



KACHROO LEGAL SERVICES, P.C.

**HISTORIC VICTORY FOR STANFORD VICTIMS**  
**IN *ZELAYA v. UNITED STATES***

Miami, Florida - September 7, 2012.

Federal District Court Judge Robert N. Scola, Jr. handed down an historic opinion against the U.S. Government today, holding the Securities and Exchange Commission potentially liable for billions of dollars for not notifying the Securities Investor Protection Corporation when it had information about Allen Stanford's Ponzi scheme. In the wake of the Madoff and Stanford Ponzi schemes and the dozens of lawsuits filed against the Government for the SEC's failure to protect the public, today marks the first time that a lawsuit survived the Government's motion to dismiss.

The case is being fought by Dr. Gaytri Kachroo and her law firm, Kachroo Legal Services, P.C., on behalf of thousands of Stanford victims. KLS filed a class action against the government, alleging that the SEC knew Stanford was operating a multi-billion dollar Ponzi scheme and "sat and watched the scheme grow for years, as it ballooned into a \$7 billion enterprise, second only to Bernard Madoff as the largest Ponzi scheme in history."

In an unprecedented decision denying the Government's efforts to dismiss the lawsuit, the Court held today that the SEC can be held liable for failing to act appropriately when put on notice that an investment advisor is operating a Ponzi scheme. To achieve this important and unprecedented goal on behalf of its clients, KLS crafted an argument not raised in any of the prior complaints against the government: that the SEC violated a statutory duty to notify SIPC that an investment advisor was in or approaching financial difficulty.

Dr. Gaytri Kachroo is proud of her firm's achievement: "This decision reaffirms the SEC's fundamental mission. For decades, the SEC has relied on sovereign immunity to avoid the consequences of its inaction in the face of Ponzi schemes. The ruling handed down today is a bold statement and a warning to the Government: If you fail to carry out your statutory obligations to protect the public against wrong doing with massive repercussions to the investing public, you will be held liable."

Victims of the Stanford Ponzi scheme have not only lost billions of dollars as a result of the SEC's failure to put an end to the scheme, but they have also lost hope that they will see any recovery, as the SEC-appointed receiver has recovered only pennies on the dollar at this point, and has not made any distribution to victims. "We are in an unprecedented position, and are thrilled to succeed in this first major hurdle in the case. Today, our small firm accomplished what thousands of lawyers and consultants employed by the Receiver could not do in over three years: restore hope for the victims of Stanford's Ponzi scheme."

FOR IMMEDIATE RELEASE

Kachroo Legal Services represents individuals and corporate entities in business and securities litigation, companies and their Boards in ethics and audit compliance, funds and investors in their government and SEC relations, and in general corporate law and general counsel services for companies both domestic and international. Dr. Gaytri Kachroo is the attorney for Madoff whistleblower Harry Markopolos.

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