

**WRITTEN STATEMENT OF  
MICHAEL C. FRENCH  
TO THE SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS  
AUGUST 1, 2006**

Mr. Chairman Coleman, Ranking Member Levin and Members of the Subcommittee.

I would like to begin by thanking the Subcommittee staff for their courtesy and professionalism in connection with this matter. In particular I would like to thank Messrs Bob Roach and Mark Nelson.

My name is Michael C. French and I reside in Dallas, Texas. I am the retired Chairman of the Board of Scottish Re Group Ltd., a life reinsurance company that I founded and took public in 1998. Listed on the New York Stock Exchange, it has become one of the largest life reinsurance companies in North America. I practiced law in Dallas from 1970 to 1992 with the firm of Jackson Walker, focused primarily on corporate transactions. Some of my largest clients in the law practice were companies in which the Wyly family in Dallas had interests.

At the end of 1992, I left the active practice of law and formed a relationship with the Wyly family in Dallas, joining several of their companies as a director and consultant. I was also very active in the establishment in 1993 of Maverick Capital--an investment management business sponsored by the family--and remained active in that business. By 2000 Maverick had grown to have over \$7 billion under management. I severed my relationship with the Wyly family and sold my interest in Maverick in late 2000.

It is important to note that in testifying today I am constrained by several factors. First, I have been instructed by the Wylys' counsel that they

consider me to have been providing legal services to them during the period from 1993 to 2000, and further instructing me not to disclose any privileged attorney-client communications or attorney work product. I am also limited in that I severed my ties with the Wyly family and their companies six or more years ago and have very little knowledge of their activities since that time. For that matter, a substantial portion of my time for the three years prior to separating from the Wyly family was spent in building and operating Scottish Re on a full-time basis. In addition, my separation from the Wyly family was not entirely cordial, and under the terms of a settlement agreement I was required to return to them or destroy any documents I had relating to their affairs. Lastly, I am not an expert on tax issues related to foreign trusts and have never practiced law in that area, although I was exposed over the years to the advice of a number of attorneys who did.

In addition to my other activities, I served as a Protector of various Wyly family trusts in the Isle of Man from 1992 until late 2000. Both the Wyly family and I received advice from various lawyers and law firms regarding the establishment, structure and operation of those trusts. To the extent that advice related to me individually, as opposed to me as a representative of the Wyly family, I am able to discuss it and am not constrained by their attorney's instructions regarding their attorney client privileges. In that regard, I was a beneficiary of an Isle of Man trust similar to some of the Wyly trusts. While I believed, based on legal advice to me, that the trust was a legally effective mechanism, I became concerned that it was too aggressive in light of new IRS pronouncements. Therefore, I unwound the deferral mechanism in February 2001 and had the trust domesticated to the United States at the end of 2002. With that, I will be pleased to try and answer your questions.