

Case 3:09-cv-00298-N Documer

Pendergest-Holt\_Laura\_20090210.txt

1 UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
2  
3 In the Matter of: )  
4 ) File No. FW-02973-A  
5 STANFORD GROUP COMPANY )  
6

7 WITNESS: Laura Pendergest-Holt  
8 PAGES: 1 through 168  
9 PLACE: Securities and Exchange Commission  
10 801 Cherry Street, 19th Floor  
11 Fort Worth, Texas  
12 DATE: Tuesday, February 10, 2009  
13

14 The above-entitled matter came on for hearing, pursuant  
15 to notice, at 1:10 p.m.  
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24 Diversified Reporting Services, Inc.  
25 (202) 467-9200

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1 APPEARANCES:  
2  
3 on behalf of the Securities and Exchange Commission:  
4 MICHAEL KING, ESQ.  
5 D. THOMAS KELTNER, ESQ.  
6 KEVIN EDMUNDSON, ESQ.  
7 DAVID REECE, ESQ.  
8 STEVE KOROTASH, ESQ.  
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13  
14 On Behalf of the Witness and Stanford Financial Group:  
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16 Proskauer, Rose, L.L.P.  
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19  
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3 WITNESS:

4 Laura Pendergest-Holt

EXAMINATION

4

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6	EXHIBITS:	DESCRIPTION	IDENTIFIED
7	23	SEC Form 1662	8
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9	25	Stanford International Bank limited	
10		investment committee document	26
11	26	Stanford International private	
12		banking document	70
13	27	Monthly report	86
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PROCEEDINGS

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MR. KING: We are on the record at 1:10.

3

Today is February, 10th, 2009. I am Michael King, and

4

with me are Tom Keltner, Kevin Edmundson and David

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Reece.

6

For the purposes of today's proceeding,

7

we are officers of the United States Securities and

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8 Exchange Commission. This is an investigation by the  
9 United States Securities and Exchange Commission in  
10 the Matter of Stanford Group Company, Matter No.  
11 FW-2973, to determine whether there have been certain  
12 violations of certain provision of the federal  
13 securities law.

14 However, the facts developed in this  
15 investigation might constitute violations of other  
16 U.S., federal or state, civil or criminal laws. Your  
17 testimony today has been subpoenaed as part of the  
18 formal investigation.

19 Ms. Holt, if you would, please raise  
20 your right hand.  
21 Whereupon,

22 LAURA HOLT  
23 was called as a witness and, having been first duly sworn,  
24 was examined and testified as follows:

25 EXAMINATION

1 BY MR. KING:  
2 Q And if you would, please, state and spell your name  
3 for the record?

4 A LAURA HOLT, L-a-u-r-a. Last name Holt, H-o-l-t.

5 Q And, Ms. Holt, are you represented by counsel  
6 today?

7 A I am.

8 MR. KING: If counsel would make an appearance for  
9 the record, please.

10 MR. SJOBLOM: Sure. My name is Thomas Sjoblom with  
11 the law firm Proskauer, Rose, representing the company.

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12 Mr. King, before we start, may I make a few  
13 statements? First of all, has there been a criminal referral  
14 in this matter?

15 MR. KING: Mr. Sjoblom, I think your client -- you  
16 and your client were provided with SEC Form 1662. SEC Form  
17 1662, which your client has in front of her, lays out routine  
18 uses of information provided to the Commission.

19 I am not at liberty as an officer of the United  
20 States Securities and Exchange Commission from discussing  
21 other than what -- the information included in SEC Form 1662.

22 MR. SJOBLON: Currently, are you working together  
23 with the United States Attorneys Office in the Northern  
24 District of Texas or any other United States Attorneys  
25 office?

1 MR. KING: Mr. Sjoblom, I just referred you to SEC  
2 Form 1662.

3 MR. SJOBLON: Okay. Next, before you start asking  
4 questions, as we've discussed with Mr. Edmundson previously  
5 and with many of your predecessors going back four or five  
6 years, there's certainly an issue here whether or not the  
7 certificates of deposit are securities. So I have an  
8 objection to the purported jurisdiction of the SEC over this  
9 instrument.

10 Secondly, it's my view that the bank is located --  
11 that's Stanford International Bank -- is located outside the  
12 jurisdiction of the United States and there is no  
13 jurisdiction by the SEC over that bank and its product lines  
14 and, hence, over the information that, I'm sure, you're going

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15 to seek to elicit today.  
16 Finally, I would just say that, together with Mr.  
17 Edmundson, we have agreed this morning that in as much as  
18 Mrs. Holt's testimony undoubtedly will refer to banking  
19 information, account information, portfolio information and,  
20 therefore, implicate the documents of the bank, which are  
21 subject to bank secrecy under Antigua law, we have agreed  
22 there will not be a waiver of that issue and that  
23 confidentiality, even though Mrs. Holt is going to testify to  
24 those questions. So I'd reserve all of those objections as  
25 we move forward and have them on the record. Thank you.

1 MR. EDMUNDSON: Just so we're clear, Mr. Sjoblom,  
2 do you represent the witness here today?

3 MR. SJOBLOM: I represent the company Stanford  
4 Financial Group and affiliated companies.

5 MR. KING: And do you represent anybody else in  
6 connection with this matter?

7 MR. SJOBLOM: I represent the companies is who I  
8 represent.

9 MR. KELTNER: Does that include the bank?

10 MR. SJOBLOM: Not that I -- Not my understanding.  
11 My understanding, I represent Stanford Financial Group and  
12 affiliated entities inside the United States. That's what my  
13 understanding is.

14 MR. EDMUNDSON: Just so we're clear. As I  
15 understand your statement, you do not, as far as you're  
16 concerned, represent the witness here today?

17 MR. SJOBLOM: I represent her insofar as she is an  
18 officer or director of one of the Stanford affiliated  
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19 companies.

20 BY MR. EDMUNDSON:

21 Q Ms. Holt, are you ready to proceed?

22 A Yes.

23 Q Okay. Would you like to have personal  
24 representation of counsel before proceeding?

25 A No.

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1 Q Thank you.

2 BY MR. KING:

3 Q Ms. Holt, as we discussed before we began, you were  
4 provided with a copy of the formal order of investigation in  
5 this case, and I think that document is sitting in front of  
6 your counsel right now.

7 A Okay.

8 Q It will be available to you throughout the day. If  
9 at any point you need to refer to it, please feel free to do  
10 so. The same goes for SEC Form 1662, which is sitting in  
11 front of you now. I think it was previously marked as  
12 Exhibit 1, if I'm not mistaken.

13 Okay. Let's go ahead and mark it as an exhibit  
14 then.

15 MR. SJOBLUM: What is this?

16 MR. KING: This is SEC Form 1662.

17 (SEC Exhibit No. 23 was marked for  
18 identification.)

19 BY MR. KING:

20 Q I'm going to mark it Exhibit 23. For purpose of  
21 the record, Ms. Holt, will you acknowledge your receipt of

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22 Exhibit 23?

23 A I have received it.

24 (SEC Exhibit No. 24 was marked for  
25 identification.)

1 BY MR. KING:

2 Q Ms. Holt, I'm also going to hand you now what's  
3 been marked as Exhibit 24. I'll represent to you that it is  
4 a copy of a subpoena --

5 A Yes.

6 Q -- issued by the SEC to you. Is that the -- Is  
7 Exhibit 24 the subpoena that you are appearing here pursuant  
8 to today?

9 A Yes.

10 Q Exhibit 24 asks that you not only appear today, but  
11 also produce certain documents to the SEC, correct?

12 A That's correct.

13 Q What, if any, search did you engage in in response  
14 to receiving Exhibit 24?

15 A I have reviewed documents and -- but under the  
16 regulations of Antigua law have not made those available --

17 Q Did you bring any documents with you today?

18 A No.

19 Q To your knowledge, are any of the documents  
20 reviewed, have they been produced to the SEC?

21 A To my knowledge, no.

22 MR. SJOBLOM: Well, let me just interject, Mr.

23 King. Perhaps insofar as -- through other regulators

24 documents have been obtained, ceased, produced that may be

25 available to the Commission currently or through some future

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1 process.

2 For example, we know that there's -- that FINRA has  
3 most of, if not all, these documents that can be accessed by  
4 the Commission. We also know that --

5 MR. KING: No. Mr. Sjoblom, I'm just asking for  
6 this witness's knowledge. I don't want to -- I don't want to  
7 -- I mean, this witness can testify whether she knows whether  
8 the documents that she -- were produced to the commission.  
9 That's all I'm asking.

10 MR. SJOBLON: Mr. King, I'm going to state my  
11 position on the record so it's clear, and I'd appreciate if  
12 you don't interrupt me.

13 Now, with respect to the FSRC, the Commission has  
14 the ability to deal with the Financial Service Regulatory  
15 Commission in Antigua, and there's a statutory provision  
16 available to the SEC to do that, and the Antigua regulators  
17 have indicated that they would do that. So there are means  
18 of following through with the procedure you're asking about.

19 MR. KING: What have the Antigua regulators  
20 indicated they're willing to do to you?

21 MR. SJOBLON: As far as I know, if you make an  
22 appropriate access request or have a memo of understanding or  
23 whatever protocol you deem appropriate, that that's the  
24 procedure that's required and they will follow it.

25 MR. KING: Okay. Will you state for the record

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1 right now that you, as counsel to the Stanford Financial  
2 Group corporate entities, have no objection to the FSRC  
3 producing information to the SEC?

4 MR. SJOBLUM: I think we've already so stated. I  
5 mean, I gave Mr. Edmundson a copy of the letter. He has it  
6 in his hands. That should be known to you, Mr. King.

7 MR. KING: Okay.

8 BY MR. EDMUNDSON:

9 Q One follow-up. The document that you reviewed for  
10 purposes of your testimony today, did you review some  
11 documents that were available to you in your office in  
12 Memphis?

13 MR. SJOBLUM: Other than banking documents.

14 MR. REECE: That was not the question.

15 THE WITNESS: Could you please --

16 MR. EDMUNDSON: Yeah.

17 THE WITNESS: -- restate the question?

18 BY MR. EDMUNDSON:

19 Q You testified that you reviewed certain documents  
20 in advance of your testimony; is that right?

21 A Yes.

22 Q Were some of those documents made available to you  
23 in Memphis?

24 A Some documents are available in Memphis.

25 Q And you reviewed certain documents in Memphis?

1 A Yes. Well, in Tupelo --

2 THE REPORTER: Well, I'm sorry. What?

3 THE WITNESS: In Tupelo. Tupelo, Mississippi,

4 T-u-p-e-l-o.

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5 BY MR. EDMUNDSON:

6 Q How about in Boca Raton?

7 A No.

8 Q Were there other documents in the United States  
9 that were made available to you that you reviewed in advance  
10 of your testimony?

11 MR. SJOBLON: Can you be more specific as to the  
12 type of documents?

13 BY MR. EDMUNDSON:

14 Q Anything. Anything.

15 A I'm sure there have been some documents in the  
16 United States that are available, yes.

17 Q All right. But you did review some documents in  
18 Tupelo prior to your testimony here today, right? You looked  
19 at some documents in Tupelo?

20 MR. SJOBLON: She's shaking her head no.

21 THE WITNESS: I'm sorry. There are a lot of  
22 documents. Could we please be more specific as to what  
23 you're --

24 BY MR. KING:

25 Q Let's ask it this way: What did you do to prepare

1 -- without telling me about any conversations with Mr.  
2 sjoblom --

3 A Right.

4 Q -- what did you do to prepare for your testimony  
5 today?

6 A I have been to Antigua. I have reviewed statements  
7 and looked through, gosh, other issues, but mainly I have

8 Pendergest-Holt\_Laura\_20090210.txt  
8 reviewed the statements of SIBL in Antigua.

9 BY MR. EDMUNDSON:

10 Q I am confused. I thought I understood your  
11 testimony just a few minutes ago that you reviewed some --  
12 some documents.

13 Did you review any documents in preparation for  
14 your testimony here today in Tupelo?

15 A I'm sorry. I'm thinking. In preparation of today  
16 in Tupelo? No.

17 BY MR. KING:

18 Q Okay. Who did -- without telling me the substance  
19 of the conversation, who did you meet with in preparation for  
20 your testimony today?

21 A Mr. Sjoblom.

22 Q Anybody else?

23 A In preparation of my part, no.

24 Q Okay. You said this morning that you spoke with  
25 Mr. Davis on the telephone, correct?

1 A I did.

2 Q And that's Jim Davis, correct?

3 A That is correct.

4 Q What did you talk about?

5 A I actually just talked --

6 MR. SJOBLOM: Well, first of all, was there a  
7 lawyer present? Can we go off the record just one second?  
8 Mr. King, may we?

9 MR. KING: Sure. Let's go off the record.

10 (A discussion was held off the record.)

11 MR. KING: Let's go back on the record.  
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12 BY MR. KING:  
13 Q This morning you talked to Mr. Davis, correct?  
14 A I did.  
15 Q Anybody else on the telephone?  
16 A No.  
17 Q What did you talk about?  
18 A Actually, I just called to ask him how he was doing  
19 and to check in. He's my immediate supervisor.  
20 Q Mr. Davis know that you're testifying here today?  
21 A Yes.  
22 Q Did you ever have discussion outside the presence  
23 of an attorney to discuss with Mr. Davis your testimony?  
24 A No.  
25 Q Outside the presence of an attorney, did you

1 discuss your testimony with anybody else?  
2 A Not to my recollection, no. Well, do other people  
3 know I am here today? Yes. Did I discuss my testimony? No.  
4 Q How do they know you're here today?  
5 A Well, my husband knows I'm here today. I'm  
6 traveling.  
7 Q Okay. Did -- In preparation for your testimony  
8 today with Mr. Sjoblom, was anybody else present when you  
9 were preparing?  
10 A If Mr. Sjoblom were present, is that --  
11 MR. SJOBLOM: No. He's asking when we were  
12 talking, was there a third person present. For example, when  
13 we were preparing last night, was there a third person  
14 present?

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15 THE WITNESS: Oh, no.  
16 BY MR. KING:  
17 Q All right. What documents did you review in  
18 Antigua?  
19 A Second tier portfolio advisor statements.  
20 Q What do you mean by "second tier"?  
21 A It is the second tier of the portfolio. It is a  
22 globally diversified investment portfolio that uses portfolio  
23 advisors.  
24 Q Okay. So portfolio of who? Who owns that  
25 portfolio?

1 A Stanford International Bank.  
2 Q Okay. But you're not a bank employee, correct?  
3 A That is correct.  
4 Q But you reviewed weekly statements -- or statements  
5 that belong to the bank?  
6 A I review weekly reports and monthly statements.  
7 Q Okay. Before we get too far down this road, what's  
8 your -- what's your educational background?  
9 A I have a bachelor degree of mathematics,  
10 fundamental and analytical. I am also a math education  
11 major, and then in my master study I am a mathematician,  
12 fundamental versus quant, and also a minor in statistics.  
13 Q And what's -- what's your employment history?  
14 Currently you're an employee of Stanford Financial Group,  
15 correct?  
16 A That's correct.  
17 Q Where did you work before you worked with Stanford  
18 Financial Group?

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19 A I came into Stanford from a master's study in  
20 mathematics.  
21 Q So it was your first job?  
22 A Yes.  
23 Q Okay. What background do you have in investments,  
24 securities?  
25 A When I first came into Stanford, I trained under

1 Mr. Davis on markets, market research and oversaw a commodity  
2 portfolio.

3 Q Okay. Prior to joining Stanford, what was your  
4 experience with investments?

5 A There was no experience prior to joining Stanford.

6 Q When were you hired at Stanford?

7 A June 2nd, 1997.

8 Q What were you hired to do?

9 A Research.

10 Q What does that mean?

11 A I was hired to research various financial markets,  
12 really study charts from a technical or statistical study.

13 Q How did you come to work at Stanford?

14 A I knew Mr. Davis.

15 Q How did you know him?

16 A I knew him from my hometown, from Baldwin,  
17 Mississippi.

18 Q For how long?

19 A Ten years, maybe.

20 Q Okay. How old were you when you started at  
21 Stanford?

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22 A Approximately 23. I'm trying to think if that was  
23 before or after my birthday. Early 20s.  
24 Q So you had known Mr. Stanford since you were 13?  
25 A I did not know Mr. Stanford, no.

1 Q I mean -- Excuse me. Mr. Davis since you were 13?  
2 A No, that's not accurate. I've know Mr. Davis  
3 probably since I was 16 -- 15, 16.  
4 Q Just a family friend?  
5 A I knew him through church.  
6 Q Okay. I want to just define a few terms before we  
7 go forward so that we don't --  
8 A Okay.  
9 Q -- cloud up the record. Okay?  
10 If I say "Stanford Financial Group," you understand  
11 what entity it is that I'm talking about?  
12 A Yes.  
13 Q And what entity is that?  
14 A That is Stanford Financial, the group that I am  
15 employed by.  
16 Q Does your paycheck say "Stanford Financial Group"  
17 on it?  
18 A Yes, it does.  
19 Q And if I say --  
20 BY MR. KELTNER:  
21 Q Is that a specific entity?  
22 A Yes, it is.  
23 Q You know what the legal name is? Is it Financial  
24 Group, L.L.C.?  
25 A I do not know. Sorry. I believe it's Stanford  
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1 Financial Group Company, and I don't know the initials after  
2 it.

3 BY MR. KING:

4 Q Okay. Who are -- Who are the principals at  
5 Stanford Financial Group?

6 A Mr. Stanford is the sole shareholder.

7 Q Who runs Stanford Financial Group's day-to-day  
8 business?

9 A I'm sorry.

10 Q What is -- Okay. Let's start here. What is  
11 Stanford Financial Group's business?

12 A We provide services to our other affiliated  
13 companies.

14 Q Okay. And does Mr. Stanford run the day-to-day  
15 operations at Stanford Financial Group?

16 A I wouldn't say he runs the day-to-day, no. There  
17 are a lot of day-to-day, and that would be micromanaged from  
18 his point.

19 Q Okay. What does Mr. Stanford do on behalf of  
20 Stanford Financial Group?

21 A I do not know.

22 Q Okay. Who do you work for?

23 A I work for Mr. Davis.

24 Q Is Mr. Davis an employee of Stanford Financial  
25 Group?

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1 A Yes, he is.  
2 Q What does Mr. Davis do?  
3 A He is chief financial officer.  
4 Q Okay. Since we're doing definitions, if I say  
5 "Stanford International Bank," do you know what entity I'm  
6 referring to?  
7 A Yes, I do.  
8 Q That's the international bank that lives in  
9 Antigua, right?  
10 A It's an international bank that is domiciled in  
11 Antigua, yes.  
12 Q Okay. And what business is Stanford International  
13 Bank in?  
14 A Banking.  
15 Q What does it do?  
16 A It is an international bank.  
17 Q What products does it have?  
18 A It has certificates of deposit and credit cards.  
19 Q Okay. What -- what is -- Tell me about the credit  
20 card business.  
21 A I'm sorry. I don't know.  
22 Q Okay. Does Stanford International Bank do any  
23 loans?  
24 A Yes.  
25 Q Tell me about that.

1 A I'm sorry. I don't know the details of loans.  
2 Q How do you know they do loans then?  
3 A It's listed in the annual report.  
4 BY MR. KOROTASH:  
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5 Q These aren't commercial loans, are they?  
6 MR. SJOBLON: If you know.  
7 THE WITNESS: I'm sorry. I really don't know.  
8 BY MR. KELTNER:  
9 Q Do you know whether or not the loans are secured by  
10 certificates of deposit?  
11 A I do believe that they are cash collateralized  
12 loans, yes.  
13 Q And, typically, that would be through the  
14 certificates of deposits, the investments in certificates of  
15 deposit?  
16 A Yes.  
17 BY Mr. KING:  
18 Q How does Stanford International Bank make money?  
19 A I'm sorry. I'm not privileged to exactly how they  
20 make money. I -- So if you can narrow it down for me, I'll  
21 try to answer your question.  
22 Q Okay. Does Stanford International Bank invest the  
23 assets of a portfolio?  
24 A Yes.  
25 Q How do you know that?

n

1 A Because I -- or I oversee tier two of the  
2 investment portfolio.  
3 Q Okay. So let's go back over what we talked about  
4 that you know that the bank does. Okay?  
5 A Okay.  
6 Q You know that the bank has a CD product, correct?  
7 A That is correct.

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8 Q And that it makes investments, correct?  
9 A That is correct.  
10 Q And it makes loans that you believe are secured by  
11 the certificates of deposit?  
12 A That is correct.  
13 Q Anything else?  
14 A The investment portfolio, international CDs and  
15 loans. To my recollection, that is correct.  
16 BY MR. EDMUNDSON:  
17 Q Just so we're clear, and I'm sure I missed it. When  
18 did you start at Stanford? What year?  
19 A June 2nd, 1997.  
20 BY MR. KING:  
21 Q Okay. Stanford Group Company.  
22 A Yes.  
23 Q You're familiar with that entity?  
24 A I am familiar with that entity.  
25 Q What is Stanford Group Company?

1 A It is our broker dealer. It's a BDIA.  
2 Q When you were hired at Stanford in 1997, what was  
3 your title?  
4 A I believe I was research analyst.  
5 Q Okay. What's your current title?  
6 A Chief investment officer.  
7 Q Have you held any other titles besides the two you  
8 just named?  
9 A Yes.  
10 Q Tell me what those were.  
11 A Manager -- Vice president, I believe, of research  
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12 at one point, managing director of research and investments  
13 and then chief investment officer. There may have been  
14 another one in there. I'm not certain. It's been awhile.

15 Q You ever work for any other entity besides Stanford  
16 Financial Group?

17 A No. I mean, ever?

18 Q Since you joined Stanford in 1997.

19 A No.

20 Q When did you become chief investment officer?

21 A Around four years ago -- four or five years ago,  
22 maybe.

23 Q Okay. Where is your office?

24 A I am in Tupelo, Mississippi.

25 Q You have an office anywhere else?

1 A Presently, no.

2 Q Since becoming chief investment officer, have you  
3 had an office anywhere else besides Tupelo?

4 A Yes. Memphis, Tennessee.

5 Q During what time period, please?

6 A 1999 or early -- the end of 1999 through 2007, I  
7 believe, is when I officially gave up that office. I have  
8 also -- I'm sorry. I have also had an office in Washington,  
9 D.C. I was there for one year.

10 Q What year was that?

11 A I believe I moved there in October of 2006 and  
12 moved back to the Tupelo office, actually, in November of  
13 2007.

14 Q What were you doing in Washington?

15 A Pendergest-Holt\_Laura\_20090210.txt  
I was actually there working with the policy  
16 research group.

17 Q What do they do?

18 A Policy research, working on --

19 Q It's a good name for them.

20 A Yeah. It's pretty straightforward. How policy  
21 impacts the economy or various sectors.

22 Q Let's talk about your job duties as chief  
23 investment officer.

24 A Okay.

25 Q If you will, list for me your job duties.

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1 A I oversee our proprietary research group. In that  
2 oversight I help produce the Stanford investment model. I  
3 will occasionally review new products that are being offered  
4 by affiliated companies and I oversee the second tier of the  
5 portfolio.

6 I also oversee the production of newsletters that  
7 are published by my team, not by other affiliated. That's  
8 pretty much the gist of it.

9 Q You serve on any committees?

10 A Sorry. Recently had restructuring.

11 Q Tell me about that.

12 A We -- we have gone to a regional breakdown versus  
13 an international breakdown. So we are broke down by regions.  
14 I'm not on some of the regional committees. I'm not on any  
15 of the regional committees. So as a result, some of the  
16 committees that may have been global in the past, are no  
17 longer -- I'm part of the Stanford investment committee.

18 Q Okay. Let's go through all the committees that  
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19 you've served on as chief investment officer -- since  
20 becoming chief investment officer.

21 A Okay.

22 Q List them for me, if you would.

23 A The Stanford investment committee --

24 BY MR. KELTNER:

25 Q Just for clarification. Is that committee -- which

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1 -- Is that for Stanford Financial Group?

2 A That is for Stanford Financial Group, yes.

3 Q Is that the committee with -- roughly how many  
4 members?

5 A Approximately, 20.

6 (The witness conferred with counsel.)

7 MR. SJOBLUM: May I? Did you say "Stanford  
8 investment committee or --

9 THE WITNESS: I said Stanford. I don't know the  
10 formal -- I don't know how it's formally named, but they are  
11 the same. I have been on a product vetting committee in the  
12 past. I am not currently. I'm sorry. To my recollection,  
13 that's it. There may have been others, but --

14 BY MR. KING:

15 Q Okay. What about committees for -- I just want to  
16 make sure we're clear about what the list is. The list is any  
17 committee you've served on for any Stanford affiliated  
18 entity, correct?

19 A Yes. Like I said, there may be others to the best  
20 of my recollection. If you have something that you have --  
21 that I've served on, I could certainly confirm it or say that

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22 it's a mistake, but that's from memory. I'm sorry.  
23 Q Did you ever serve on any of the bank committees?  
24 A No.  
25 (SEC Exhibit No. 25 was marked for

1 identification.)  
2 BY MR. KING:  
3 Q I'm going to show you what's been marked as Exhibit  
4 25.  
5 A Okay.  
6 Q Take a look at it, and I'll ask you a couple  
7 questions about it.  
8 A Okay.  
9 MR. SJOBLOM: Can I have a copy?  
10 BY MR. KING:  
11 Q Have you had an opportunity to look at Exhibit 25?  
12 A Yes, sir.  
13 Q Have you ever seen Exhibit 25 before?  
14 A No, not to my recollection, even after seeing it.  
15 Q Okay. It appears, as well, on Exhibit 25 that  
16 you're listed with four other individuals as a member of the  
17 Stanford International Bank limited investment committee,  
18 correct?  
19 A Yes, it does appear.  
20 Q You ever serve on the Stanford International Bank  
21 limited investment committee?  
22 A On the investment committee, no.  
23 MR. SJOBLOM: Do you have a date when this was?  
24 MR. KING: No.  
25 THE WITNESS: And, actually, I have asked if I

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1 were on -- or I tried to see whether or not I were personally  
2 on the investment committee. To my knowledge, I was not.

3 BY MR. KING:

4 Q Okay. Next to your name there it says  
5 "subcommittee." You have any idea what that means?

6 A No. I'm sorry.

7 Q Next to your name it says "chief investment  
8 officer." That's your current title, correct?

9 A That is correct.

10 Q And I believe you told me when you took over as  
11 chief investment officer, you said four or five years ago or  
12 something like that?

13 A That's correct.

14 Q Do you recognize the other people's names here on  
15 the investment committee for Stanford International Bank?

16 A I do.

17 Q Who's Allen Stanford, R. Allen Stanford?

18 A He's the --

19 MR. SJOBLOM: Are you talking generally now or are  
20 you talking about the context of this document?

21 MR. KING: Well, I'm just reading the names off of  
22 Exhibit 25.

23 THE WITNESS: Okay.

24 BY MR. KING:

25 Q On Exhibit 25, do you see where it says the name,

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1 R. Allen Stanford?  
2 A Yes, I do.  
3 Q Who's that?  
4 A In terms of his interaction with Stanford or -- I'm  
5 sorry? General or --  
6 Q Do you know who that is?  
7 A Yes. Of course.  
8 Q Then who is it?  
9 A It's Allen Stanford. It's Mr. Stanford. It's the  
10 sole shareholder of Stanford.  
11 Q Okay. Who is James A. Stanford?  
12 A He is Mr. Stanford's father, chairman emeritus.  
13 Q I think we've already talked about Mr. Davis,  
14 correct?  
15 A Yes.  
16 Q Who is O. I. Goswick?  
17 A He was one of the board members.  
18 BY MR. EDMUNDSON:  
19 Q Have you ever met James A. Stanford, the father of  
20 Allen Stanford?  
21 A I have.  
22 Q When was the last time that you have met with him?  
23 A Either 2006 or 2007.  
24 Q Approximately how many times do you think you've  
25 met with him?

1 A I'm sorry. In terms of meeting, do you mean seeing  
2 him or actually sat down and met with him on a subject?  
3 Q Have you ever met with Mr. Stanford to discuss  
4 business relating to Stanford International Bank?  
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5 THE REPORTER: I didn't hear what you said.  
6 MR. EDMUNDSON:  
7 Q James A. Stanford.  
8 A Just to clarify which Mr. Stanford. I have made  
9 reports on global economies in which he was present with the  
10 board a handful of times. Probably more than five, less than  
11 ten.  
12 Q And have you ever met O. Y. Goswick?  
13 A I have.  
14 Q When was that?  
15 A Several years ago. I'm sorry. Maybe a year and a  
16 half, two years ago minimum. He hasn't been in good health  
17 recently.  
18 BY MR. KING:  
19 Q Okay. So you're responsible for the oversight of  
20 the tier two portfolio, correct?  
21 A Yes. That is correct.  
22 Q Have you ever discussed with Mr. Goswick the tier  
23 two portfolio?  
24 A Individually or in a board setting?  
25 Q Ever discuss it with him individually?

1 A No, not individually.  
2 Q Have you made a presentation to him as a member of  
3 the board regarding the tier two portfolio?  
4 A Yes. I'm so sorry. I really need a rest room  
5 break.  
6 MR. KING: Let's go off the record.  
7 (A brief recess was taken.)

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8 MR. KING: All right. Let's go back on the record  
9 at 1:51.  
10 BY MR. KING:  
11 Q Ms. Holt, when we were -- when we took our --  
12 before we took our break, I think, we were talking about  
13 Exhibit 25.  
14 A Yes, we were.  
15 Q Lists your name there under investment committee.  
16 Were you ever on the Stanford International Bank limited  
17 investment committee?  
18 A To my knowledge, no.  
19 Q And, I think, you said earlier that you actually  
20 asked someone if you were on the investment committee,  
21 correct?  
22 A Yes.  
23 Q Tell me about that.  
24 MR. SJOBLON: Well, foundation again, please.  
25 THE WITNESS: When and with whom?

1 MR. KING: I think she understood me.  
2 MR. SJOBLON: We need to have it clarified because  
3 there are conversations with lawyers. So --  
4 THE WITNESS: That's correct.  
5 MR. SJOBLON: When, where, who was present.  
6 BY MR. KING:  
7 Q Who did you discuss whether or not you were on the  
8 investment committee with?  
9 A Stanford counsel.  
10 Q Okay. Mr. Sjoblom?  
11 A No. In-house counsel.  
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12 BY MR. KELTNER:  
13 Q Who was that?  
14 A Mauricio Alvarado.  
15 BY MR. KING:  
16 Q Approximately when did that conversation take  
17 place?  
18 A Recently. Not long ago. I can't give you a  
19 specific time or specific date.  
20 Q Last week?  
21 A No. Longer ago than that, actually. Probably two  
22 -- two weeks, a month ago, in that vicinity.  
23 BY MR. KOROTASH:  
24 Q Why were you having a conversation with him?  
25 A I was trying to find out what committees I was on

1 as it related to Stanford International Bank.  
2 Q Okay. What did he tell you?  
3 MR. SJOBLUM: No. Stop. Stop.  
4 BY MR. KOROTASH:  
5 Q What did he tell you?  
6 MR. SJOBLUM: No. Object. That's a privileged  
7 question.  
8 MR. KOROTASH: Why is that?  
9 MR. SJOBLUM: Because he's counsel to the company.  
10 MR. KOROTASH: She's not asking for legal advice,  
11 Tom, what committee she's on.  
12 MR. SJOBLUM: It has legal --  
13 MR. KOROTASH: It's not legal advice. Are you  
14 directing her not to answer my question?

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15 MR. SJOBLUM: Yes.  
16 BY MR. KING:  
17 Q Okay. I think we were talking about your job  
18 duties --  
19 MR. KOROTASH: Wait a second.  
20 BY MR. KOROTASH:  
21 Q What made you think you were on the committee or  
22 might be on the committee?  
23 A I have made presentations before on research, but  
24 have not been to all committee meetings. And so as I had  
25 made presentation, it was a very fair question as to whether

0  
  
1 or not I was the invited guest or whether I were, in fact, on  
2 the investment committee.

3 BY MR. KING:  
4 Q How many times did you make presentations to the  
5 investment committees?

6 A Probably five to ten times.

7 BY MR. KELTNER:  
8 Q Did you ever represent yourself to be a member of  
9 the investment committee?

10 A No.

11 Q You're sure of that?

12 A To the best of my recollection, I have not. As IS  
13 shown by papers that can be produced, though, there could be  
14 possibly something out that recalls me to say differently,  
15 but, to my recollection, no.

16 BY MR. KING:

17 Q Let's talk about your other job duties as chief  
18 investment officer.

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19 A Okay.  
20 Q In that capacity, what documents do you review?  
21 A I'm sorry. I gave you a long list in relation to  
22 that.  
23 Q You know, doing your job.  
24 MR. SJOBLUM: And the question is?  
25 BY MR. KING:

1 Q What documents do you look at in doing your job as  
2 chief investment officer?  
3 A I review research reports prepared by my team,  
4 independent research from Bloomberg, independent research  
5 from other areas, such as, Don McCarthy, S&P, and other such  
6 areas.  
7 Q What documents -- what Stanford International Bank  
8 documents do you review in doing your job as chief investment  
9 officer?  
10 A Tier two portfolio, statements and weekly reports  
11 and the compiled reports presented to me by my team. "My  
12 team" being proprietary research.  
13 Q What else?  
14 A I review various global economic pieces sent by the  
15 portfolio advisors; what their global outlook is, for  
16 example.  
17 Q That comes from the bank?  
18 A No. That would come from the actual tier two  
19 advisors -- the portfolio advisors for the bank. So it's  
20 through those accounts that I receive that information.  
21 Q What else?

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22 A That's pretty much it.  
23 Q How do you get to -- What is a portfolio statement?  
24 A It's a statement of holdings including transaction  
25 statements and listings of deposits and withdrawals generally

1 on a monthly basis. They can be quarterly.  
2 Q And how do you get the portfolio statements?  
3 A They are generally -- They are generally a hard  
4 copy to Stanford International Bank in Antigua.  
5 Q How do you get them?  
6 A I either go to the bank and get them. There are  
7 cases in which they are e-mailed from -- directly from the  
8 portfolio advisor, not from the bank.  
9 Q Okay. So there are occasions when they send them  
10 to you in Tupelo?  
11 A Yes.  
12 Q Via e-mail?  
13 A Via e-mail, not hard copy. That's correct. I went  
14 to Antigua to see them. I'm sorry.  
15 Q You got -- Do you bring a copy of the portfolio  
16 statements back to Tupelo?  
17 A Generally not.  
18 Q Have you from time to time?  
19 A Yes.  
20 BY MR. KING:  
21 Q What's the weekly report?  
22 A The weekly report is a faxed copy. It's generally  
23 faxed. It can be e-mail from the portfolio advisor just  
24 stating the value of the portfolio tier two for that given  
25 week.

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1 We generally receive weekly reports from all  
2 advisors. Some we receive only monthly or quarterly reports.

3 MR. KELTNER:

4 Q And the weekly reports are all delivered to you at  
5 your office and --

6 A They are faxed or e-mailed. Not always to me  
7 specifically. Sometimes to members of my research team.

8 Q Okay. But to someone in Tupelo or Memphis?

9 A Or St. Croix, yes. Just so we can have it straight  
10 for the record, I have analyst in different locations.

11 MR. SJOBLOM: What was the question?

12 MR. KELTNER: I think it's been answered.

13 BY MR. KING:

14 Q How many portfolio advisors does Stanford  
15 International Bank have?

16 A In tier two, Stanford International Bank has  
17 approximately 20. I think the exact number is 17.

18 Q So 17 portfolio advisors fax a weekly report to  
19 you?

20 A No, not all 17. As I just mentioned, most of them  
21 are weekly. Some are monthly or quarterly.

22 Q How do they actually come to your desk? Do you  
23 actually see each individual weekly report?

24 A No, I do not. They are generally given to the  
25 research advisor or the research analyst on my team who

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1 oversees that report on a weekly basis. I would get a  
2 compiled report that has been put together by one of my  
3 analyst.  
4 Q Which analyst?  
5 A Fred Palmiden.  
6 MR. SJOBLON: P-a-l-m-l-i-d-e-n. P-a-l-m-l-i-d-e-n.  
7 BY MR. KING:  
8 Q Okay. And does Mr. Palmiden make any changes to  
9 or -- these weekly reports or monthly reports?  
10 In other words, does he just pass along the  
11 information, consolidate them into one batch and then send  
12 them to you or does he add content to the document?  
13 A He compiles them only.  
14 BY MR. KELTNER:  
15 Q What does that mean?  
16 A He is going to -- How does he compile them? I'm  
17 sorry.  
18 Q What does "compile" mean?  
19 A Okay. So each analyst is going to receive a  
20 portfolio report. They are going to put what their report  
21 contains into various categories. They are going to send  
22 their reports to Fred. Fred is then going to compile all of  
23 those reports and send them to me.  
24 Q Okay. So when you say "compiled," do you mean puts  
25 them in a spreadsheet?

1 A Yes.  
2 Q That's what I wanted to know. Compile could  
3 mean --  
4 A I'm sorry.

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5 Q -- put them all in a stack and --  
6 A No. No. No. He puts them in a spreadsheet and  
7 gives the spreadsheet to me. I do not physically touch the  
8 weekly reports.  
9 Q So --  
10 BY MR. KING:  
11 Q What do you -- What do you do with the compiled  
12 report?  
13 A I look at it. I review it.  
14 Q For what?  
15 A I look to see the performance, week to date, of the  
16 portfolio, including and excluding cash. I'll look at the  
17 diversification of the overall portfolio by product, by  
18 privacy breakdown and then I'll look at the individual  
19 advisors for the same information.  
20 Q Who else gets a copy of the compiled report?  
21 A It's actually sent out by Fred Palmlden. I could  
22 go back and look at the two lines, but to state them all -- I  
23 don't send it to anybody. It's sent out by Fred.  
24 Q So you don't forward the compiled report to anyone?  
25 A No, I do not.

1 Q You don't know who gets it?  
2 A Not without looking. I would be guessing to start  
3 quoting names right now.  
4 Q Does Jim Davis get it?  
5 A Yes.  
6 Q How do you know that?  
7 A I do recall his name being on the tier list.

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BY MR. KELTNER:

8  
9 Q Do you get copied on Fred Palmiden's e-mails?  
10 A Yes. I get copied on the e-mail. And I don't know  
11 every name on there.  
12 Q Does Robert Allen Stanford get it?  
13 A Is his first name Robert?  
14 Q I think so.  
15 A I thought it was Randy. It doesn't matter. I'm  
16 sorry.  
17 Q Sir Allen Stanford?  
18 A Sir Allen Stanford. I honestly do not recall.  
19 (The witness conferred with counsel.)  
20 BY MR. KING:  
21 Q Okay. Ms. Holt, you're -- we've gone over this  
22 several times now. You're not an employee of the bank,  
23 correct?  
24 A Correct.  
25 Q But you review portfolio statements relating to the

1 bank's holdings?  
2 A That's correct.  
3 Q Have you ever signed any kind of confidentiality  
4 agreement with the bank?  
5 A To my knowledge, no.  
6 Q Who is your supervisor at Stanford Financial Group?  
7 A Mr. Davis.  
8 Q Jim Davis?  
9 A Yes. That's correct.  
10 Q I believe you told me earlier that he's the chief  
11 financial officer?