways he could spend money like that were, one, he was spending depositors' money, or two, he was laundering money!"

When I raised the possibility that his bank was engaged in money laundering, Stanford exploded on the line. It was “absolute horseshit,” he said, and went on to claim that the entire Antiguan banking system was “too small for money laundering. It doesn’t happen there. It happens in places like Miami and Atlanta. You’re painting pirates in the Caribbean, making it out to be a nefarious island.”

John Fuller’s brother, James, was a longtime adviser to former prime minister Lester Bird, whose family dominated Antiguan politics from the nation’s inception, in 1981, up to 2004, when Bird was defeated by an opposition party that railed against his relationship with the “neocolonialist” Allen Stanford. One afternoon, I sat with Fuller in Stanford’s restaurant, eating Sticky Wicket burgers and talking Antiguan politics. The relationship between Bird and Stanford wasn’t corruption, he said, just business. “In Antigua,” Fuller explained, “you’ve got to lick ass to kick ass. You’ve got to take the investors as they come!”

“I never bought Lester Bird—that’s horse manure,” Stanford told me. “Lester Bird’s no more in my pocket than anyone.”

Despite Stanford’s defense of the Antiguan banking system against charges of corruption, the notion doesn’t seem to be quite so far-fetched. This past March, I spoke with David Tinsley, a former supervisory agent for the DEA who ran a large money-laundering task force out of Miami. Tinsley himself is a controversial character who was fired and rehired by the DEA after a disagreement involving an informant, and he now runs a private intelligence company called 5 Stones Intelligence. He told me he contacted Stanford for the first time in 1999, as Stanford was preparing to fly from D.C. to Houston. When Stanford answered the phone, Tinsley told him that he’d found dirty money in Stanford’s bank, a lot of it, and that he’d already sent out subpoenas. Stanford told his pilots to reroute his flight, and within hours he touched down at the Miami airport, then drove to the secure DEA compound in the center of the city. “We were somewhat staggered that he would come talk to us without a truckload of attorneys,” Tinsley said.

As Stanford sat in a DEA conference room, impeccably dressed and polite, Tinsley told him that he’d been tracking the money of the legendary Mexican drug lord Amado Carrillo Fuentes, who’d apparently stashed some of his funds in Stanford International. “Mr. Tinsley,” Stanford finally said, “if you tell me this money’s bad and get a seizure order, I’ll personally deliver it.”

Tinsley shook his head as he recounted the scene, still surprised by Stanford’s willingness to cooperate. “He said, ‘If I have other accounts you want to know about, just tell me. I’ll let you see them!’ ” Agents say Stanford also told them he’d been approached by international spy services—Tinsley assumed he meant the British secret-intelligence service, MI6—who wanted access to his customer accounts. “I want you to be aware,” Tinsley recalled Stanford telling him, “I’ve never helped them, but I’m helping you.”

Tinsley suspected that access to Stanford's books would open up a gigantic trove of information about drug money, and several months after that meeting, Tinsley tried to recruit a Stanford International executive, offering \$250,000 to become a confidential informant for the DEA. But Stanford's employee turned him down. "The pathology of loyalty in that company," Tinsley said, "was *very* strong."

The next time Tinsley met Stanford, not long after that, Stanford embraced him and said, "My good friend! Why did you try to recruit my employee?" Right before Tinsley retired from the DEA, though, in 2008, Stanford called him one more time. "He offered me a job," Tinsley said. "He said to come and see him."

STANFORD MAY HAVE had no greater nemesis on Antigua than Makeda Mikael, a 66-year-old grandmother of ten. Mikael runs the "fixed-base operations" at the airport, which means she handles all the private jets that fly into and out of Antigua. I sat with her in her office one afternoon and talked about the grip Stanford had over much of the island. "This is the sort of insanity that comes in a small island in the clutches of a man with that kind of money," she said. "He can buy everybody, and he ended up buying a whole lot of people."

We walked out onto the tarmac, and Mikael pointed out Stanford's massive hangar, which looms above her office. One evening, long before things became vicious between them, she peeked through the open hangar doors and saw Stanford standing there, alone, gazing at his newest private jet—a Bombardier Global Express, capable of flying him from Texas to London without refueling. "You should have seen him," she said, describing how he walked along the length of the plane, smiling to himself. "He was like a kid," she said. "He was so happy."

Not long after that, she got a phone call from the United States. It was Stanford on the line, cheery and engaging. "Hello, doll. This is Allen." He wanted to get into the fixed-operations business, he told her. He wanted them to work together. "I was the only thing in his way," she said as we stood there on the tarmac. "The only thing until he had complete control."

Around the same time, Stanford began contributing and cozying up to politicians back in the States like never before. According to the watchdog group the Center for Responsive Politics, between its PAC and individual contributions from its employees, Stanford Financial Group donated at least \$2.4 million to both parties over the past nine years. (Stanford personally donated about \$900,000.) And since 1999, the company spent another \$4.8 million on lobbyists, including James Conzelman, the former chief of staff of the House Financial Services Committee chairman.

On January 15, 2003, Mikael was there on the tarmac as some of the most powerful men on Capitol Hill stepped down from Stanford's luxury jets into the Antiguan sun. There was representative Robert Ney (R-Ohio), who later became notorious for his dealings

with Jack Abramoff and was convicted of conspiracy and making false statements (and who in 2005 entered lavish praise of Allen Stanford in the *Congressional Record*). Pete Sessions (R-Texas), a key leader in GOP financial-services regulation, was also there, as were Philip Crane (R-Illinois) of the powerful Ways and Means Committee, Donald Payne (D-New Jersey) of the International Relations Committee, and Max Sandlin (D-Texas) and Gregory Meeks (D-New York), both of whom sat on the Financial Services Committee.

The men had ostensibly come to Antigua for a conference sponsored by the Inter-American Economic Council, but whether they were aware of it or not, they were also there to make clear to all of Antigua that Stanford had the blessing of the U.S. government. As James Fuller, then adviser to the prime minister, told me, “They acted like they worked for Stanford. The American politicians put the stamp of approval on him.” Stanford often bragged of his political ties, Fuller said. “Everyone here in Antigua, including me, got the idea that he had had the approval of the very top levels of the American government.”

During my conversation with him, Stanford did indeed seem proud of his political connections. He described being among a group of one hundred businessmen who spent a weekend with President George Bush in Crawford, “talking about what’s wrong with the country and the world—just kind of a think tank. I’ve got photos of me and the president,” he said, though he then added, in a tone that almost made you feel sorry for him, “Big deal.” (A spokesman for President Bush told me, “The president had no relationship with Allen Stanford.”)

Stanford’s was an equal-opportunity largesse, though, which he sees not as influence peddling but as an exercise in democracy. He described being in Denver for the Democratic convention, “on a stage with Madeleine Albright and Nancy Pelosi,” but then also expressed his opinion that Tom DeLay, whom he considers a friend, “got the shaft.” “I also like Chris Dodd and Chuck Schumer. And Pete Sessions, he’s a very good friend, and I think the world of him.”

Back in January 2003, even Makeda Mikael was impressed. “I thought he must be somebody real good,” she said. “Antigua felt happy to see so many of them. We thought that they were coming because they wanted to help Antigua and make it a better place. I mean, he couldn’t be money laundering, he couldn’t be into anything bad, if all the American politicians came here with him.”

Soon after Stanford’s guests flew back to D.C., the government of Antigua leased him the last chunk of airport land he wanted, which included the land on which Mikael’s office stood. Soon after the deal, construction workers showed up and fenced in her office to bar her from access to the runway. She hired somebody to tear the fence down, then filed a suit against Stanford Development Company. “He started to fence me in so I would not be able to work,” she said. “I wasn’t able to get any help from the government, because he’s the government’s best friend—the friend of the prime minister.”

In 2004, after the opposition party defeated Lester Bird, there was hope among some on the island that Stanford's grip on the country would loosen. That hope soon proved naive. Instead, once again, he flew in a group of American politicians. And once again Mikael watched as representatives Payne, Sessions, and Meeks, as well as John Sweeney (R-New York) and Donna Christensen (D-U.S. Virgin Islands) lined up on the tarmac. Stanford introduced them to the new prime minister of Antigua, Baldwin Spencer, and the next day the *Antigua Sun* reported giddily: "Mr. Stanford personally provided four private jets to facilitate the visit, and entertained the delegation yesterday evening at a dinner banquet at the Pavilion"—Stanford's upscale restaurant, the best in Antigua.

As for Makeda Mikael, she steadily gathered documents—land-purchase agreements and lists of political contributions—to corroborate her belief that Stanford had co-opted the government and was unlawfully trying to take over her business. Her case went all the way up to an appeals court in England, the Privy Council (the functional equivalent of the U.S. Supreme Court for anyone living in the British Commonwealth), and late last year the council ruled in her favor, validating her claims that Stanford had tried to undermine her and take her business. When I suggested that that must have been a very good day for her, she gave a rueful shake of her head. "Vindication is not a celebratory affair," she said.

IN SEPTEMBER 2008, though, as the bottom was dropping out of the global economy, Allen Stanford was still smiling broadly. On CNBC he boasted about how he'd wisely stayed out of the subprime-derivatives market. "We decided not to take that risk," he told the anchor, before confirming for the viewers that, yes, it was indeed fun being a billionaire. Later he calmly told a BBC reporter, "We're sitting on a huge pile of cash, and we're looking to acquire stuff—*quality* stuff."

Months later it all came crumbling down. On February 17, more than a dozen federal agents swept into the gleaming headquarters of the Stanford Financial Group in Houston as a federal judge issued an emergency order putting all of Stanford's holdings into receivership. His twenty-nine offices in the United States were shuttered. His money, his planes, his yacht, his real estate—it was all frozen as the FBI hunted for him to serve him the civil papers. Two days later, agents found him in Fredericksburg, Virginia, in his girlfriend's mother's home.

SEC investigators allege that of the \$8 billion on deposit in Stanford International Bank, Sir Allen had taken "bogus personal loans" amounting to \$1.6 billion—which happens to be almost precisely the same as the 2008 GDP of the nation of Antigua and Barbuda. (In our interview, Stanford repeatedly insisted that the funds "were not *lent*. They were *invested*.") Where the rest of the money went is still being investigated. In late March, his old confidant and college roommate, James Davis, started cooperating with investigators, talking, according to his lawyer, about Swiss bank accounts and shell corporations around the world.

Stanford got overheated when the subject of Davis came up. “I don’t know what the hell Jim Davis is saying,” he said. “I depended on Jim Davis to do his job.”

Toward the end of the conversation, though, his tone became much less combative, and he recaptured what I imagined was much of his old swagger. He told me he would have been moved up on the Forbes list of the 400 richest people in America. “I would have been 190th, before all this shit hit the fan,” he said, though he then added, in a tone that seemed a perfect mix of defiance and regret: “I don’t care.” I asked him about what he missed most, and he talked about how his life had been constrained, how the government had “sealed it shut. Your credit cards have all been cancelled. Of course you don’t have a job. Your paycheck. The only money you have is in your wallet.” He still could get politicians on the phone, though, he said. “The ones that like me and know me. Pete Sessions, I could get him on the phone.”

Then, oddly, he asked if I’d ever lost anyone I’d loved. He said both his younger brothers died tragically (one, Texas county records show, died by a “self-inflicted gunshot wound”). He sounded near tears. “This is my lifewe’re talking about,” he said. “It is not a story. It’s my *life*.” He told me to think about what it was like to lose someone I love. Think of that, he said, “and *then* you write it.” The man who stands accused of lying to thousands of investors and taking billions of dollars from them and spending it on his outrageously lavish life had one last request for me. “Can you have some human capacity,” he asked, “to write something that is real?”

ARAM ROSTON *is an Emmy-winning investigative journalist and the author of The Man Who Pushed America to War: The Extraordinary Life, Adventures, and Obsessions of Ahmad Chalabi.*