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- [Admissions Q&As](#)
- [Journals](#)
- [Videos](#)
- [Asia](#)
 - [Asia Home](#)
 - [China](#)
 - [India](#)
 - [Economy](#)
 - [Innovation](#)
 - [Investing](#)
 - [Eye on Asia Blog](#)
- [Europe](#)
 - [Europe Home](#)
 - [Autos](#)
 - [Companies](#)
 - [Economy](#)
 - [Energy](#)
 - [Innovation](#)
 - [Investing](#)
 - [Europe Insight Blog](#)
- [Lifestyle](#)
 - [Lifestyle Home](#)
 - [Real Estate](#)
 - [Autos](#)
 - [Travel](#)
 - [Executive Health](#)
 - [Living Well](#)
 - [Auto Beat Blog](#)
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Stanford's Ex-Lawyer is on the Hot Seat

Posted by: Matthew Goldstein on May 13

Thomas Sjoblom, the hot-shot securities lawyer, who once represented disgraced financier R. Allen Stanford, is increasingly finding himself mired in a legal pickle.

The Proskauer Rose partner does not come off looking well in the two-count indictment federal prosecutors filed Tuesday against former Stanford Financial Group executive Laura Pendergest-Holt. Sjoblom, identified only as “Attorney A” in the indictment, is accused of making “false and misleading statements” to securities regulators. Federal prosecutors allege “Holt, Attorney A and others” gave misleading statements to the

Securities and Exchange Commission “in order to persuade them to delay” taking testimony from Stanford and his chief financial officer Jim Davis.

Sjoblom, a former SEC lawyer and former federal prosecutor, hasn't yet been charged with any criminal wrongdoing. So far, the only person charged with a crime in the Stanford investigation is Pendergest-Holt, the financial firm's 35-year-old chief investment officer. Still, that doesn't mean Sjoblom is out of the woods. Even Stanford, who insists he did nothing wrong, concedes it's only a matter of time before prosecutors haul him into court on criminal charges.

Dan Cogdell, one of the lawyers representing Pendergest-Holt, says his client will be arraigned Thursday in federal court in Houston and will plead innocent. “It is hardly a reach to “fill in the blanks” and safely assume that Sjoblom is “Attorney A”, Stanford is “Executive A” and Davis is “Executive B,” he says. “Why the Government is attempting the ruse of not identifying them by name is a question only the Government can answer. As for Laura, she is emphatic about her innocence and we look forward to trying her case in a courtroom.”

For his part, Sjoblom has been keeping a low-profile ever since the SEC filed a civil complaint against Stanford, Davis and Pendergest-Holt on Feb. 17, and charged the trio with running an \$8 billion Ponzi scheme. Phone calls to his Washington, D.C. office continue to go unreturned. And the same goes for emails seeking comment. His white-collar criminal defense attorney, James Cole, also isn't returning requests for a comment. A Proskauer spokesman, in a prepared statement, said: “Given the ongoing nature of the various investigations and proceedings, it would be inappropriate to comment further.”

Much has been made in the legal press of Sjoblom's decision to send a private note to the SEC on Feb. 14, in which the lawyer said he was withdrawing from representing Stanford's firm. Many in the legal [world](#) praised Sjoblom's “noisy withdrawal” and said it may have tipped off the SEC that something was amiss at Stanford's firm. Proskauer, in its statement said: “The firm and Mr. Sjoblom disaffirmed all prior statements made in the course of that representation.” But the 11-page indictment against Pendergest-Holt paints a much more troubling picture for Sjoblom

In fact, the indictment alleges that Sjoblom, a/k/a Attorney A, played a pivotal role in persuading the SEC to delay its planned interviews of Stanford and Davis. The court filing quotes Sjoblom as telling regulators that Stanford wasn't involved in the “nuts and bolts” of the firm's operation. It also quotes him telling Pendergest-Holt that in her testimony to the SEC, she needed to “rise to the occasion.”

Prosecutors have charged Pendergest-Holt with both obstructing an investigation and a related conspiracy offense. They allege she misled the SEC about her knowledge of where Stanford's bank in Antigua invested its money. The Antigua bank, of course, is the one that sold tens of thousands of allegedly bogus certificates of deposit to investors. The artificially inflated CDs are at the heart of the Ponzi scheme allegation.

Now if Sjoblom did indeed tell regulators that Stanford was out of the loop, when it came to managing the bank's investments that seems absurd. Stanford was the sole shareholder of both the firm and the Antigua bank. It will be hard for the 59-year-old Texan to argue he didn't know what was going on at the company he single-handedly controlled.

It's also pretty shocking that SEC investigators would have agreed to Sjoblom's suggestion that Pendergest-Holt was a better person to interview than either Stanford or Davis. But that's what happened.

It's not clear how this will all play out for Sjoblom. His attorney may yet convince prosecutors that their interpretations of his actions are incorrect. May be Sjoblom really did believe that Pendergest-Holt would be in a better position to testify about the bank's investment portfolio than either Stanford or Davis.

But this much is certain: Sjoblom's reputation may have suffered a lasting taint from his work for Stanford and his now defunct firm.