

Stanford Must Stay in Jail Until Trial, Judge Says (Update2)

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By Laurel Brubaker Calkins and Andrew M. Harris

June 30 (Bloomberg) -- [R. Allen Stanford](#), indicted for allegedly swindling investors out of more than \$7 billion, must remain in U.S. custody until his trial, a federal judge ruled.

U.S. District Judge [David Hittner](#) in Houston rejected Stanford's claims that he wanted to face and fight the charges against him.

"The court determines that Stanford is a serious flight risk and there is no condition or combination of conditions of pretrial release that will reasonably assure his appearance as required for trial," Hittner said today in a 13-page ruling posted on the court's Web site.

"We are very disappointed, and we will appeal to the Fifth Circuit," Stanford's lawyer, [Dick DeGuerin](#), said in a phone interview following the ruling. He didn't indicate how fast he could file the appeal to the appellate court in New Orleans.

"We think the judge made the correct ruling," Ian McCaleb, a Justice Department spokesman, said in a phone interview.

Now that Hittner has labeled Stanford a flight risk, the appellate court is unlikely to free him before trial, according to a lawyer who specializes in federal appeals.

"Whoever wins in the district court will most likely prevail in the Fifth Circuit," Washington lawyer Sidney Powell, who has argued cases before the U.S. Court of Appeals in New Orleans, said in a phone interview. "There's just a lot of deference to the district court's decision on the bond issue."

County Jail

Stanford, 59, is incarcerated in the Montgomery County jail in Conroe, about an hour north of Houston. He wasn't brought to the Houston courthouse today, as he was on the preceding three days while the hearing was in progress.

Alfredo Perez, a spokesman for the marshal's service in Houston, didn't immediately respond to a request for information on whether the financier will remain in the county jail or will be transferred to a federal prison facility until trial.

DeGuerin told Stacy it will take about a year to prepare for Stanford's trial, which could last six months.

Stanford has been in U.S. custody since June 18, when he was indicted on 21 counts by a federal grand jury in Houston.

He's accused of conspiracy, fraud, obstruction and money laundering in connection with an alleged Ponzi scheme involving certificates of deposit sold by Antigua-based Stanford International Bank Ltd.

Denies Allegations

The criminal charges mirror allegations made in a civil enforcement lawsuit filed against the financier and two business associates by the U.S. Securities and Exchange Commission in February.

Stanford has denied all allegations of criminal and civil wrongdoing. "I'm not a damn swindler," he told Bloomberg News in an April 20 interview.

Hittner's decision reverses a June 25 order granting Stanford bail. U.S. Magistrate Judge [Frances Stacy](#) had set bail at \$500,000, confined Stanford to a Houston apartment he shares with his fiancée, and ordered him to wear an electronic monitoring bracelet.

Stacy stayed her ruling to allow prosecutors to challenge it before Hittner, who outranks her in the federal judicial hierarchy.

Hittner heard arguments from attorneys for both sides at a hearing yesterday.

Hop-Scotching the Globe

Prosecutors yesterday urged Hittner to revoke bail, arguing that Stanford's dual citizenship and lifestyle of "hop-scotching the globe," would make it easy for him to become a fugitive.

"That's been Mr. Stanford's life for the last 15 years," Assistant U.S. Attorney Gregg Costa told the judge.

DeGuerin told the judge that Stanford has been willing to fight the charges.

"True, Mr. Stanford has traveled the world, but there's nothing suspicious about that travel," DeGuerin said. "The vast majority has been business-related and recorded" on federal aviation logs.

Stanford holds dual citizenship in the U.S. and Antigua and his U.S. passport shows he visited more than 30 countries on five continents since 2005, Hittner said in his ruling. The financier routinely traveled by private jet or helicopter.

"Testimony indicated these flights were often scheduled at the last minute and steps were taken to conceal Stanford's whereabouts," the judge wrote.

Ties to Houston

Forensic accountants working for the court-appointed receiver in the regulatory case filed against Stanford have been unable to account for about \$1.1 billion in investor deposits with the Stanford bank, the judge said.

Hittner also described Stanford's ties to Houston as "tenuous at best and of recent vintage."

Prosecutors said if convicted, Stanford faces up to 375 years in prison.

"The severity of the potential sentence weighs heavily in favor of detention," the judge said in his ruling.

Houston lawyer Michael Stanley, who represents more than 100 Stanford investors and former Stanford brokers, was surprised by Hittner's decision.

"This was a man who had tried multiple times to turn himself in," Stanley said in a phone interview. "It's hard to believe there was flight risk from a man who was hiding in plain sight.

"For the investors and financial advisers, this will make it harder to get answers, because what we really want to understand is what happened and why it happened," Stanley said. "It will be harder to do that with the judge in Dallas refusing to hold public hearings and now the key witness is locked up in jail."

The case is U.S. v. Stanford, 09cr342, U.S. District Court, Southern District of Texas (Houston).

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