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HERALD WATCHDOG ALLEN STANFORD SCANDAL

State aided suspect in huge swindle

Florida regulators -- over objections by the state's top banking lawyer -- gave sweeping powers to banker Allen Stanford, accused of swindling investors of \$7 billion.

BY LUCY KOMISAR, MICHAEL SALLAH AND ROB BARRY
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Years before his banking empire was shut down in a massive fraud case, Allen Stanford swept into Florida with a bold plan: entice Latin Americans to pour millions into his ventures -- in secrecy.

From a bayfront office in Miami in 1998, he planned to sell investments to customers and send their money to Antigua.

But to pull it off, he needed unprecedented help from an unlikely ally: The state of Florida would have to grant him the right to move vast amounts of money offshore -- without reporting a penny to regulators.

He got it.

Over objections by the state's chief banking lawyer -- including concerns that Stanford was laundering money -- regulators granted sweeping powers never given to a private company.

The new company was also allowed to sell hundreds of millions in bank notes without allowing regulators to check for fraud.

Over the next decade, the Miami office was among Stanford's busiest in the sale of controversial investments now at the heart of the federal government's sweeping fraud case against Stanford and his lieutenants.

"There was no lawful way that office should have been opened," said Richard Donelan, the state's chief banking counsel who opposed the deal.