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WEEKLY

■ \$65 MILLION SETTLEMENT

Kansas City-area firm receives \$65M settlement for fraud victims

BUSINESS/COMMERCIAL

- **Venue:** U.S. District Court for the Northern District of Texas, Dallas division
- **Case Number/Date:** 3:09-CV-1736/May 16, 2017
- **Caption:** Ralph S. Janvey as court-appointed receiver for Stanford International Bank, LTD et. al. v. Certain Underwriters at Lloyd’s of London and Arch Specialty Insurance
- **Judge:** David C. Godbey
- **Plaintiff’s Attorneys:** Michael J. Kuckelman, Stephen J. Torline, Michael T. Crabb, James T. Kirkland and Kathryn A. Lewis, Kuckelman Torline Kirkland, Overland Park, Kansas
- **Defendant’s Attorney:** Neel Lane, Norton Rose Fulbright, San Antonio, Texas

BY ALAN SCHER ZAGIER

Special to Missouri Lawyers Media

A Texas federal judge has approved a \$65 million settlement for victims of a massive Ponzi scheme, \$14 million of which will go to the suburban Kansas City law firm that sued insurers who didn’t pay individual investors for their losses.

The settlement obtained by Kuckelman Torline Kirkland of Overland Park, Kansas was approved in May in U.S. District Court for the Northern District of Texas. District Judge David C. Godbey found that the settlement in a fraud second in scope only to Bernie Madoff’s was “necessary to effectuate a fair, reasonable, equitable settlement that is in the best interests of the receivership estate.”

The litigation grew out of a 2009 U.S. Securities and Exchange Commission investigation that determined

that Texan R. Allen Stanford had been selling billions of dollars’ worth of fraudulent certificates of deposit from an offshore bank in Antigua and Barbuda, where the dual citizen also lived and worked.

Although Stanford told his clients that the CD proceeds were only invested in low-risk funds, the proceeds were instead “funneled into speculative private equity investments and used to fund (his) extravagant lifestyle,” said lead attorney Michael Kuckelman.

Stanford was sentenced in 2012 to 110 years in prison on 13 counts of mail fraud, wire fraud, conspiracy and obstruction for defrauding an estimated 30,000 investors. A receivership was created to recover the assets of Stanford’s various business entities, including the proceeds of Stanford International Bank’s insurance policies with Lloyd’s of London and Arch Specialty Insurance Co.

The Overland Park law firm was hired by the receiver in 2014. The settlement will be paid to the receivership estate, with a related court order barring any other Stanford-related claims against the insurers. The federal court’s order noted the law firm’s “significant skill and effort” in light of the “complexity of the factual and legal issues presented in this case.”

Kuckelman said his firm was hired by the receiver primarily because of its experience handling insurance litigation connected to the Sept. 11 terrorist attacks in which it recovered \$1.2 billion against one of the World Trade Center’s primary insurers.

San Antonio defense attorney Neel Lane declined comment beyond noting that “numerous parties have filed notices of appeal” to the Fifth Circuit Court of Appeals.

“The settlement is not funded until all appeals have been exhausted,” he said. **MO**