

Defendant may be served with the petition and citation by serving Mendes and Mount, 750 Seventh Avenue, NY, NY 10019-6829.

4. Defendant Lloyd's of London syndicate is a syndicate of underwriters, in this case syndicate numbers 2987, 2488, 1886, 1084, 1274 and 4000, with underwriter reference numbers TE78308B000, AKFG68GG1229, 08BA210809XA, 37941K08AA, 37941K08AA, 202122800008, and 00947X08AA, who bound themselves severally, each for their own part, to the Policy at issue. Defendants are citizens of the United Kingdom. Per the service of suit clause, this Defendant may be served with the petition and citation by serving Mendes and Mount, 750 Seventh Avenue, NY, NY 10019-6829.

JURISDICTION AND VENUE

5. This Court has jurisdiction over this case. Venue is proper in this Court pursuant to Texas Civil Practice & Remedies Code § 15.002(a)(1). Defendants are also subject to personal jurisdiction in this judicial district.

FACTUAL BACKGROUND

6. This is an insurance coverage dispute, which arises out of the seizure of Stanford International Bank, Ltd., Stanford Capital Management, LLC, Stanford Financial Group Company and the Stanford Group Company (collectively, "the Stanford Group"), among other entities, by the Securities & Exchange Commission (the "SEC").

7. Plaintiff Laura Pendergest-Holt is the Chief Investment officer of Stanford Financial Group Company. Plaintiff is an insured pursuant to an insurance policy issued by Defendants, policy number 576/MNK558900, a Directors and Officers Liability and Company Indemnity Policy (the "Policy"). Plaintiff is an officer as defined in the Policy. Plaintiff is entitled to a defense pursuant to the terms of the Policy.

8. On February 17, 2009, the SEC filed its Complaint against Plaintiff in the matter entitled SEC v. Stanford International Bank, Ltd., Stanford Group Company, Stanford Capital Management, LLC, R. Allen Stanford, James M. Davis, and Laura Pendergest-Holt, Case No. 3:09-cv-0298-N, in the United States District Court from the Northern District of Texas – Dallas Division.

9. In connection with the SEC's lawsuit against Plaintiff, and at the request of the SEC, the district court froze all of Ms. Pendergest-Holt's assets. The district court also appointed a Receiver to take control of all of Ms. Pendergest-Holt's personal property and assets.

10. Plaintiff thus has no assets to defend herself against the SEC's claims.

11. In addition, Plaintiff was arrested on February 26, 2009, and charged by the United States Government with the felony of Obstruction of a Proceeding before an Agency of the United States, the Securities and Exchange Commission.

12. Given these exigent circumstances, Plaintiff's counsel submitted a notice of claim to Defendants concerning the SEC action and two additional civil class actions on February 25, 2009. Plaintiff also submitted additional notices of claims to Defendants on February 27, 2009 and March 4, 2009, which identified the criminal matter as well.

13. To date, Defendants have failed and refused to provide Ms. Pendergest-Holt a defense so that she can defend herself in the SEC action, the civil class actions and in the criminal matter.

FIRST CLAIM FOR RELIEF

(Declaratory Relief)

14. Plaintiff incorporates herein by reference each and every allegation set forth above as if fully set forth herein.

15. Plaintiff is an insured pursuant to that certain policy of insurance issued by defendant, policy number 576/MNK558900, a Directors and Officers Liability and Company Indemnity Policy (the "Policy"). Plaintiff is an officer as defined in the Policy. Plaintiff is entitled to a defense pursuant to the terms of the Policy.

16. Plaintiff is a defendant in Securities and Exchange Commission v. Stanford International Bank, Ltd., et al., filed in the United States District Court for the Northern District of Texas, Dallas Division, Case No. 3-90CV0298-L (the "SEC Action").

17. Plaintiff is a defendant in United States of America v. Laura Pendergest-Holt, filed in the Northern District of Texas, Case No. 3-09-MJ56 (the "Criminal Action").

18. Plaintiff also has been named as a defendant in various civil lawsuits, including, without limitation, James O. Kyle v. Stanford International Bank, et al. filed in the Southern District of Texas, Houston Division, and Sandra Allen, et al. v. Stanford Group Company filed in the United States District Court for the Middle District of Louisiana (collectively, the "Civil Actions").

19. Plaintiff has provided timely notices of claim to Defendants of the SEC Action, the Criminal Action, and the Civil Actions.

20. Despite the acknowledged receipt of such notices of claim by Defendants, Defendants have failed and refused to provide Plaintiff with a defense for the SEC Action, the Criminal Action and the Civil Actions.

21. A case and controversy thus exists by and between Plaintiff and Defendants in that Plaintiff is contractually entitled to a defense of the above-identified actions pursuant to the terms of the Policy, and whereas, Defendants have failed and refused to honor their contractual obligations to provide Plaintiff a defense of such actions.

22. A declaration is thus necessary and appropriate so that Plaintiff can establish her right to a defense under the Policy, and defend herself in the SEC Action, the Criminal Action and in the Civil Actions. Unless Defendants provide a defense to Plaintiff, there is a substantial risk that Plaintiff will be unable to afford legal counsel to represent her in these actions, and to defend her interests.

23. Plaintiff thus seeks a judicial declaration that Defendants are obligated to immediately provide Plaintiff with a defense and to pay her legal fees in defense of the SEC Action, the Criminal Action and/or in the Civil Actions.

24. As a result of the actions of the SEC, Plaintiff has no ability to satisfy any self insured retention or deductible, and thus seeks a declaration that any self insured retention or deductible be waived, held inapplicable and/or be enjoined under the circumstances. If Plaintiff is required to satisfy a self insured retention, she will be left without any ability to defend herself in the above-identified actions due to her impecuniosity.

25. Plaintiff also seeks her costs and reasonable and necessary attorney's fees pursuant to Texas Civil Practice & Remedies Code Section 37.009.

SECOND CAUSE OF ACTION

(Breach of Contract)

26. Plaintiff incorporates each and every allegation set forth above as if fully set forth herein.

27. There is a valid and binding insurance contract, pursuant to which Plaintiff is entitled to a defense as an insured under the Policy.

28. Plaintiff has performed all of her duties, if any, under the Policy, and or is excused from such performance.

29. Defendants have breached their insurance obligations to Plaintiff, and thus are in breach of the insurance contract.

30. As a direct and proximate result of Defendants' breaches of contract, Plaintiff has suffered damages in an amount to be proven at trial, but which damages are estimated to exceed five million dollars (\$5,000,000.00).

31. Plaintiff also seeks her reasonable attorney's fees pursuant to Texas Civil Practice & Remedies Code Section 38.001(8).

THIRD CAUSE OF ACTION

(Bad Faith)

32. Plaintiff incorporates each and every allegation set forth above as if fully set forth herein.

33. There is implied in every contract an implied covenant of good faith and fair dealing.

34. Defendants are obligated to fulfill their insurance obligations to Plaintiff in the utmost good faith, including by, among other things, fulfilling their defense obligations.

35. Defendants have breached their good faith obligations to Plaintiff by failing and refusing to provide Plaintiff a defense in the SEC Action, the Criminal Action and/or in the Civil Actions, with actual knowledge that Plaintiff's assets have been seized, and with actual knowledge that Plaintiff has no ability to financially pay for defense counsel in these actions.

36. By refusing to honor their contractual obligations to Plaintiff, Defendants have subjected Plaintiff to grave harm, in that they have placed Plaintiff in the dire situation of having no financial ability to afford defense counsel to defend herself in the SEC Action, the Criminal Action and in the Civil Action.

37. Defendants also have breached their obligation to act in good faith by their claims handling, including by, among other things, not timely responding to Plaintiff's notices of claim, and by Defendants' undue delay and/or refusal to provide Plaintiff a defense to the above-entitled actions.

38. As a direct and proximate result of Defendants' bad faith actions, Plaintiff has suffered damages in an amount to be proven at trial, but which amount is estimated to exceed five million dollars (\$5,000,000.00).

39. As a direct and proximate result of Defendants' bad faith, willful, and malicious conduct, Plaintiff seeks an award of punitive damages in an amount to be proven at trial, but which amount is estimated to exceed forty million dollars (\$40,000,00.00).

CONDITIONS PRECEDENT

40. Plaintiff has satisfied all conditions precedent to filing this lawsuit.

JURY DEMAND

Plaintiff respectfully requests a jury on all claims and causes of action properly triable before a jury.

PRAYER

WHEREFORE, Plaintiff prays for judgment against Defendants as follows:

1. For declaratory relief that Defendants, and each of them, are obligated to immediately provide Plaintiff with a defense and to pay all defense attorneys' fees and costs incurred in the SEC Action, the Criminal Action and in the Civil Actions;

2. For declaratory relief that Plaintiff is not required to satisfy any self insured retention or deductible given her impecunisoty;

3. For damages in an amount to be proven at trial, but which damages are estimated to exceed five million dollars (\$5,000,000.00).
4. For punitive damages in an amount to be proven at trial, but which damages are estimated to exceed forty million dollars (\$40,000,000.00).
5. For her attorney's fees and costs as allowed by applicable law.
6. For such other and further relief as is deemed appropriate by the court.

DATED this 11 day of March 2009.

Respectfully Submitted,

SAWICKI & LAUTEN, L.L.P.



BRIAN P. LAUTEN

State Bar No. 24031603
4040 N. Central Expwy, Suite 850
Dallas, Texas 75204
214-720-0022 telephone
214-720-0024 facsimile

Erik A. Christiansen (*pro hac*)

Brent R. Baker (*pro hac*)

PARSONS BEHLE & LATIMER

One Utah Center

201 South Main Street, Suite 1800

Post Office Box 45898

Salt Lake City, Utah 84145-0898

801) 532-1234 Telephone

(801) 536-6111 Facsimile

**ATTORNEY FOR PLAINTIFF
LAURA PENDERGEST-HOLT**