



Washington, D.C. and New York offices. Thomas V. Sjoblom may be served with process by serving the Texas Secretary of State, 1019 Brazos Street, Austin, Texas 78701, as its agent for service because Sjoblom engages in business in Texas but does not maintain a regular place of business in this state or a designated agent for service of process, and this suit arose out of Sjoblom's business in Texas. The Texas Secretary of State may serve Sjoblom at 1001 Pennsylvania Avenue, NW Suite 400 South Washington, DC 20004-2533.

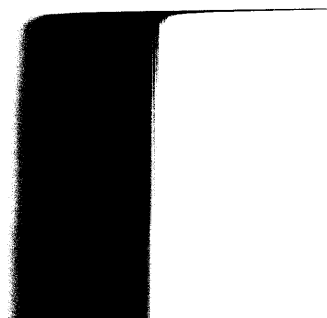
Defendant, Proskauer Rose, L.L.P. (hereinafter "Proskauer"), is an international law firm, with offices in, among other places, Washington, D.C. and New York. Proskauer Rose, L.L.P. may be served with process by serving the Texas Secretary of State, 1019 Brazos Street, Austin, Texas 78701, as its agent for service because it engages in business in Texas but does not maintain a regular place of business in this state or a designated agent for service of process, and this suit arose out of Proskauer's business in Texas. The Texas Secretary of State may serve Proskauer at 1001 Pennsylvania Avenue, NW Suite 400 South, Washington, DC 20004-2533.

#### **JURISDICTION AND VENUE**

Plaintiff seeks damages that exceed the jurisdictional limits of this Court. This Court has personal jurisdiction over Defendants because they do business in the State of Texas, and the actions complained of herein arise from and relate to Defendants contacts with the State of Texas. Further, venue is proper in this Court because Defendant Stanford Group Company is headquartered in this County, and many of the actions complained of herein occurred in this County.

#### **FACTUAL BACKGROUND**

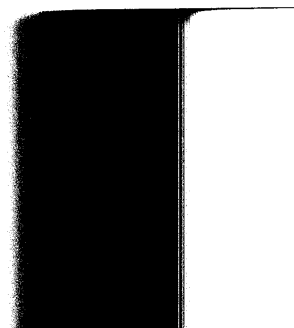
This is a case against Stanford Group Company and its General Counsel, P. Mauricio Alvarado. In order to protect himself and his employer, Stanford Group Company, Alvarado repeatedly misrepresented to Plaintiff the topics upon which the SEC wanted testimony, and



misrepresented the status of who her attorneys--both Alvarado himself, and outside counsel Sjoblom--were actually representing and protecting. This is also a legal malpractice dispute against Defendant Alvarado, as well as Defendant, Thomas V. Sjoblom, and his law firm, Proskauer Rose, L.L.P. Defendants' wrongful conduct resulted in the Plaintiff being arrested on February 26, 2009, and ultimately being charged in a Felony Complaint with Obstruction of a Proceeding before an Agency of the United States, the Securities and Exchange Commission ("SEC"). As a direct and proximate result of Defendants' wrongful conduct and malpractice, Plaintiff has been wrongfully accused of a crime, is incurring and will continue to incur, at least, if not more, hundreds of thousands of dollars in attorneys' fees and other related damages, and has had all of her real and personal property seized by the SEC. Plaintiff is completely and absolutely innocent of the charges which have been filed against her.

Plaintiff's arrest followed the seizure of the assets 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, on February 17, 2009, by the SEC.

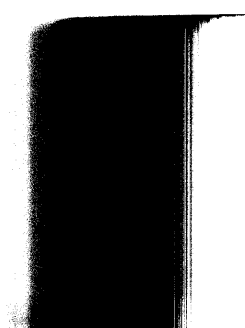
The United States Government's criminal complaint against Plaintiff is based on, and arises out of, sworn testimony of Plaintiff which occurred on February 10, 2009, before the SEC. Prior to her sworn testimony, Plaintiff spoke on at least two occasions with Alvarado. Further, Plaintiff also spoke and met with Sjoblom to prepare her for the SEC meeting. It was not until a few days before when Plaintiff actually learned that she may indeed be asked to provide sworn testimony. Plaintiff was led to believe instead that she needed to only make a presentation regarding Tier 2, and that someone else from the Stanford Group would address Tier 3. Sjoblom accompanied Plaintiff to her sworn testimony on February 10, 2009, before the SEC.



Unbeknownst to Plaintiff, Alvarado, to protect his own individual interests as well as those of the Stanford Group, determined that Plaintiff should be the individual to speak to the SEC on behalf of the Stanford Group. Prior to the SEC testimony, Alvarado advised Plaintiff that she need only discuss the Stanford Group's general investment philosophy and specifically, she would only need to make a presentation regarding Tier 2. Unbeknownst to Plaintiff, what the SEC apparently wanted instead was a full explanation of the entire Stanford Group portfolio, specifically Tier 3, of which Plaintiff was unfamiliar. During the discussions leading up to the SEC testimony, Plaintiff advised Alvarado that she knew nothing about Tier 3 of the Stanford portfolio and did not feel comfortable even talking about the topic; Alvarado advised Plaintiff again that Tier 3 would not be the focus when she spoke to the SEC, and that in the unlikely event it was discussed, Defendants would make sure Plaintiff was "up to speed on it." Later, after Plaintiff again made clear she simply did not know enough about Tier 3, Plaintiff was advised by Alvarado that someone else, more familiar with Tier 3, would discuss that portion of the Stanford business with the SEC. Prior to her testimony, Plaintiff asked Alvarado directly about the necessity of personal counsel.<sup>1</sup> Alvarado advised Plaintiff, on at least two occasions, that the issue being investigated was not a personal matter, and that personal counsel was not necessary. Alvarado further advised Plaintiff that, because she was an officer of one of the Stanford entities, Sjoblom would sufficiently protect her interests. Unfortunately for Plaintiff, Alvarado failed to advise Plaintiff that her own personal interests may differ from that of the Stanford Group's officers and directors, failed to advise Plaintiff that he was acting against her

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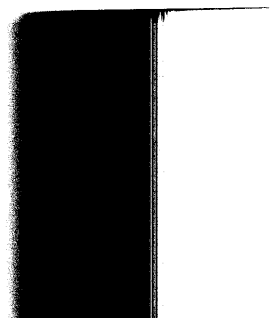
<sup>1</sup> Apparently, Sjoblom, unclear at times about who he was representing, raised the issue of Plaintiff having personal counsel in a telephone conference with Alvarado and Allan Stanford. Stanford's reaction to the inquiry was an emphatic "bullshit." Alvarado parroted Stanford's opinion that Plaintiff did not need personal counsel. After the conference, in an effort to assuage Plaintiff's misapprehension and confusion, Sjoblom clearly informed Plaintiff that he could sufficiently represent her interests. Even so, during each break of her testimony, Sjoblom was ostensibly on the telephone with both his office and with Stanford clarifying his role.



personal interests, and failed to advise her that he was acting to protect his own personal interests, as well as in the interests of the Stanford Group.

Further, based on her meetings with Sjoblom, and based specifically on the various representations he made to her prior to her recorded testimony before the SEC on February 10, 2009, Plaintiff reasonably and actually believed that Sjoblom and his firm, Proskauer, were there assisting her as her lawyers, were representing her interests, and were protecting her interests. In short, based on the action of Sjoblom and his firm, Proskauer, Plaintiff believed that these Defendants were representing her interests as her attorneys in her individual capacity. Instead, Sjoblom and Proskauer acted not in the best interest of Plaintiff, but were instead acting in the “best interests” of Allen Stanford, the Stanford Companies, and Defendants. Indeed, unbeknownst to Plaintiff, the night before Sjoblom met with Plaintiff to allegedly prepare her for her testimony before the SEC, Sjoblom had solicited a multi-million dollar retainer from Allen Stanford to represent him personally. At one point prior to the SEC meeting, Sjoblom agreed to “investigate” whether Plaintiff needed personal counsel. Sjoblom, due to his own interests and those of the Stanford Group, concluded that she did not.

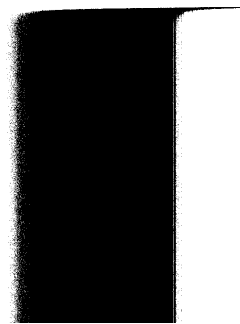
For almost three hours prior to the actual start of her sworn recorded testimony, Plaintiff spoke to the SEC. Throughout these discussions, Plaintiff reasonably believed that Sjoblom and Proskauer were representing her in her individual capacity. At some point during Plaintiff’s sworn testimony, Sjoblom checked with his office and learned that his retainer agreement called for him to represent the Stanford Group and its related companies, as well as the Stanford Group’s officers and directors—but not Plaintiff in her individual capacity. At no time did Sjoblom or Alvarado advise Plaintiff (a) that Defendants were not actually representing Plaintiff’s personal interests in the testimony, or, more importantly, the significance of that fact;



(b) that Plaintiff instead needed to retain and receive advice from her own individual counsel prior to the oral testimony or meeting with the SEC; (c) that Plaintiff had a 5<sup>th</sup> Amendment Right against self-incrimination; (d) that Plaintiff had the option of not appearing at the proceeding and not speaking with the SEC; (e) that there were potential criminal penalties associated with providing sworn oral testimony to the SEC; (f) that given the potential criminal penalties associated with the SEC testimony, that Plaintiff could choose not to appear and testify, and that she should not do so; (g) that the interests of her employer were adverse to Plaintiff's interests; (h) that Defendants' interests in representing the Stanford Group and its officers and directors were different from Plaintiff's personal interests; and (i) that there was no attorney-client privilege for communications by and between Plaintiff and Defendants. Defendants also failed to fully and adequately prepare Plaintiff for her testimony by again not properly explaining to her that representation of her individual interests was vastly different from representation of her as an officer of one of the entities in the Stanford Group. Prior to the sworn testimony, Defendants also failed to provide Plaintiff with documents to refresh her recollection about the expected subjects of the SEC inquiry. Further, it is obvious now that Defendants' actions were a clear attempt to protect other principals within the Stanford Group, to the detriment of Plaintiff's interests.

Further, during the sworn oral testimony, Sjoblom gave contradictory answers about whether, as an attorney, he represented Plaintiff by stating: "I represent the company Stanford Financial Group and affiliated companies," while contradicting that very statement by also informing Plaintiff and the SEC, on the record, as follows:

- Q. Just so we're clear. As I understand your statement, you do not as far as you're concerned, represent the witness here today?
- A. ***I represent her*** insofar as she is an Officer or director of one of the Stanford affiliated companies.



By Defendants' conduct, actions, and words, Defendants caused Plaintiff – a non-lawyer – to actually and reasonably believe that Defendants, as attorneys, represented her interests prior to and during the oral testimony before the SEC, and that communications by and between Plaintiff and Defendants were privileged, and protected by the attorney-client privilege.

Given the potential consequences and the divergent interests by and between Plaintiff and Defendants, Defendants had an obligation to inform Plaintiff that Defendants could not adequately represent Plaintiff, that Plaintiff required her own separate counsel, that Defendants could not represent her in preparing for her oral testimony, that Defendants could not adequately prepare her for her oral testimony, and that Defendants could not attend or represent her at the SEC proceeding.

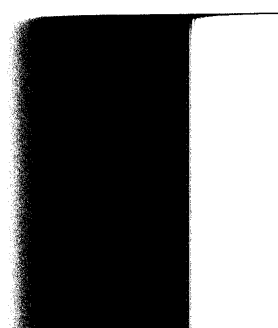
**FIRST CLAIM FOR RELIEF**

**(Legal Malpractice and Professional Negligence)**

Plaintiff incorporates the preceding paragraphs of this Petition as if set forth fully below.

Due to their conduct which created an attorney-client relationship with Plaintiff in her individual capacity, Defendants owed Plaintiff a professional duty of care to act and behave in a manner consistent with, and in satisfaction of, the professional standard of care appropriate to counsel in similar circumstances, dealing with persons in similar circumstances as Plaintiff.

Defendants breached their professional standard of care to Plaintiff by, among other things, failing to advise Plaintiff (a) that Defendants were not actually representing Plaintiff's individual interests in the proceeding; (b) that Plaintiff needed to retain and meet with her own counsel prior to the proceeding; (c) that Plaintiff had a 5<sup>th</sup> Amendment Right against self-incrimination, (d) that Plaintiff could decide not to appear at the proceeding; (e) that there were potential criminal penalties associated with testifying before the SEC; (f) that given the potential criminal penalties associated with the SEC proceeding, that Plaintiff should not appear and



testify at the proceeding; (g) that the interests of the Stanford Group were adverse to Plaintiff's interests; (h) that Defendants' interests were divergent from Plaintiff's interests; (i) that Defendants had a conflict of interest in representing her at her oral testimony; and (j) that there was no attorney-client privilege for communications by and between Plaintiff and Defendants. Defendants also did not fully and adequately prepare Plaintiff for her oral testimony.

As a direct and proximate result of Defendants' breach of their professional duties of care to Plaintiff, Plaintiff has been damaged in an amount to be proven at trial. Because Defendants acted with gross negligence, bad faith, or malice, Plaintiff also seeks an award of punitive damages.

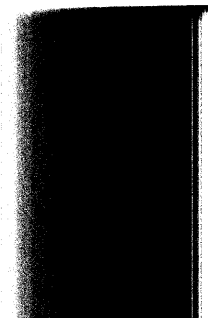
### **SECOND CLAIM FOR RELIEF**

#### **(Breach of Fiduciary Duty)**

Plaintiff incorporates the preceding paragraphs of this Petition as if set forth fully below.

By virtue of their conduct prior to and during a portion of Plaintiff's recorded testimony, Defendants created an attorney-client relationship with Plaintiff in both her individual capacity, as well as her corporate capacity as one of the officers or directors of one of the entities within the Stanford Group. This attorney-client relationship was not only implied by Defendants' actions, it was expressed by Defendants in the various meetings with Plaintiff. Defendants thus owed a fiduciary duty to Plaintiff. This duty in the State of Texas includes, among others, the duty of loyalty, the duty to act in good faith, the duty to avoid conflicts, and the duty to disclose all potentially prejudicial material facts.

Defendants breached this fiduciary duty by attempting, at least initially, to represent Plaintiff's personal interests as well as the interests of her employer and its related entities. When Defendants learned that they were not authorized to represent Plaintiff in her individual capacity



and could not adequately do so, they then took no action to protect her interests, even though the attorney-client relationship with her in her individual capacity was already established. This was a glaring conflict of interest. Rather than stopping the recorded testimony, formally withdrawing from the representation of her in her individual capacity, advising her of the necessity of the retention of another attorney, and allowing her the ability to do so, they instead continued, and hung her out to dry. A false criminal complaint resulted.

Defendants' breaches of their fiduciary duty to Plaintiff proximately caused her damage. Because these breaches occurred in bad faith, due to a conflict of interest that necessarily is evidenced by Defendants placing their personal interests in representing the Stanford Group over the interests of the Plaintiff, the award of punitive damages is appropriate.

### **THIRD CLAIM FOR RELIEF**

#### **(Fraud/Misrepresentation/Conspiracy)**

Plaintiff incorporates the preceding paragraphs of this Petition as if set forth fully below.

Defendants, acting in concert with one another, purposely withheld material facts from Plaintiff to convince her to provide testimony to the SEC. Alvarado specifically misled Plaintiff about whether testimony would even be requested, but instead represented to Plaintiff that only a presentation of Tier 2 was requested by the SEC. Further, Defendants falsely represented to Plaintiff that her personal interests were not in jeopardy, and that she did not need an attorney of her own. Defendants also falsely represented to Plaintiff that they intended to protect her individual interests. Defendants' representations were false. Plaintiff reasonably relied upon such false representations, to her detriment.

As a direct and proximate result of Defendants' wrongful conduct, Plaintiff has been severely damaged. Defendants' conduct was willful, purposeful, and malicious such that

punitive damages are appropriate.

**JURY DEMAND**

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

**REQUEST FOR RULE 194 DISCLOSURE**

Pursuant to Texas Rule of Civil Procedure 194, Plaintiff requests that Defendants disclose, within 50 days of the service of this request, the information or material described in Rule 194.2(a)-(k), Tex. R. Civ.P.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiff prays for judgment against Defendants as follows:

1. For damages in an amount to be proven at trial, but which damages are estimated to exceed twenty million dollars (\$20,000,000.00);
2. Punitive Damages;
3. Disgorgement; and
4. For such other and further relief as is deemed appropriate by the Court.

Respectfully submitted,

**THE BUZBEE LAW FIRM**

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