By Ted Oberg

HOUSTON (KTRK) -- It's important to note at the outset that none of the allegations against the Stanford Financial Group is proven. And while unconventional, Stanford, may not be guilty of anything.

But as this unravels, the curiosities are numerous. Fundamentally, banks and brokers must tell you the truth. But Stanford allegedly hasn't cooperated with investigators.

They guaranteed high returns and government regulators are apparently concerned they may not be able to pay those or give your money back.

When you put your money in a CD from pretty much any bank here in U.S., it's guaranteed; guaranteed to give you the bank's advertised rate. It's typically not all that much, but it's a safe investment.

When investors bought CDs from Stanford Financial, that government guarantee wasn't there. Stanford's not a U.S. bank and not FDIC insured.

Stanford would take investors' cash, promise a larger than normal CD return and then invest the money. Stanford allegedly told investors they were making safe investments in corporate stocks and hedge funds. The money may have been invested in far riskier things, though. And lying about where your money is invested can be a crime.

"If it turns out they were misrepresenting the riskiness of the investment and there was a substantial risk that the investors didn't understand that they wouldn't get their money back, that's fraud," said Craig Pirrong with the UH Bauer College of Business.

When the market turned sour, the flaw in the strategy became clear. Stanford may not have been able to pay the guaranteed large return. In fact, the bank may've been losing your original investment.

"You should be able to trust what your banker tells you," said attorney Philip Hilder. "The SEC, in this case, says that the investing public was misled."

What's more, according to federal regulators, is that Stanford was simply making stuff up. The Securities and Exchange Commission said Tuesday the numbers Stanford showed for past returns were unreliable, pointing to two years in the mid-90s when the billion dollar portfolio made the same return of exactly 15.71 percent. They called it improbable, even impossible.

"They cannot tell a lie, absolutely. If they do, they're going to get in trouble," said Pirrong.

For Stanford investors, it is a nervous time. Investments with Stanford outside of CDs may be safe, but all the money invested with the company is frozen by a Dallas judge.

"Tonight everything is frozen," said Hilder.

The company boasts 50,000 clients and told them a team of 20 advisors was monitoring the billions of dollars in assets. In fact, says the SEC, just Allen Stanford and one other person knew where the vast majority of the money was.