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Stanford 'Is Not Madoff'

A new hotshot lawyer representing Allen Stanford comes out with guns blazing, aimed at the SEC

By [Matthew Goldstein](#)

Alleged fraudster [R. Allen Stanford](#) is gunning for a fight.

Dick DeGuerin, the celebrated Houston criminal defense lawyer representing Stanford, came out firing verbal bullets at the Securities & Exchange Commission on Mar. 26. The SEC [has civilly charged](#) the 59-year-old Texas financier with running a massive \$8 billion Ponzi scheme.

"This is not a [Ponzi scheme](#)," DeGuerin said in an interview. "The SEC is using Stanford as a distraction from its failures in Madoff. This is not Madoff."

What DeGuerin is referring to, of course, is the even bigger scandal surrounding New York money manager [Bernard Madoff](#), the mastermind of the biggest Ponzi scheme ever. Earlier this month, Madoff pleaded guilty in federal court to charges he ran a \$65 billion fraud for decades. The SEC has been widely faulted for not detecting the scheme and ignoring telltale signs from a would-be whistle-blower.

UNFREEZE THE ASSETS TO PAY LAWYERS

"There are hard assets for every dollar invested" with Stanford's offshore bank in Antigua, says DeGuerin. "The losses in the Stanford case are right in line with the stock market."

The SEC, in its civil complaint, alleged that Stanford took at least \$1.6 billion in personal loans from his offshore bank and deceived investors about the assets the bank was investing in. The SEC alleges the high yields on the certificates of deposit sold by Stanford International Bank were deceptive and unsustainable.

"We'll let the complaint speak for itself," says SEC spokesman John Nester.

Earlier this week, BusinessWeek.com first reported that Stanford was [on the verge of hiring DeGuerin](#), who has represented everyone from cult leader David Koresh to former Republican House Majority Leader Tom DeLay. DeGuerin says he's in the process of putting together a legal team to assist him. The first step, he says, is going into federal court to get a judge to unfreeze some of Stanford's reported \$2.2 billion in assets, so he can pay for his legal defense. Legal experts say courts will sometimes unfreeze assets, especially in a criminal case, to give a defendant a chance to defend himself adequately.

The aggressive tack being taken by DeGuerin is not uncharacteristic. Houston attorney Philip Hilder, a former federal prosecutor and criminal defense lawyer, says: "Dick is very aggressive and thorough, and he will make the government work."

OBSTRUCTION OF JUSTICE

Hilder says that by going on the offense this early in the case, there's always a little bit of an "intimidation factor" for the government.

Right now, the only charges pending against Stanford are civil fraud charges. But federal prosecutors are also investigating and have already filed obstruction-of-justice charges against the former chief investment officer at Stanford's [once fast-growing](#) Stanford Financial Group. Stanford earlier filed an affidavit saying he would not cooperate with the SEC investigation, citing his Fifth Amendment right against self-incrimination.

Meanwhile, Stanford's top deputy, Jim Davis, the company's former chief financial officer, is now cooperating with authorities, according to his lawyer, David Finn. The SEC also filed civil fraud charges against Davis. Finn says the strategy for his client is simple: "Tell the truth, the whole truth, and nothing but the truth."

DeGuerin, however, brushed off the news that Davis is working with Stanford's accusers. Said DeGuerin: "If he tells the truth, it doesn't concern us."

Unlike Madoff, who went down [without much of a fight](#), Stanford is not going to make this easy for the authorities.

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