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November 6, 2013

VIA U.S. MAIL AND EMAIL

Patricia Vincentz
6500 Lakeview Drive
Falls Church, VA 22041

Re: *Securities and Exchange Commission v. Arthur Nadel, et al.*
United States District Court, Middle District of Florida
Case No. 8:09-cv-87-T-26TBM

Claim Numbers: 407 and 408

Dear Mrs. Vincentz:

Enclosed please find the Receiver's Response to your Objections to the Determinations regarding Claim Numbers 407 and 408. Once you have had an opportunity to review the Response, please contact my associate Jordan Maglich at (813) 347-5115 to set up a time to discuss this matter further. If we do not hear from you within fourteen (14) days from the date of this letter, your objection will be deemed abandoned.

Sincerely,

Gianluca Morello

GM/car

Enclosures

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

Case No. 8:09-cv-87-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, LLC

Relief Defendants.

**THE RECEIVER'S RESPONSE TO OBJECTIONS
RELATING TO DETERMINATIONS OF CLAIM NUMBERS 407 AND 408**

On March 20, 2012, Burton W. Wiand, as court-appointed Receiver (the "**Receiver**") for Valhalla Investment Partners, L.P.; Viking Fund, LLC; Viking IRA Fund, LLC; Victory Fund, Ltd.; Victory IRA Fund, Ltd.; and Scoop Real Estate, L.P. (collectively, the "**Hedge Funds**," and along with all other entities in receivership, the "**Receivership Entities**"), among other entities, received objections (the "**Objections**") from Patricia Vincentz (the "**Claimant**") to the determinations for Claim Numbers 407 and 408 (the "**Claims**") (copies

of the Objections are attached as composite **Exhibit A**). The determinations for the Claims essentially allowed the Claimant her Net Investment Amounts but did not allow any False Paper Profits purportedly transferred from the Claimant's Traders Investment Club ("**Traders**") accounts.¹ The specific claim determination for each of the Claims is attached as **Exhibit B**. The Objections, which are identical except for the claim number, objected to the Receiver not including the False Paper Profits in his calculation of the Claimant's losses. The objections that the Claimant did not believe a Ponzi scheme existed at the time of the transfers from Traders and its existence had not been proven at the time of the Objections.

After the Claimant submitted the Objections, the Magistrate Judge and, subsequently, the District Court Judge for the United States District Court for the Middle District of Florida determined that Arthur Nadel operated the Hedge Funds and Traders as a Ponzi scheme from at least 2000 through 2008. *See Wiand, as Receiver v. Vernon M. Lee, et al.*, Case No. 8:10-CV-210-T-17MAP (M.D. Fla.). *Lee* is similar to the matter at hand. In *Lee*, the defendants invested in Traders beginning in 1999 and later invested in the Hedge Funds. The Court found that the record "overwhelmingly" showed that Nadel was operating a Ponzi scheme at the time of the first distribution to the defendants in 2000 and that the scheme continued

¹ "False Paper Profits" represent the purported appreciation in an Investor Account from Traders' and the Hedge Funds' purported investment activities as reflected in statements sent to investors. These False Paper Profits were fictitious because no profits were actually earned by the Hedge Funds or Traders. Rather, the Hedge Funds and Traders were operated as a Ponzi scheme, and the reported profits were a fiction. The fictitious profits were only on "paper" because the investors associated with those accounts did not ask for distributions of those purported profits and thus did not receive any money purportedly representing those fictitious profits. On the other hand, "False Profits" refer to the amount of money actually received by investors associated with an Investor Account from the scheme which exceeds the amount of money those investors actually invested in the scheme

through 2008. Like the Claimant here, the *Lee* defendants had purportedly “rolled over” funds from Traders into two Hedge Fund accounts. The *Lee* defendants argued that they should receive credit for the amount of the purported roll overs and thus those amounts should be deducted from the total amount of False Profits the Receiver sought to recover. The Court found that those “winnings” were an illusory transfer of purported profits and were not the defendants’ to keep. The Court further noted “[h]ad they opted for a distribution in-hand, as opposed to a roll over, the Receiver could have justly demanded an avoidance of that transfer” *See Lee*, Report and Recommendation, Doc. 163, at 36-37.

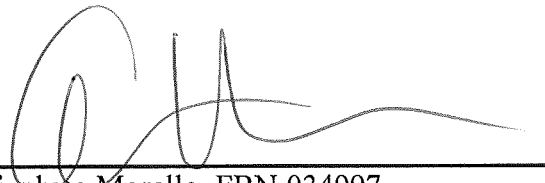
Here, the Claimant had two accounts with Traders beginning in 1999. The Claimant purported to roll over the funds in those accounts into accounts with the Hedge Funds. At the time of those roll overs, the amount of funds rolled over as represented to the Claimant exceeded the amount the Claimant had actually invested in Traders. All amounts in excess of the amounts invested were False Paper Profits and cannot be taken into account in calculating Claimant’s losses. As stated by the Court in *Lee*, the money underlying these illusory transfers was not the Claimant’s to keep and had it been actually transferred to the Claimant, the Receiver would have been entitled to recover those transfers.

For the foregoing reasons, the Objections should be overruled, and the Claims should remain as determined by the Court as specified on Exhibit B.

CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that on November 6, 2013, a true and accurate copy of The Receiver's Response to Objection Relating to Determination of Claim Numbers 407 and 408 is being furnished by first-class mail delivery to the following non-CM/ECF participant:

Patricia Vincentz
6500 Lakeview Drive
Falls Church, VA 22041



Gianluca Morello, FBN 034997

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Tampa, FL 33607

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Fax: (813) 347-5198

Attorneys for the Receiver, Burton W. Wiand

EXHIBIT A

Chester & Patricia Vincentz
6500 Lakeview Drive
Falls Church, VA 22041
March 20, 2012

Wland Guerra King P.L.
c/o Maya M. Lockwood
3000 Bayport Drive
Suite 600
Tampa, FL 33607

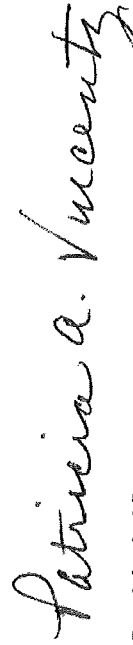
Att: Burton W. Wland, Receiver.

Claim # 407

We object to the inclusion of Traders Investment Club being categorized as a Ponzi scheme and the subsequent reduction of the so called false paper profits in this club. We do not believe a Ponzi scheme existed during this period of time and to date this has not been proven.

The amount stated by you in our claim is a minimum amount owed us and can be increased when forensic accounting and the courts determine the actual start date of any Ponzi scheme and the performance of Traders Investment Club prior to the start date of any Ponzi scheme.

Yours truly,



Patricia A. Vincentz

Chester & Patricia Vincentz
6500 Lakeview Drive
Falls Church, VA 22041
March 20, 2012

Wland Guerra King P.L.
c/o Maya M. Lockwood
3000 Bayport Drive
Suite 600
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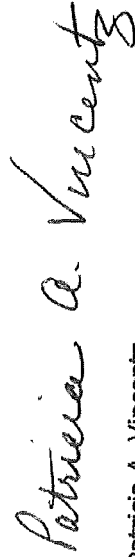
Att: Burton W. Wland, Receiver

Claim # 408

We object to the inclusion of Traders Investment Club being categorized as a Ponzi scheme and the subsequent reduction of the so called false paper profits in this club. We do not believe a Ponzi scheme existed during this period of time and to date this has not been proven.

The amount stated by you in our claim is a minimum amount owed us and can be increased when forensic accounting and the courts determine the actual start date of any Ponzi scheme and the performance of Traders Investment Club prior to the start date of any Ponzi scheme.

Yours truly,



Patricia A. Vincentz

EXHIBIT B

Claim Number	Fund/ Account Name	Amount Invested	Total Payments	Net Investment Amount	Claim Amount ¹	Recommended Claim Determination	Allowed Amount
407	Millennium Trust - FBO Patricia Vincentz	\$110,710.80	\$8,665.00	\$102,045.80	\$163,292.24	This account has a Net Investment Amount of \$102,045.80. The amount claimed by the Claimant includes a transfer from an "investment account" in Receivership Entity Traders Investment Club in the amount of \$158,694.61. However, only \$97,448.20 was deposited into the transferring account. The difference of \$61,246.41 represents False Paper Profits to which the Claimant is not entitled. Further, the Claimant claims a deposit which is \$0.64 greater than reflected in Receivership Records. However, the investment amounts listed by the Claimant do not equal the total investment amount the investor is claiming, reducing the \$.64 difference to a \$.03 difference. Accordingly, this claim should be allowed for the Net Investment Amount of \$102,045.80.	\$102,045.80
408	Millennium Trust - FBO Patricia Vincentz	\$38,255.23	\$0.00	\$38,255.23	\$63,399.72	This account has a Net Investment Amount of \$38,255.23. The amount claimed by the Claimant includes a transfer from an "investment account" in Receivership Entity Traders Investment Club in the amount of \$63,399.72. However, only \$38,255.23 was deposited into the transferring account. The difference of \$25,144.49 represents False Paper Profits to which the Claimant is not entitled. Accordingly, this claim should be allowed for the Net Investment Amount of \$38,255.23.	\$38,255.23