

Hreidar and Magnus

Karen Millen and I have been portrayed as *“Friends of Kaupthing,”* however as we were used in the Ponzi Scheme you created and as ten years later, Kaupthing has made a new claim based on your fraud, we want to set the record straight.

The Karen Millen share purchase acquisition was Kaupthing’s first overseas deal in 2001, after which we were encouraged to introduce clients to the Bank, which Armann Thorvaldsson illustrated in his book entitled *“Frozen Assets.”*

In April of 2005, we used some of the proceeds of the sale of Karen Millen as security for loans to acquire Kaupthing shares to the value of GBP 60 million. What Karen and I were unaware of at the time, was that the shares we purchased were warehoused (un-sold) since Kaupthing’s new issue of shares on 11 August and 15 October 2004. The total amount of equity raised was ISK 92.4 billion, which doubled the size of the Bank and enabled Kaupthing to acquire FIH Bank. However; other than Karen and I, the vast majority of the new shares were acquired with loans from the Bank itself using only the shares as collateral.

Since 2001, we operated with Kaupthing as partners and certainly considered you as trusted business partners and *“Friends.”*

However, on **6 August 2008**; you abused our trust when you used us in your conspiracy with Deutsche Bank to manipulate the CDS levels of Kaupthing. We were essential to the conspiracy described in the claim against Deutsche Bank. (**Annex 1**). The criminal investigation that ensued severely damaged our reputations and ability to carry on with our businesses.

Hreidar, on **6 August 2008** you called and told me that Kaupthing was *“Through the worst of the Storm”* and asked me if I wanted to buy any more shares in the Bank, no amounts were discussed. I remember the day well because I was in Paris for my wife’s birthday.

Magnus; you sent me an email on **18 August 2008** (**Annex 2**) reporting that *“we,”* had allegedly bought **17,300,000 Kaupthing shares**, these shares were never registered in my name, the owner of these shares was Kaupthing Luxembourg. My account statement (**Annex 3**) reports that Kaupthing Luxembourg allegedly provided an overdraft without my knowledge.

Hreidar, on 19 September 2016 you were charged with dealing on your shares in Kaupthing that you sold on the same day as you called me, **6 August 2008**. A translated extract from the indictment (**Annex 4**) reads:

“Mr. Sigurdsson sold 812,000 Kaupthing Shares to an Icelandic Limited Liability Company called Hreidar Mar Sigurdsson EHF (kit 5005006-1990) which was owned and managed by Mr. Sigurdsson. This transaction was executed despite Mr. Sigurdsson being

in possession of inside information that the registered share price of Kaupthing at the time was false, higher than it was supposed to be, due to constant and serious manipulation that was on-going since November of 2007.”

Hreidar, the Icelandic Supreme Court Judgment (**Annex 5**) dated 6 October 2016, sentenced you to prison for granting the alleged loan on **6 August 2008**, without the proper approvals, including mine.

Magnus, on **21 August 2008** you bought Kaupthing bonds to the value of **USD 7 million** on Karen’s account without her knowledge. Karen’s account manager Spencer Wall described this transaction in his witness statement. (**Annex 6**).

After the collapse on **12 November 2008**, you transferred Karen’s **USD 7 million** loss, due to your purchase of the Kaupthing Bonds, to my account at Kaupthing Luxembourg without my knowledge.

On **10 September 2008**, Armann Thorvaldsson sent me an email. (**Annex 7**):

“Hi Kevin. It is fantastic how well you are doing with AllSaints, and I couldn’t be happier for you - a great achievement. People are impressed! I can do most dates in October, I would suggest a Thursday 2nd or 8th. Does that work? Otherwise I am very good and we are doing really well in managing out of the crisis (knock on wood). Regards, Armann”

On **25 September 2008**; I sent you both an update on my portfolio at Kaupthing Luxembourg which was prepared by my accountant Tony Bogod, using the collateral ratios and private equity valuations agreed with Magnus. Tony Bogod reported that my portfolio was operating within the agreed terms and that there was equity of **GPB 105 million**.

On the very same day, following the Kaupthing Board Meeting (in which you cancelled the staff’s guarantees because you knew the Bank was insolvent) Hreidar, you responded to my update at 19.00. (**Annex 8**):

Hi Kevin and thanks for the update, it's really encouraging to see how professional you've been in your approach and we really like your Kaupthinking!

I, Magnus and Armann look forward to the coming months to work closely with you reaching your goal and support your ideas. Perhaps I don't have to tell you, but you've earned a lot of respect among our people how you tackled the crisis we've been through. All the Best, Hreidar.

On **3 October 2008**, my portfolio was allegedly transferred from Kaupthing Luxembourg (where I had banked since 2001) to Kaupthing hf, another deliberate lie that required the forgery and backdating of documents after the collapse, which was part of your conspiracy to use my assets to resurrect and buy Kaupthing Luxembourg.

On **6 October 2008**, Hreidar; quite amazingly you managed to dupe the Central Bank of Iceland into lending Kaupthing EUR 500 million, when you knew the Bank was hopelessly insolvent; you then took **EUR 171 million** of your countries money to pay down the exposure of Kaupthing Luxembourg to Lindsor Holdings Corporation to facilitate your plot to take control of Kaupthing Luxembourg. (**Annex 9 & 10**)

The Central Bank of Iceland never recovered the EUR 171 million you took to further your scheme to gain control of Kaupthing Luxembourg.

Your scheme to gain control of Kaupthing Luxembourg required each of you to abuse your positions to relocate exposure from Luxembourg to Iceland without the proper approvals. This created an obligation of over EUR 1 billion from Kaupthing hf to Kaupthing Luxembourg (including the alleged transfer of my portfolio) leaving Kaupthing Luxembourg in a favourable position for restructuring.

Magnus, after the collapse you told me that you were concerned about what we might say to the prosecutors, so you asked to meet me, but insisted we met in a sauna because you were afraid that I would record the meeting. (**Recording 1**).

You told me at our meeting that the Resolution Committee of Kaupthing conspired to take my assets to use them to settle Kaupthing's debt to Kaupthing Luxembourg (**Recording 2**).

You also told me that a memo dated 20 February 2009 (**Annex 11**) that was drafted by Eggert Hilmarsson, a lawyer from Kaupthing Luxembourg, set out the terms of the terms of the Conditional Settlement Agreement (**Annex 12**) that was approved on 3 March 2009. You said that Steinar Thor Gudgiarsson refused to sign the memo because he said it was a conspiracy take my assets and use them to settle Kaupthing's obligation to Kaupthing Luxembourg. (**Recording 3**).

Magnus, you headed up the settlement negotiations, and you were planning to buy the new bank in Luxembourg with Agust and Lydur Gudmundsson, this was undoubtedly your and Hreidar's conspiracy.

In an interview with the Special Prosecutor, you said: (**Annex 13**).

“The parent company made a huge effort to give us funds, for example they let us have Kevin Stanford's assets and other securities and other rubbish and stuff that they had, in order to meet their obligations.”

My wrongfully appropriated assets are party to a dispute in Luxembourg with Kaupthing ehf and Banque Havilland.

I recorded our meeting to prove the fraud; however, this evidence is not admissible in the Luxemburg court, I have since received documents to confirm the fraud.

Regarding your deception in August of 2008, for which you have served prison sentences. This matter has become current because Kaupthing ehf has, this year (**some ten years later**) wrongfully claimed over **GBP 200 million** (including ten years of alleged default interest) for a loan Kaupthing hf allegedly granted to me to fund the purchase of 17,300,000 worthless Kaupthing Shares on **19 August 2008**, without my knowledge or any form of agreement, a transaction that you went to prison for. (**Annex 14 to 14.2**). A loan agreement was drafted after the collapse of the Bank by “**New**” Kaupthing; now Arion Bank hf. (**Annex 15**).

Whilst you live off the proceeds of your “**Kaupthinking**” hidden in your Wives’ Swiss Bank Accounts, we are forced to defend wrongful claims from the successors of Kaupthing Luxembourg (Banque Havilland) and Kaupthing hf that use your deception to their benefit.

In the UK, no matter where you tried to hide it, the proceeds of your crimes would be confiscated and it would be unlawful for successors to benefit from your fraud.

It is ironic is that after you stole what amounts to the cost of new hospital (**EUR 171 million**) from the Icelandic people, today the government-owned banks, Landsbankinn and Islandsbanki provide you with funding for your hotel portfolio. What is also quite astonishing is that Stefnir hf a subsidiary owned by Arion Bank hf (formally Kaupthing hf) have invested in your hotel group.

We invite you to refute our allegations, and if you cannot, it will appear that in this particular instance crime does pay in Iceland.



Kevin Stanford



Karen Millen OBE