

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

Case No. 8:09-cv-0087-T-26TBM

ARTHUR NADEL,
SCOOP CAPITAL, LLC,
SCOOP MANAGEMENT, INC.

Defendants,

SCOOP REAL ESTATE, L.P.
VALHALLA INVESTMENT PARTNERS, L.P.,
VALHALLA MANAGEMENT, INC.
VICTORY IRA FUND, LTD,
VICTORY FUND, LTD,
VIKING IRA FUND, LLC,
VIKING FUND, LLC, AND
VIKING MANAGEMENT,

Relief Defendants.

**THE RECEIVER'S MOTION FOR LEAVE TO REPLY TO
QUEST ENERGY MANAGEMENT GROUP, INC.'S OPPOSITION
TO THE RECEIVER'S MOTION TO EXPAND THE SCOPE OF RECEIVERSHIP**

Burton W. Wiand, as Receiver (the "**Receiver**"), moves the Court for leave to reply to the opposition (the "**Opposition**") filed by Quest Energy Management Group, Inc. ("**Quest**") to the Receiver's Motion to Expand the Receivership to include Quest (the "**Motion**"). The reply will address certain arguments in the Opposition that are incorrect or otherwise miss the point and show the following, among other things:

- The Court, in its role presiding over an equity receivership, has jurisdiction to adjudicate the expansion of this receivership to include Quest because the Receiver complied with 28 U.S.C. § 754.
- Summary proceedings are not only permissible here, but they are necessary because only this Court can grant the relief requested in the Motion. They, and the relief requested by the Receiver, do not violate Quest's due process rights.
- Quest's significant reliance on its contention that it has offsetting "claims" for setoff against Receivership Entities is a classic red-herring because although Quest was served notice of the claims process, it never filed a proof of claim form, so it has no claims whatsoever against any Receivership Entity.
- According to Quest's own affidavit (Doc. 1003-1), the Receivership Entities' money began flowing to Quest only 2 months after Quest was formed – which confirms the critical role that Ponzi scheme proceeds played in Quest.
- That critical role is also confirmed by the affidavit's representations that, on average, Quest's other purported investors each contributed approximately \$121,000, while Receivership Entities contributed \$5.1 million, or over 42 times as much money as the average "investor."
- Quest maintained a close relationship with the Moodys, and even hired and paid Chris Moody to try to negotiate a resolution with the Receiver.
- Adding Quest to this Receivership will not automatically terminate the rights of other purported investors in Quest. Rather, it would simply allow the Receiver to control Quest to preserve the value of its assets, which in turn would allow the benefits of those assets to flow to those who equitably are entitled to them and rather than to flow to Quest's current officers as is currently happening.

The Receiver believes addressing these matters will assist the Court in ruling on the Motion, and consequently he seeks leave to file a 10-page reply on or before April 26, 2013. The relief requested in the Motion is particularly important to the Receivership because Quest received more than \$5 million in scheme proceeds.

CONCLUSION

For the foregoing reasons, the Receiver respectfully requests leave to file a 10-page reply to the Opposition on or before April 26, 2013.

LOCAL RULE 3.01(g) CERTIFICATION OF COMPLIANCE

Counsel for the Receiver has conferred with counsel for the SEC and is authorized to represent to the Court that the SEC does not object to the relief requested in this motion. Counsel for the Receiver also contacted counsel for Quest, and they are in the process of conferring with Quest to determine whether it opposes the relief requested in this motion. Once Quest has made that determination, the Receiver will update this certification, but the Receiver is filing this motion now to expedite the briefing of this matter.

CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that on April 17, 2013, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system.

s/Gianluca Morello

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