

**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, LLC,

Relief Defendants.

THE RECEIVER'S TWENTY-FIRST INTERIM REPORT

Receivership Information and Activity from August 1, 2016 through March 31, 2017.

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TABLE OF CONTENTS

INTRODUCTION	1
BACKGROUND	3
I. Procedure and Chronology.	3
II. Overview of Findings.	5
III. Securing the Receivership Estate.....	6
A. Securing and Recovering Receivership Funds.	6
1. Recovery of Tax Refunds.	7
B. Receivership Accounting Report.....	8
IV. Asset Analysis and Recovery.....	9
A. Expansion of Receivership to Include Additional Entities.....	9
1. Laurel Mountain Preserve, LLC; Laurel Preserve, LLC; and Laurel Mountain Preserve Homeowners Association, Inc.	9
2. Guy-Nadel Foundation, Inc.	10
3. Viking Oil & Gas, LLC.	11
4. Summer Place Development Corporation.	11
5. The Quest Energy Management Group, Inc Receivership.	12
B. Recovery of Real Property.....	17
1. Sarasota, Florida (La Bellasara).....	18
C. Recovery of Other Items.....	19
1. Deficiency Judgment and Promissory Note.....	19
2. Miscellaneous Items.....	20
D. Recovery of Assets from the Moodys.....	20
E. Litigation.....	21
1. Recovery of “Investment” – Related Transfers from Investors.....	22
2. Receiver’s Litigation Against Wells Fargo.....	23
3. Receiver’s Litigation Against Rowe.....	24
V. Claims Process.....	26

TABLE OF CONTENTS

VI. Overview of Remaining Assets.29

 A. Remaining Properties and Other Assets.30

 B. Remaining Clawback Litigation.31

 C. Settlements and Outstanding Judgments.31

 D. Litigation involving Wells Fargo.....32

VII. The Next Ninety Days.33

CONCLUSION..... 33

INTRODUCTION

Burton W. Wiand, the Court-appointed Receiver for the Receivership Entities as defined herein, hereby files this Twenty-first Interim Report (the “**Report**”) to inform the Court, the investors, and others interested in this Receivership, of activities from August 1, 2016 through March 31, 2017 as well as the proposed course of action.¹ As of the date of filing this Report, the Court has appointed Burton W. Wiand as Receiver over the following entities and trust:

- a) Defendants Scoop Capital, LLC (“**Scoop Capital**”) and Scoop Management, Inc. (“**Scoop Management**”) (which, along with Arthur Nadel, are collectively referred to as “**Defendants**”);
- b) Relief Defendants Scoop Real Estate, L.P. (“**Scoop Real Estate**”); Valhalla Investment Partners, L.P. (“**Valhalla Investment Partners**”); Victory IRA Fund, Ltd. (“**Victory IRA Fund**”); Victory Fund, Ltd. (“**Victory Fund**”); Viking IRA Fund, LLC (“**Viking IRA Fund**”); and Viking Fund LLC (“**Viking Fund**”) (collectively referred to as the “**Hedge Funds**”);
- c) Relief Defendants Valhalla Management, Inc. (“**Valhalla Management**”), and Viking Management, LLC (“**Viking Management**”) (which, along with Scoop Capital and Scoop Management, are collectively referred to as the “**Investment Managers**”); and
- d) Venice Jet Center, LLC; Tradewind, LLC; Laurel Mountain Preserve, LLC; Laurel Preserve, LLC; Laurel Mountain Preserve Homeowners Association, Inc.; Marguerite J. Nadel Revocable Trust UAD 8/2/07; Guy-Nadel Foundation, Inc.; Lime Avenue Enterprises, LLC; A Victorian Garden Florist, LLC; Viking Oil & Gas, LLC; Home Front Homes, LLC; Traders Investment Club; Summer Place Development Corporation; Respiro, Inc.; and Quest Energy Management Group, Inc.

The foregoing entities and trust are collectively referred to as the “**Receivership Entities**.”

¹ Although this Interim Report covers the period from August 1, 2016 through March 31, 2017, where practicable, the Receiver has included information in his possession through the date of the filing of this Report.

The Receiver was appointed on January 21, 2009. By January 26, 2009, the Receiver established an informational website, www.nadelreceivership.com. The Receiver has updated this website periodically and continues to update it with the Receiver's most significant actions to date; important court filings in this proceeding; and other items that might be of interest to the public. This Report, as well as all previous and subsequent reports, will be posted on the Receiver's website.

Overview of Significant Activities During this Reporting Period

During the time covered by this Interim Report, the Receiver and his Professionals engaged in the following significant activities:

- Secured the approval of a tax refund in the amount of **\$2,351,562.00** in connection with amended tax returns the Receiver filed on behalf of Arthur Nadel;
- Surrendered an annuity for **\$241,717.33** obtained in connection with the settlement with Don and Joyce Rowe;
- Continued to engage in efforts to collect on judgments obtained in connection with litigation;
- As of May 10, 2017, the Receiver has reached 159 agreements to settle with Profiteers and non-profit organizations in the amount of \$25,674,831.09 and obtained 19 judgments against Profiteers in the amount of \$6,402,639.38, for a total combined amount of **\$32,077,470.74** (plus additional non-cash assets);²
- Pursued an appeal of the court's adverse summary judgment ruling in litigation against Wells Fargo to recover damages and fraudulent transfers relating to the bank's activities in connection with the Ponzi scheme underlying this case;

² This amount does not include a judgment in the amount of \$4,028,385.00 the Receiver obtained against Don and Joyce Rowe and certain of their affiliated entities (the "**Rowe Judgment**").

- Opposed an appeal of the Court’s February 2, 2016 order granting the Receiver’s motion for determination that Wells Fargo’s failure to comply with the Court’s claims process extinguished its purported interest in Receivership properties;
- Maintained Receivership funds in appropriate accounts. As of April 24, 2017, the total funds in all Receivership accounts are approximately \$8,296,326.96, which includes \$2,769,187.73 being held in reserves for objections in the claims process and \$4,377,456.84 being held in separate accounts until a claim to these funds is resolved;
- Filed the Receiver’s Motion to (1) Approve Sixth Interim Distribution and (2) Increase Certain Reserves, which sought the approval of a sixth interim distribution of \$2 million on a pro rata basis, representing an additional recovery of 1.52% of the Allowed Amount of claims receiving a distribution at that time; the Receiver has now distributed approximately 48.18% of the Allowed Amount of these claims;
- Obtained an order granting the Receiver’s motion for approval of a sixth distribution and distributed 346 checks totaling \$1,969,537.49 to Claimants holding claims which were determined to be entitled to participate in the sixth interim distribution; as of April 24, 2017, twenty-one checks in the combined amount of \$115,732.56 from this interim distribution have not been negotiated; all fifth interim distribution checks have been negotiated;
- Continued to operate ongoing businesses, and where possible, enhance the value of those businesses resulting in the generation of \$392,312.72 in gross business income; and
- Generated \$23,971.08 in interest/dividend income.

The above activities are discussed in more detail in the pertinent sections of this Interim Report.

BACKGROUND

I. Procedure and Chronology.

Defendant Arthur Nadel (“**Nadel**”) was the Hedge Funds’ principal investment advisor and an officer and director of Scoop Management and sole managing member of Scoop Capital. On January 21, 2009, the Commission filed a complaint in this Court charging the Defendants with violations of federal securities laws. In this proceeding, the

Commission alleged that Nadel used the Investment Managers to defraud investors in the Hedge Funds from at least January 2008 forward by “massively” overstating investment returns and the value of fund assets to investors in these funds and issuing false account statements to investors. The Commission also asserted that Nadel misappropriated investor funds by transferring \$1.25 million from Viking IRA Fund and Valhalla Investment Partners to secret bank accounts. The Court found the Commission demonstrated a *prima facie* case that the Defendants committed multiple violations of federal securities laws. On August 18, 2010, the Court entered a consent Judgment of Permanent Injunction and Other Relief against Nadel which permanently enjoined Nadel from further violations of the antifraud provisions of the federal securities laws and ordered Nadel to disgorge ill-gotten gains and pay prejudgment interest (Doc. 460).

On January 21, 2009, the same day the Commission filed its complaint, the Court entered an order appointing Burton W. Wiand as Receiver for the Investment Managers and Hedge Funds (the “**Order Appointing Receiver**”). (*See generally* Order Appointing Receiver (Doc. 8).) Between January 27, 2009, and May 24, 2013, the Receiver sought and successfully obtained the expansion of the Receivership to include: Venice Jet Center, LLC; Tradewind, LLC; Laurel Mountain Preserve, LLC; Laurel Preserve, LLC; Laurel Mountain Preserve Homeowners Association, Inc.; the Marguerite J. Nadel Revocable Trust UAD 8/2/07; the Guy-Nadel Foundation, Inc.; Lime Avenue Enterprises, LLC; A Victorian Garden Florist, LLC; Viking Oil & Gas, LLC; Home Front Homes, LLC; Summer Place Development Corporation; Traders Investment Club; Respiro, Inc.; and Quest Energy

Management Group, Inc. These entities will hereinafter be referred to collectively as the “**Additional Entities.**” (Docs. 17, 44, 68, 81, 153, 172, 454, 911, 916, and 1024.)

On April 28, 2009, Nadel was indicted on six counts of securities fraud, one count of mail fraud, and eight counts of wire fraud. On February 24, 2010, Nadel pled guilty to all counts in the indictment. On October 21, 2010, Nadel was sentenced to 14 years in prison. Nadel died in prison on April 16, 2012.

II. Overview of Findings.

The Receiver discovered that from 1999 through 2008, approximately \$330 million was raised in connection with over 700 investor accounts on behalf of one or more of the Hedge Funds by Nadel and his entities, Scoop Management and Scoop Capital; by the rest of the Fund Managers; and by Neil and Christopher Moody (the “**Moodys**”) through the offer and sale of securities in the form of interests in Hedge Funds as part of a single, continuous Ponzi scheme. As discussed in prior Interim Reports, Nadel grossly overstated the trading results of the Hedge Funds. Despite significantly lower, and typically negative yields (*i.e.*, trading losses), Nadel, the Moodys, and the Fund Managers falsely communicated to investors and potential investors, through monthly “statements,” Hedge Funds’ “Executive Summaries,” and other methods, that investments were generating positive returns and yielding between 10.97% and 55.12% per year. For most years, they falsely represented the investments were generating returns between 20% and 30%.

To perpetrate and perpetuate this scheme, Nadel caused the Hedge Funds to pay investors “trading gains” as reflected on their false monthly statements. The funds used to pay these trading gains were not generated from trading activities; rather they came from new

or existing investors. Nadel further caused the Hedge Funds to pay tens of millions of dollars in fees. Those fees were based on grossly inflated returns, and thus, were improperly and wrongfully paid. The negative cash flow of the Hedge Funds made the eventual collapse of Nadel's scheme inevitable.

As mentioned above, on February 24, 2010, Nadel pled guilty to all counts in the indictment relating to this scheme and on October 21, 2010, was sentenced to 14 years in prison. For a more detailed overview of the Receiver's findings, please refer to the Ninth Interim Report.

ACTIONS TAKEN BY THE RECEIVER

Since his appointment on January 21, 2009, the Receiver has taken a number of steps to fulfill his mandates under the Order Appointing Receiver. For additional efforts of the Receiver, please refer to prior Interim Reports.

III. Securing the Receivership Estate.

A. Securing and Recovering Receivership Funds.

During the time covered by this Interim Report, Receivership funds were held at Centennial Bank (formerly known as Bay Cities Bank) in a non-interest bearing operating account and two variable interest rate money market accounts. As of April 24, 2017, the total funds in all Receivership accounts are approximately **\$8,296,326.96**, which includes \$2,769,187.73 being held in reserves for objections in the claims process and \$4,377,456.84 being held in separate accounts until a claim to these funds is resolved. The Receiver continues to review the appropriate action to take with respect to Receivership funds in light of the current state of the economy. If appropriate and in the best interests of the

Receivership, he will move the funds into other interest-bearing accounts and/or revenue-generating investments.

1. Recovery of Tax Refunds.

The Receiver has sought to obtain tax refunds owed to certain insiders based upon taxes paid in prior years on nonexistent trading profits, periodic taxes paid on anticipated income that was never earned, and/or overpayment of taxes as a result of loss of investment. As a result of these efforts, the Receiver has recovered a total sum of **\$3,777,343.60** in tax refunds from Form 1045 Applications for Tentative Refund (“**Form 1045**”) for carryback losses on behalf Marguerite Nadel, Chris Moody, Neil Moody, and Sharon Moody. The Receiver also submitted amended tax returns for Arthur Nadel seeking the return of approximately \$2,393,250.00. The Receiver sought and received authorization from the Court to execute and submit these returns and receive any tax refund payable to Nadel (Docs. 1097, 1100 and 1105). On August 11, 2016, the IRS submitted the matter to the Joint Committee on Taxation (the “**Joint Committee**”) to review. On March 8, 2017, the Joint Committee informed the Receiver that it completed its consideration of the returns and did not take any exception to the conclusions reached by the IRS. On April 10, 2017, the Receiver received notice from the IRS that there is a refund due of **\$2,351,562.00**. The Receiver is reviewing this determination to ensure that the amount has been properly calculated. Assuming there are no errors in the calculation, the Receiver anticipates receiving the refund by the middle of May.

The Receiver also recovered two tax refund checks totaling \$1,261,359.33 from Mrs. Nadel as a result of improperly filed documents with the IRS on behalf of a Receivership

Entity. Including these two refund checks and the amount to be paid to the Receiver for Arthur Nadel's amended returns, the total amount the Receiver has recovered from federal tax refunds to insiders will be **\$7,390,264.93**. For more detailed information regarding the Receiver's efforts to recover tax refunds, please refer to the Ninth Interim Report.

B. Receivership Accounting Report.

Attached as **Exhibit A** to this Interim Report is a cash accounting report showing the amount of money on hand as of August 1, 2016 less operating expenses plus revenue through March 31, 2017. This cash accounting report does not reflect non-cash or cash-equivalent assets. Thus, the value of all property discussed in Section IV below is not included in the accounting reports. From August 1, 2016 through March 31, 2017, the Receiver received \$392,312.72 in business income from ongoing operations of Receivership Entities³ and \$32,702.56 in interest/dividend income (Ex. A.)

Since the inception of the Receivership through March 31, 2017, the Receiver received \$8,107,457.61 in business income from ongoing operations of some Receivership Entities; \$2,066,501.32 in cash and securities; \$1,095,880.87 in interest/dividend income; \$7,523,643.58 in business asset liquidation; \$120,000.00 in personal asset liquidation; \$68,179,943.10 in third-party litigation income; and \$7,535,042.73 in other income.

³ The income numbers provided in this and the following paragraph are gross figures and do not include any offset for business operations costs or any other expenses.

IV. Asset Analysis and Recovery.

A. Expansion of Receivership to Include Additional Entities.

As noted above, the Receiver sought and successfully obtained the expansion of the Receivership to include the Additional Entities. The Receiver's investigation revealed that the Additional Entities were purchased and/or funded with money derived from Nadel's fraudulent investment scheme. The following discussion of the Additional Entities includes a description of assets the Receiver has acquired as a result of the businesses' inclusion in the Receivership. Assets, including Additional Entities, which have been sold or otherwise disposed of are identified on the attached **Exhibit B**. Exhibit B includes a description of the asset, any known encumbrances related to the asset, the disposition of the asset, and the amount received from the sale of the asset, and/or the amount of debt waived in connection with the disposition of the asset. For more information regarding assets identified on Exhibit B, please refer to prior Interim Reports. Assets which have not been sold or otherwise disposed of are discussed below.

1. Laurel Mountain Preserve, LLC; Laurel Preserve, LLC; and Laurel Mountain Preserve Homeowners Association, Inc.

Laurel Preserve, LLC ("**Laurel Preserve**"), holds title to approximately 420 acres near Asheville, North Carolina intended for the development of home-sites (the "**Laurel Mountain Property**"). On February 11, 2009, the Court expanded the Receivership to include Laurel Mountain Preserve, LLC, Laurel Preserve, and the Laurel Mountain Preserve Homeowners Association, Inc. Since the Receiver's appointment as Receiver of these entities, he has taken control of them and is working on marketing for sale the Laurel Mountain Property. This property currently does not generate any income. The Laurel

Mountain Property encompasses 29 lots, including 23 estate-sized and 6 cottage-sized lots. There is also a cabin home on this property that, according to the Buncombe County Property Appraiser, is valued at \$294,000 (as of August 19, 2016). The Laurel Mountain Property's infrastructure is fully developed: infrastructure and utilities are in place and are fully functional. The Laurel Mountain Property has two known encumbrances. The first encumbrance is a \$360,157.37 loan from BB&T Bank. The second encumbrance is a \$1,900,000 interest only loan from Wells Fargo.

For more information regarding the Laurel Mountain Property, please visit <http://www.laurelmountainpreserve.com>. Parties interested in purchasing this property should contact the Receiver directly.

2. Guy-Nadel Foundation, Inc.

The Guy-Nadel Foundation, Inc. (the “**Foundation**”), is a Florida non-profit corporation Nadel formed in December 2003 for “charitable, educational and scientific purposes.” The Foundation was funded with proceeds of Nadel’s scheme. On March 9, 2009, the Court expanded the Receivership to include the Foundation. Since the Receiver’s appointment as Receiver of the Foundation, he has taken control of it and has been marketing the real property owned by the Foundation.

North Carolina Parcels

The Receiver has possession and control of approximately eight lots that are essentially adjacent to each other and to the Laurel Mountain Property. The Receiver is currently marketing this property with the Laurel Mountain Property. Parties interested in purchasing this property should contact the Receiver directly.

Thomasville, Georgia Parcels

Additionally, the Receiver has possession and control of two small undeveloped lots in Thomasville, Georgia (collectively referred to as the “**Lots**”). The first lot is a .12 acre parcel located at 211 Church Street (the “**Church Street Lot**”) that was purchased by the Foundation in December 2006 for \$4,000. In 2016, the Thomas County Board of Tax Assessors assigned the Church Street Lot a taxing value of \$2,224. The second lot is a 1.17 acre parcel located on North Stevens Street (the “**North Stevens Street Lot**”) that was purchased by the Foundation in January 2008 for \$24,000. In 2016, the Thomas County Board of Tax Assessors assigned the North Stevens Street Lot a taxing value of \$10,342. Parties interested in purchasing the Lots should contact the Receiver directly.

3. Viking Oil & Gas, LLC.

Viking Oil & Gas, LLC (“**Viking Oil**”) is a Florida limited liability company formed in January 2006 by the Moodys to make personal investments in an oil and gas venture. Viking Oil was funded with proceeds from Nadel’s scheme. On July 15, 2009, the Court expanded the Receivership to include Viking Oil. (Order, Doc. 153.) The funds invested in Viking Oil were used to purchase an investment interest in Quest Energy Management Group (“**Quest**”). Between February 2006 and April 2007, through Viking Oil, the Moodys invested \$4 million to fund a working interest in Quest. As discussed in Section IV.A.5, below, the Receiver has expanded the Receivership to include Quest.

4. Summer Place Development Corporation.

Summer Place is a Florida company that was purchased by Clyde Connell in December 2005 and from whom Nadel, through Scoop Capital, purchased a fifty-percent

ownership stake with total payments of \$63,204.99 to Mr. Connell. In April 2009, the Receiver replaced Nadel as Director, Secretary, and Treasurer of Summer Place and Scoop Capital's shares in Summer Place were transferred to the Receiver. The Receiver attempted to sell his fifty-percent ownership with no success. In April 2012, Mr. Connell and Juanita Connell, the only other Summer Place shareholders, relinquished their interest in Summer Place and transferred their membership units to the Receiver in exchange for the Receiver's agreement to pay them one-half of the net proceeds from the sale of assets owned by Summer Place.

Summer Place owns a six-acre parcel in Bradenton, Florida, which has no known liens or encumbrances. Summer Place was originally created to build thirty affordable home sites on this property. However, due to the decline in the market for affordable housing, no development ever occurred. Summer Place has had no operations for several years and currently generates no income. Taxes on the property are approximately \$3,000 a year. On September 11, 2012, the Receiver filed a motion asking the Court to expand the Receivership to include Summer Place (Doc. 909). The Court granted this motion on September 12, 2012 (Doc. 911). The Receiver sought the expansion of the Receivership to include Summer Place so that he could market and sell the six-acre parcel of land. Parties interested in purchasing this property should contact the Receiver directly.

5. The Quest Energy Management Group, Inc. Receivership

Quest is an oil and gas exploration and production company based in Texas. Paul Downey was its Chief Executive Officer, and his son Jeff Downey was its Chief Operating Officer (collectively the "**Downeys**"). The Moodys, through Viking Oil, used scheme

proceeds of \$4 million to fund Quest. Through Valhalla Investment Partners, L.P., the Moodys funneled an additional \$1.1 million to Quest in exchange for a promissory note from Quest and the Downeys to Valhalla Investment Partners. To try to preserve Quest's value for the benefit of the Receivership estate and, ultimately, for defrauded investors in Nadel's scheme, on March 21, 2013, the Receiver moved to expand the Receivership to include Quest (Doc. 993). The Court granted this motion on May 24, 2013 (Doc. 1024).

On November 20, 2014, the SEC filed an enforcement action in the U.S. District Court for the Northern District of Texas against the Downeys and John M. Leonard, an individual who helped the Downeys raise money. *See S.E.C. v. P. Downey et al.*, Case No. 1:14-cv-185 (N.D. Tex.) (the "**Downey Enforcement Action**"). The SEC asserted claims against the Downeys for their violations of the anti-fraud provisions of the federal securities laws in connection with their activities on behalf of Quest. On July 25, 2016, the Downey Enforcement Action court entered an order granting summary judgment in favor of the SEC on its claims against the Downeys.⁴ On September 29, 2016, the Enforcement Action court granted the Commission's motion for remedies and entered final judgment as to all defendants. In addition to entering final judgments, the court also made specific findings as

⁴ On April 7, 2014, Jeffry Downey and his wife, Pepper Downey, filed a voluntary petition for relief under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas. On October 16, 2014, the Receiver filed a complaint contesting the dischargeability of Jeffry Downey's debt to Quest and also contesting his ability to obtain a discharge in bankruptcy. The Receiver filed a motion to dismiss the adversary proceeding without prejudice. The Court granted this motion on March 30, 2016. The Receiver determined to dismiss this action because he believes that the Receivership's interests will be adequately protected by the SEC's action against the Downeys.

to the defendants, including that Jeffry and Paul Downey (1) “raised \$4.9 million from 17 investors in a fraudulent offering of securities”; (2) “acted with a high level of scienter, knowingly deceiving investors about virtually every aspect of the investment”; (3) concealed the Receiver’s appointment from Quest investors; and (4) exhibited “misconduct [which] was extremely egregious.”

Consistent with his duties under the Order Appointing Receiver, the Receiver undertook significant efforts to secure Quest’s assets and preserve them for the benefit of its defrauded victims. The Receiver traveled to Texas, secured Quest’s office, interviewed personnel, and examined the records that he was able to collect. The Receiver also hired a forensic accountant to examine Quest’s records, which revealed that Quest was insolvent and seriously mismanaged prior to its addition to the Receivership. Quest also faced serious regulatory issues as a result of its failure to perform basic well maintenance or management for an extended period of time. Left uncorrected, those issues jeopardized Quest’s ability to operate which in turn diminished both its value and the prospect of a sale to a third party. The Receiver was forced to spend considerable effort and expense to resolve these regulatory issues, which included the development and implementation of a maintenance and repair plan.⁵ These efforts were integral to the Receiver’s strategy of preserving the value of Quest’s assets while also seeking a purchaser for Quest and its assets. Following the Receiver’s appointment over Quest, the Receiver notified all parties with a potential interest

⁵ For more information regarding these efforts, please refer to Interim Reports on Quest submitted by the Receiver (Docs. 1054, 1117, and 1145).

in Quest of his appointment and provided them with copies of the pertinent Orders Appointing Receiver.

Since the expansion of the Receivership to include Quest, the Receiver has and will continue to maintain a separate accounting of revenues and expenses for the Quest Receivership. The Receiver has been able to grow Quest's revenues since that time and therefore, he believes Quest likely will generate sufficient revenues to cover its expenses. The Receiver currently believes that the assets and potential value of Quest is significantly less than the outstanding balance of investors' investment amount in Quest.

The Receiver also has instituted a separate claims process for the Quest Receivership. On June 15, 2016, the Receiver filed a motion to initiate the Quest claims process. The motion sought the Court's approval of (1) a proof of claim form and procedure to administer claims, (2) a deadline for the filing of proofs of claim, and (3) notice by mail and publication ("**Quest Claims Motion**") (Doc. 1240). On June 17, 2016, the Court granted the Receiver's Quest Claims Motion in its entirety. The Court established a Claim Bar Date 90 days from the mailing of the Proof of Claim Form to known potential Claimants. Pursuant to the Court's Order, any person or entity who failed to submit a proof of claim to the Receiver on or before the Claim Bar Date is precluded from asserting any claim against Quest. The Court's Order further provided that sufficient and reasonable notice was given by the Receiver if made (1) by mail to the last known addresses of all known potential claimants, (2) by publication on one day in the national edition of The USA Today and The Abilene Reporter-News, and (3) on the Receiver's website (www.nadelreceivership.com).

In compliance with the Court's Order, on July 14, 2016, the Receiver mailed 501 packages to known investors and their attorneys, if any, and any other known potential creditors of Quest thereby establishing October 12, 2016 as the Claim Bar Date. Each package included a cover letter, the Claims Process Instructions, and a Proof of Claim Form. The Receiver also published notice of the claims process in the form approved by the Court in the national edition of The USA Today and The Abilene Reporter-News on August 8, 2016, and provided all pertinent documents for the claims process on his website.

The Receiver received 92 claims seeking approximately \$15,693,745.21 in the aggregate.⁶ The Receiver has put the review of these claims on hold pending the resolution of a dispute regarding a particular lease which is currently pending before the Court and is discussed below. The Receiver intends to promptly proceed with his review of these claims once that dispute is resolved.

At the time Quest was placed in Receivership, it maintained leases on three fields which contained a total of 90 gas and oil wells. A number of these wells were located on a plot of land in Callahan County, Texas, consisting of twenty-seven tracts covering approximately 4,346.63 mineral acres (the "**Hatchett Lease**"). On March 3, 2017, the Receiver filed an emergency motion to enjoin an administrative proceeding before the Texas Railroad Commission initiated by one of the owners of the Hatchett Lease. The motion also

⁶ This amount does not include claims for unspecified amounts of interest or fees which were sought by some Claimants. Further, this number reflects the amounts to which Claimants claim they are entitled, and not how much the Receiver has determined is the appropriate amount of their claims under law and equity. This number may change as the Receiver continues his review of the claims submitted.

sought an order to show cause why sanctions should not be imposed against the Hatchett lease owners and their representatives for failure to comply with the Court's order appointing Receiver (Doc. 1261). While the Hatchett Lease apparently has numerous lessors, only two – John Carney and Byron Hatchett – opposed the motion. In addition to opposing the motion, they also sought leave to file a suit for damages and declaratory relief against the Receiver (Docs. 1268, 1269, and 1271). A hearing was held before this Court on March 22, 2017. The Court entered an order granting the Receiver's motion to stay, denying the Receiver's order to show cause, and denying John Carney and Byron Hatchett's motions for leave to file suit (Doc. 1272). The Court also directed the parties to file legal memoranda on or before April 19, 2017 explaining whether the Hatchett Lease expired on April 15, 2016. The deadline for submitting this memoranda was extended to May 5, 2017. It is the Receiver's position that the Hatchett Lease has not expired.

On November 12, 2014, the Court granted the Receiver's motion for leave to retain WhiteHorse Partners, LLC (“**WhiteHorse**”), a boutique advisory firm based in Nashville, Tennessee, to market and assist the Receiver with the sale of Quest. WhiteHorse is familiar with the oil and gas industry and has marketed and sold (or is currently marketing and in the process of selling) companies similar to Quest. For more information regarding WhiteHorse, please refer to the Receiver's Third Interim Report on Quest. The Receiver is currently in negotiations with two (2) prospective buyers introduced by WhiteHorse.

B. Recovery of Real Property.

In addition to the assets discussed in conjunction with the expansion of the Receivership in Section IV.A, the Receiver also has recovered a number of other assets,

some of which continue to be valued, assessed, and otherwise analyzed for liquidation, disposition, or other action. Again, assets which have been sold or otherwise disposed of are identified on the attached **Exhibit B**.

1. Sarasota, Florida (La Bellasara).

On January 28, 2010, the Court granted the Receiver's motion (Doc. 324) for possession of property located at 464 Golden Gate Point, Unit 703, Sarasota, Florida (the "**Bellasara Property**") (Doc. 327). The Bellasara Property is a residential condominium unit in a building called La Bellasara. On or about May 23, 2006, Neil Moody as Trustee of the Neil V. Moody Revocable Trust purchased the Bellasara Property for \$2,160,000. The Bellasara Property has two known encumbrances: a primary mortgage loan in the amount of \$956,000 and a home equity line of credit from Wells Fargo with an initial balance of \$880,000. The primary mortgage loan from MSC Mortgage, LLC was assigned to Wells Fargo soon after Moody's purchase of the Bellasara Property and subsequently assigned in 2009 to Bank of America. The primary loan is currently serviced by Wells Fargo.⁷ Neither bank ever filed a claim in the Receivership relating to either of the two loans. The Receiver is also aware that La Bellasara Condominium Association, Inc. has asserted that it is owed approximately \$154,626.30 in unpaid condominium assessments. The condominium association also did not file a claim in the Receivership.

⁷ Counsel for Wells Fargo represented that, as of December 30, 2016, the amount due on the primary loan was \$1,537,026.12 and, as of December 31, 2016, the amount due on the second loan was \$1,314,955.10.

On April 15, 2015, the Receiver filed a verified motion to approve the sale of the Bellasara Property (Doc. 1174). On April 29, 2015, the Court granted the motion in its entirety (Doc. 1177). In pertinent part, the Order approved the sale of the Bellasara Property for \$2,300,000 and approved the Receiver's request to allow him to hold the proceeds in trust until the disputes between the Receiver and the banks and the condominium association are resolved. On June 1, 2015, the Receiver received the net amount of \$2,147,993.69 from the sale of the property after payment of commissions and normal costs associated with the sale. As noted above, the Receiver presently is holding these proceeds in a separate account. As discussed in Section V. below, the Receiver prevailed on a motion for a determination that Wells Fargo's failure to comply with the claims process extinguished its purported interest in Receivership properties, including the Bellasara Property. Wells Fargo filed an appeal of this decision and the appellate court reversed the Court's order. The Receiver is considering possible resolution of this matter.

C. Recovery of Other Items.

The Receiver has recovered various other items, including vehicles, jewelry, promissory notes, and stock. Any of these items which have been sold or otherwise disposed of are identified on the attached Exhibit B. For more information regarding these items and their disposition, please refer to prior Interim Reports.

1. Deficiency Judgment and Promissory Note.

The Receiver has a deficiency judgment against the former owner of a condominium who had executed a promissory note payable to Mrs. Nadel. The Receiver foreclosed on the condominium and obtained a deficiency judgment in the amount of \$99,963.37. The

Receiver recorded this judgment and is attempting to collect on it. (*See* Exhibit B for information regarding the disposition of the condominium.)

As mentioned above in Section IV.A.5, the Receiver also has a promissory note from Quest and the Downeys to Valhalla Investment Partners in the amount of \$1,100,000. Quest made monthly interest payments on this note through January 2013.

2. Miscellaneous Items.

The Receiver recovered a myriad of other items that he may be able to sell, including a variety of furniture, artwork, sculptures, fixtures, computers, and miscellaneous supplies. The Receiver will make reasonable efforts to maximize the amount he is able to recover from the possible sale of these items.

D. Recovery of Assets from the Moodys.

The Receiver's investigation revealed that a significant portion of activities of certain Hedge Funds should have been managed and directed by the Moodys. Together, the Moodys received approximately \$42 million in fees from certain Receivership Entities.⁸

Chris Moody cooperated with the Receiver in connection with the turnover of all of his assets. Neil Moody initially did not cooperate with the Receiver. Accordingly, the Receiver instituted an action against him individually and in his capacity as Trustee of the Neil Moody Revocable Trust and the Neil Moody Charitable Foundation. On January 6, 2011, the Receiver reached an agreement with Neil Moody to settle claims brought by the Receiver against him and his related entities. The Court approved this settlement on

⁸ For information regarding the enforcement action instituted against the Moodys, please refer to the Fourteenth Interim Report and prior Interim Reports.

February 23, 2012 (Doc. 754). For more information regarding this settlement, please refer to the Twelfth Interim Report.

Meaningful assets the Receiver has identified for Chris Moody are delineated on the attached **Exhibit C**. Neil Moody's meaningful assets are identified on the attached **Exhibit D**. Where possible, Exhibits C and D provide the percentage of interest acquired or purchase price and the status or disposition of the asset. The Receiver is continuing to evaluate these assets and will take appropriate actions as he determines are in the best interests of the Receivership. Entities in which the Receiver believes he may have a viable interest or potential for meaningful recovery have been put on notice of the Receiver's interests and rights.

E. Litigation.

In January 2010, the Receiver filed **134** lawsuits seeking approximately **\$71,096,326.43**. The lawsuits sought (1) the recovery of false profits from investors; (2) the recovery of transfers from Receivership Entities to Neil and Sharon Moody, Donald and Joyce Rowe, and certain of their affiliated entities; (3) the recovery of other transfers, such as commissions, from other individuals and/or entities; and (4) the recovery of certain charitable contributions made with scheme proceeds. The Receiver also initiated litigation against Holland & Knight, Wells Fargo Bank, and Anne Nadel. With the exception of matters involving Wells Fargo and one profiteer, the Receiver has resolved all litigation. For information regarding litigation brought by the Receiver and settlements reached with defendants, please refer to prior Interim Reports.

1. Recovery of “Investment” – Related Transfers from Investors.

The Receiver determined that some purported investor accounts received monies in an amount that exceeded their investments. These purported profits were false because they were not based on any trading or investment gain, but rather were fruits of a Ponzi scheme that consisted of commingled funds of new and existing investors. The Receiver discovered approximately \$35 million in such “false profits.” In consultation with the Commission, the Receiver concluded that, in the best interests of the Receivership Entities and the investors as a whole, these inequitable distributions should be recovered and distributed in an equitable manner among Claimants holding legitimate and allowed claims (as determined by the claims process).

As of May 10, 2017, the Receiver has reached 159 agreements to settle with Profiteers and non-profit organizations in the amount of **\$25,674,831.09** and obtained 19 judgments against Profiteers in the amount of **\$6,402,639.38** for a total combined amount of **\$32,077,470.47** (plus additional non-cash assets).⁹ The Court has approved all of the settlements. The only action pending during the time covered by this Interim Report is *Wiand v. Lee*, Case No. 8:10-cv-0092-EAK-MAP, wherein the defendant appealed the Court’s decision in favor of the Receiver and the appellate court remanded for a determination of prejudgment interest.

⁹ This includes \$127,114.23 which was awarded to the Receiver in an arbitration proceeding encompassing two clawback cases. The defendants paid the Receiver the entire amount awarded while the Receiver’s motion to confirm the award was pending before the Court. This also includes a judgment in the amount of \$6,477.30 for attorneys’ fees and costs which the Receiver obtained against a profiteer in connection with his frivolous objections to the Receiver’s determination of claims he submitted in the claims process.

In *Lee*, the parties participated in mediation conferences before Magistrate Judge Porcelli aimed at resolving the prejudgment issue as well as an impleader action brought against Ms. Manon Sommers-Lee. The impleader action seeks to recover a residence which was funded with proceeds Mr. Lee obtained as a result of Nadel's scheme and is now in the possession of Ms. Sommers-Lee (the "**Lee Property**"). The parties were unable to reach a resolution at mediation. On February 2, 2015, Vernon Lee filed a petition for relief under Chapter 7 of the Bankruptcy Code. The Court determined to administratively close the case due to the bankruptcy on March 20, 2015. The Receiver is proceeding with this matter before the bankruptcy court. On March 18, 2015, the Receiver filed a motion to dismiss the bankruptcy. This motion was denied on May 1, 2015. On May 5, 2015, the Receiver filed a proof of claim for \$1,391,269.41 representing the full amount of the judgment plus interest. On May 8, 2015, the Receiver filed a complaint objecting to the discharge and seeking an equitable lien or a constructive trust on the Lee Property. On November 20, 2015, the Receiver filed a motion for summary judgment with respect to entitlement to the Lee Property. A hearing on this motion was held on January 22, 2016. No ruling has been issued on this motion.

2. Receiver's Litigation Against Wells Fargo.

The Receiver retained the law firm of James, Hoyer, Newcomer, & Smiljanich ("**James Hoyer**") to pursue litigation against Wells Fargo and Timothy Ryan Best, Nadel's relationship manager with the bank. On February 13, 2012, James Hoyer, on behalf of the Receiver, instituted an action against Wells Fargo and Timothy Best seeking to recover damages in excess of \$168 million relating to the bank's close and extensive relationship

with the Ponzi scheme underlying this Receivership. The parties engaged in extensive motion practice. For more information regarding motions and other procedural history, please refer to the Receiver's Seventeenth Interim Report and prior Interim Reports.

On June 10, 2014, the defendant filed a motion for summary judgment seeking judgment in its favor on all claims remaining against it. The Receiver opposed this motion and also filed a renewed motion for partial summary judgment on June 10, 2014. On February 9, 2015, the District Court granted summary judgment in favor of Wells Fargo on all counts. Due to the significant impact this unexpected ruling had in limiting the Receiver's claims against Wells Fargo, on March 10, 2015, the Receiver filed a motion to prosecute an appeal of this decision (Doc. 1162). On March 27, 2015, the Court granted the Receiver's motion to appeal this decision (Doc. 1167). Oral argument was held on May 19, 2016. On January 26, 2017, the appellate court issued an opinion affirming the District Court's granting of summary judgment in favor of Wells Fargo.

3. Receiver's Litigation Against Rowe

The Receiver sued Donald Rowe, individually ("**Rowe**") and as Trustee of the Wall Street Digest Defined Benefit Pension Plan ("**Plan**"), Joyce Rowe, and Carnegie Asset Management, Inc. ("**CAM**") (collectively "**Rowe Defendants**") to recover sums received from the Receivership Entities. The Receiver and the Rowe Defendants entered into a settlement agreement, which was approved by the court on February 5, 2013 (Doc. 963). As part of that settlement, the Rowe Defendants consented to entry of a joint and several

judgment in the amount of \$4,028,385.00, the Rowe Judgment, which was entered by the Court on February 25, 2013 (*Rowe*, Doc. 124).¹⁰

After entry of the Rowe Judgment, the Receiver conducted discovery in aid of execution and learned that the Rowe Defendants made blatant efforts to shed their assets by transferring them to third parties with the intent to hinder the Receiver's collection efforts. To recover those fraudulently transferred assets, the Receiver filed a motion to commence proceedings supplementary and to implead the third parties who received these assets. As a result of these efforts, through various settlements the Receiver recovered \$2,244,068.11, personal property with an approximate value of \$10,000,¹¹ and an annuity which he surrendered for \$241,717.33 on April 10, 2017. The Receiver also obtained final judgments of garnishment in the total amount of \$60,778.70, which have been paid in full. For more information regarding these settlements and judgments, please refer to the Receiver's Fifteenth and Sixteenth Interim Reports.

On October 15, 2013, the Receiver also directed a writ to MetLife Investors USA Insurance Company ("**MetLife**") to garnish an annuity the Rowes purchased from MetLife. On July 27, 2015, the Court entered an order approving a settlement agreement to resolve the dispute over the MetLife Annuity and the Defendants' remaining obligations under the Rowe Judgment. The settlement agreement provided that the Rowe Defendants would pay

¹⁰ For more information regarding the Rowe litigation and settlement please refer to the Thirteenth Interim Report and prior Reports.

¹¹ The Receiver sold this property through auction and received the net amount of \$1,146.00 from these sales.

\$200,000 to the Receiver from either the proceeds of a mortgage on their homestead or from the MetLife Annuity. The Rowe Defendants represented and warranted that they do not have sufficient non-exempt assets to satisfy the remaining amount owed under the Judgment. On September 1, 2015, the Receiver received payment of \$200,000 from the MetLife Annuity.

The Receiver also seized a 2007 Lexus LS from Donald Rowe and recovered \$24,605.25 from the sale of the Lexus. As of May 10, 2017, the Receiver has recovered a total of **\$2,892,315.39** on the Rowe Judgment.¹²

V. Claims Process.

On April 20, 2010, the Receiver filed his Motion to (1) Approve Procedure to Administer Claims and Proof of Claim Form, (2) Establish Deadline for Filing Proofs of Claim, and (3) Permit Notice by Mail and Publication (Doc. 390) (“**Claims Motion**”), which the Court granted on April 21, 2010 (Doc. 391). Pursuant to the Court’s Order, any person or entity who failed to submit a proof of claim to the Receiver so that it was actually received by the Receiver on or before September 2, 2010, the Claim Bar Date, is barred and precluded from asserting any claim against the Receivership or any Receivership Entity.

The Receiver received 504 claims, of which 478 claims were submitted in connection with 473 investor “accounts”¹³ (“**Investor Claimants**”). The Receiver also received 26 claims from other purported creditors (“**Non-Investor Claimants**”) (Investor Claimants and

¹² This amount includes the surrender value of the annuity obtained in connection with the Receiver’s settlement with the Hardin Trust and distributions in the total amount of \$120,000 the Receiver took from this annuity from April 24, 2014 through April 4, 2016.

¹³ In reality, Nadel and the Receivership Entities did not maintain separate investor accounts. Nevertheless, for ease of reference they are referred to as “**Investor Accounts**.”

Non-Investor Claimants are collectively referred to as “**Claimants**”), including two claims from taxing authorities. On December 7, 2011, the Receiver filed his Motion to (1) approve determination and priority of claims, (2) pool Receivership assets and liabilities, (3) approve plan of distribution, and (4) establish objection procedure (“**Claims Determination Motion**”) (Doc. 675). The Receiver recommended that \$131,308,943.50 in Investor Claims and two tax lien claims be allowed. On March 2, 2012, the Court granted the Claims Determination Motion except with respect to a claim submitted by Wells Fargo (the “**March 2 Order**”) (Doc. 776).

The Court reserved ruling on the Wells Fargo claim and on several motions and objections filed by Wells Fargo and, in some instances, its affiliate TRSTE, Inc., relating to that claim and other purported interests in Receivership assets. (*See* Docs. 689, 690, 718, 719, 740.) On January 17, 2013, the Court entered an order deferring ruling on Wells Fargo’s motions pending the outcome of the Receiver’s case against Wells Fargo. (*See* Section IV.E.2 above and Doc. 955.) On December 7, 2015, the Receiver filed a motion for a determination that Wells Fargo’s failure to comply with the Court’s claims process extinguished its purported interests in Receivership properties. The Court granted this motion on February 2, 2016. Wells Fargo filed an appeal of this Court’s decision on March 2, 2016. Oral argument was held on December 8, 2016. On February 22, 2017, the Eleventh Circuit Court of Appeals reversed the Court’s determination that Wells Fargo was required to file timely proof of claims to protect its secured interests in the Bellasara and Laurel Preserve Properties.

Beginning April 27, 2012 through December 11, 2015, the Receiver filed motions seeking the approval of five interim distributions in the total amount of approximately \$60 million on a *pro rata* basis (Docs. 825, 945, 1085, 1113, and 1212). The motions also sought the establishment, increase, and/or release of reserves as appropriate. The Court granted each of these motions (Docs. 839, 946, 1087, 1114, and 1213). These distributions provided a recovery of 46.65% of the Allowed Amount of the claims entitled to receive them. All interim distribution checks from these distributions have been negotiated.

More recently, on December 20, 2016, the Receiver filed a motion seeking the approval of (1) a sixth interim distribution of \$2,000,000.00 on a *pro rata* basis, representing an additional recovery of 1.52% of the Allowed Amount of claims receiving a distribution at that time, bringing the total recovery to approximately 48.18% of the Allowed Amount of these claims and (2) an increase in reserves of \$111,963.37 (Doc. 1253). On December 21, 2016, Wells Fargo filed a limited objection to this motion which essentially asserted that the Receiver should be required to reserve more funds for its purported claims (Doc. 1254). The Receiver replied to the limited objection on January 9, 2017 (Doc. 1258). On January 10, 2017, the Court overruled the limited objection and granted the Receiver's motion in its entirety (Doc. 1259). All interim distribution checks have been mailed to Claimants holding claims which were determined to be entitled to participate in the interim distributions and as of April 24, 2017, twenty-one checks totaling the amount of \$115,732.56 from this interim distribution have not been negotiated.¹⁴

¹⁴ Claim Number 391 is not allowed to participate in any distributions of Receivership assets until and if all Class 1 Claims receive 50% of their Allowed Amounts. Because the
(footnote cont'd)

VI. Overview of Remaining Assets.

As of April 24, 2017, the total funds in all Receivership accounts are approximately **\$8,296,326.96**, which includes \$2,769,187.73 being held in reserves for objections in the claims process and \$4,377,456.84 being held in separate accounts until a claim to these funds is resolved. The Receiver has secured the approval of a tax refund in the amount of **\$2,351,562.00** in connection with amended tax returns the Receiver filed on behalf of Arthur Nadel.

As discussed above, the Receiver has already distributed a total of approximately **\$62 million** to Claimants with Allowed Claims which were entitled to receive distributions, representing a total recovery of approximately 48.18% of the Allowed Amounts for those claims. The Receiver is diligently working on recovering more funds in the hopes to make additional distributions to these Claimants. To accomplish this, the Receiver is (1) managing and attempting to sell the remaining properties and other miscellaneous assets currently held by the Receivership; (2) pursuing pending litigation in bankruptcy court involving the collection of a judgment and prejudgment interest against a clawback defendant; (3) continuing to engage in other collection efforts on judgments obtained in connection with litigation; and (4) exploring a resolution of disputes with Wells Fargo.

interim distributions have provided a combined recovery of 48.18% to such Class 1 Claims, this claim was not entitled to participate in the interim distributions. Accordingly, the amounts apportioned to Claim Number 391 were not distributed and reverted to the Receivership.

A. Remaining Properties and Other Assets.

The Receiver is in possession of essentially four properties which remain to be sold. Of these four properties, one of them is heavily encumbered by liens from two institutions in the combined amount of approximately \$2,260,157.00. Given the decline in property values in recent years, the amount the Receiver anticipates he will be able to recover from sale of this property may not greatly exceed the amount of the encumbrances. As mentioned above, the Receiver contested Wells Fargo's claim to certain properties due to its failure to file claims in the claims process; however, the appellate court determined that Wells Fargo was not required to file a timely claim to protect secured interests it may have. The ultimate recovery obtained from the sales of these properties will be contingent upon the outcome of these asserted liens.

The Receiver also has possession of various miscellaneous assets which include artwork, furniture, and the like. While the Receiver is attempting to maximize the recovery from the sale of these assets, he does not anticipate any significant recovery (i.e., in excess of \$20,000). The Receiver is also diligently working on evaluating, managing, and selling various assets obtained from the Moodys. The Receiver acquired the Moodys' interests in various companies. However, from the Receiver's research it appears that many of these companies are no longer in business and thus, the interests in these companies have little to no value. For more information regarding these interests, please refer to Exhibits C and D.

The Receiver expanded the Receivership to include Quest, a Texas oil and gas company. As stated in Section IV.A.5 above, the Receiver believes that the oil well leases held by the Quest Receivership have potential value and may be sold for the benefit of

investors and other creditors (*see also* Doc. 1145). The Receiver is marketing Quest and will continue to operate it in an effort to preserve and maximize its value until it is sold. The Receiver has initiated a claims process for the Quest Receivership solely for claims against Quest. All claims were to be submitted to the Receiver on or before October 12, 2016. The Receiver has put the review of these claims on hold pending the resolution of a dispute regarding the Hatchett Lease which is currently pending before the Court. The Receiver intends to promptly proceed with his review of these claims once that dispute is resolved.

B. Remaining Clawback Litigation.

All clawback cases which were pending in district court and arbitration have been resolved. As discussed above, there is one case remaining in bankruptcy court which involves a clawback defendant's appeal of the Court's decision in favor of the Receiver and the appellate court's remand for a determination of prejudgment interest. Please refer to Section IV.E.1 for more information regarding this matter.

C. Settlements and Outstanding Judgments.

As noted above, as of May 10, 2017, the Receiver has settled 159 cases brought against Profiteers and non-profit organizations for the total amount of \$25,674,831.09. The Receiver has collected \$25,722,333.35 on these settlements and no amounts remain to be paid.¹⁵ The Receiver also has obtained 19 judgments against Profiteers and non-profit organizations for the total amount of \$6,402,639.38. The Receiver has collected \$3,009,380.22 of the total judgment amount. The Receiver is proceeding with collection

¹⁵ The total amount collected includes \$47,502.26 in interest which was paid in connection with settlement payments which were paid over time.

efforts on the outstanding judgments as appropriate. While the Receiver is hopeful that he will recover funds on the majority of these judgments, the Receiver believes it is unlikely that he will be able to fully satisfy them.

The Receiver also has a judgment against the Rowe Defendants in the amount of \$4,028,385.00. The Receiver has recovered \$2,892,315.39 on this judgment. (*See* Section IV.E.3 above.) The Receiver does not anticipate that he will be able to collect any further funds in connection with this judgment.

D. Litigation involving Wells Fargo.

The Receiver instituted an action against Wells Fargo and Timothy Best seeking to recover damages and fraudulent transfers in excess of \$168 million relating to the bank's close and extensive relationship with the Ponzi scheme underlying this case. On June 10, 2014, the parties filed motions for summary judgment. On February 9, 2015, the District Court granted summary judgment in favor of Wells Fargo on all counts. On March 10, 2015, the Receiver filed a motion to prosecute an appeal of this decision due to the nature of the ruling and the impact it would have on the Receivership to the detriment of innocent victims (Doc. 1162). On March 27, 2015, the Court granted the Receiver's motion to appeal this decision (Doc. 1167). Oral argument was held on May 19, 2016. On January 26, 2017, the appellate court issued an opinion affirming the District Court's granting of summary judgment in favor of Wells Fargo.

As noted above, Wells Fargo is pursuing a claim and other purported interests it has to Receivership property. To that end, Wells Fargo filed several motions and objections in connection with the claims process. On December 7, 2015, the Receiver filed a motion for a

determination that Wells Fargo's failure to comply with the Court's claims process extinguished its purported interests in Receivership properties. The Court granted this motion on February 2, 2016. Wells Fargo filed an appeal of this Court's decision on March 2, 2016. Oral argument was held on December 8, 2016. On February 22, 2017, the Eleventh Circuit Court of Appeals reversed the Court's determination that Wells Fargo was required to file timely proof of claims to protect its secured interests in the Bellasara and Laurel Preserve Properties.

VII. The Next Ninety Days.

The Receiver will proceed with pending litigation and collection efforts. He will continue to thoroughly consider and review any settlement offers and engage in settlement negotiations. The Receiver will make every effort to reach compromises that are in the best interests of the Receivership Entities and the investors.

The Receiver also will continue the operations of ongoing businesses of the Receivership Entities to maintain and, if possible, enhance their value. The Receiver will continue to market properties for sale and entertain offers for purchase.

CONCLUSION

Creditors and investors in the Receivership Entities are encouraged to periodically check the informational website (www.nadelreceivership.com) for current information concerning this Receivership. The Receiver and his counsel have received an enormous amount of emails and telephone inquiries and have had to expend significant resources to address them. To minimize those expenses, creditors and investors are strongly encouraged to consult the Receiver's website before contacting the Receiver or his counsel. However,

the Receiver continues to encourage individuals or attorneys representing investors who may have information that may be helpful in securing further assets for the Receivership estate or identifying other potential parties who may have liability to either the Receivership estate or investors directly either to email jrizzo@wiandlaw.com or call Jeffrey Rizzo at 813-347-5100.

Dated this 12th day of May, 2017.

Respectfully submitted,

s/Burton W. Wiand

Burton W. Wiand, Receiver

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on May 12, 2017, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system.

s/Michael Lamont

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