

MEMO# 23271

February 24, 2009

Stanford Receiver Clarifies Status of Certain Mutual Fund Accounts

[23271]

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TO: BANK, TRUST AND RECORDKEEPER ADVISORY COMMITTEE No. 10-09
BROKER/DEALER ADVISORY COMMITTEE No. 12-09
COMPLIANCE MEMBERS No. 12-09
OPERATIONS MEMBERS No. 7-09
PENSION MEMBERS No. 11-09
SEC RULES MEMBERS No. 21-09
TRANSFER AGENT ADVISORY COMMITTEE No. 21-09 RE: STANFORD RECEIVER CLARIFIES
STATUS OF CERTAIN MUTUAL FUND ACCOUNTS

As you may be aware, on February 16, 2009, a U.S. District Judge in Texas appointed a receiver (the "Receiver") to take possession of the assets of Stanford International Bank and several of its affiliates, including the Stanford Group Company, a registered broker-dealer. [\[1\]](#) In connection with the action, the judge issued a temporary restraining order outlining the terms of the asset freeze (the "Order").

Last night, the Receiver issued a press release indicating it has determined that certain mutual fund assets held in accounts outside of Stanford Group Company's custodial relationships with Pershing, LLC and J.P. Morgan Clearing Corp. are not subject to the Order. [\[2\]](#) The press release specifically mentions assets in retirement plan accounts invested in a mutual fund and 529 plan accounts as examples of the types of assets or accounts that would not be subject to the Order. The Receiver reasoned "these assets are typically held directly in the name of the client by a mutual fund. Stanford Group Company does not transact in these accounts, does not provide custody for these accounts, does not maintain books and records pertaining to the assets, and does not provide the client with individual transaction statements or periodic holdings statements."

The Receiver determined that the assets held in the accounts described in the press release should be released from any freeze under the Order, and that accordingly, the Order will not restrict customers from accessing these accounts. Note, however, that this determination does not apply to any accounts held or controlled by certain Stanford defendants listed in the press release.

Robert C. Grohowski
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Securities Regulation - Investment Companies

endnotes

[1] The order, and other related documentation, is available through
<http://stanfordfinancialreceivership.com>.

[2] The press release is available at
http://stanfordfinancialreceivership.com/documents/Press_Statement_022309.pdf.

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