

Between February 2006 and April 2007, through Viking Oil, the Moodys invested \$4 million to fund a working interest in Quest EMG.

As discussed in Section V.C.4, below, the Receiver also has possession of a promissory note from Quest EMG and two individuals to Valhalla Investment Partners in the amount of \$1,100,000. On July 15, 2009, the Court expanded the Receivership to include Viking Oil. Since the Receiver's appointment as Receiver of this entity, he has taken control of it and is determining the most prudent course of action to take with respect to the working interest in Quest EMG. An examination of this venture has caused the Receiver to question the viability and value of this investment. The Receiver has hired a forensic accountant, Otto L. Wheeler, CPA/ABV, to assist with further examination of Quest EMG and the Receivership's interest therein. Mr. Wheeler obtained documents from Quest EMG and is reviewing the materials to determine the appropriate recommendation to make to the Receiver.

#### **8. Home Front Homes, LLC.**

Home Front Homes, LLC ("**Home Front Homes**"), is a Florida limited liability company that was formed in 2006. Nadel was the sole managing member of Home Front Homes, and Scoop Capital owned a majority membership interest in it. By virtue of this controlling interest, the Receiver assumed control over Home Front Homes before it was placed in receivership. Home Front Homes was engaged in the business of manufacturing, marketing, and selling energy-efficient homes. Home Front Homes was an operating business until September 2009. On August 10, 2009, the Court expanded the Receivership to include Home Front Homes. (Doc. 170.)

The Receiver instituted litigation to preserve the value of Home Front Homes for the Receivership estate. *Home Front Homes, LLC v. Brian C. Bishop*, Case No. 2009-CA-2037NC (12th Jud. Cir., Sarasota County, Florida). On behalf of Home Front Homes, the Receiver sued Brian C. Bishop, a former employee who also had an ownership interest in Home Front Homes for breach of non-compete covenants in his employment agreement and of a purchase agreement (wherein Home Front Homes purchased the assets, goodwill, and customers of Mr. Bishop's company, Home Front, Inc.), as well as breach of a promissory note and tortious interference with a business relationship. Since ending his employment with Home Front Homes, Mr. Bishop had started a competing business in direct violation of his non-compete agreement and had solicited Home Front Homes customers.

This matter was settled. Mr. Bishop was ordered to comply with the restrictive covenants, and the company forgave certain purported debt owed from Mr. Bishop to Home Front Homes, which debt appeared uncollectible. However, Mr. Bishop has been violating the Court's order against him. The Receiver filed a motion for entry of order finding Mr. Bishop in contempt and for sanctions, which was set for hearing on December 1, 2009. The Receiver cancelled this hearing and is trying to resolve this matter without court intervention.

Following the litigation with Mr. Bishop, the Receiver (as Receiver for Scoop Capital) gained control of a 75% interest in Home Front Homes. On or about August 4, 2009, the Receiver entered into an agreement with a potential buyer to sell Home Front Homes as a going concern for \$800,000. At that time, Home Front Homes was an operating business but was quickly deteriorating. The potential buyer agreed to take over the business and fund the business operations almost immediately. (See Receiver's Motion for Approval

of Sale of Assets of Home Front Homes, LLC and Agreement with M&I Bank, filed Jan. 5, 2010 (Doc. 291) (the “**Home Front Homes Motion**”).)

The proposed sale would have provided \$280,000 to the Receivership and would have given the purchasers the opportunity to resolve claims of creditors of Home Front Homes. As discussed in the Fourth Interim Report, in September 2009, the potential buyer notified the Receiver that it refused to close the transaction. The purchaser walked away from the transaction, and the Receiver was left without sufficient personnel to operate the business or capital to meet the company’s operational demands. As a result, the Receiver determined that it was in the best interest of the Receivership to close Home Front Homes and cease all business operations.

As Home Front Homes was no longer a going concern, the entirety of its current value was derived from its assets, which were encumbered by a loan from M&I Bank. On or about December 18, 2009, the Receiver entered into an agreement with South American Development Corporation (“**SADC**”), contingent upon this Court’s approval, to sell certain of Home Front Homes’ assets. On January 5, 2010, the Receiver filed a motion for approval of this agreement and an agreement with M&I Bank. (*See* Home Front Homes Motion (Doc. 291).) On January 6, 2010, the Court granted this motion in its entirety. (*See* Jan. 6, 2010, Order (Doc. 293).) In salient part, SADC agreed to purchase the certain assets for \$250,000, with \$150,000 to be paid at closing and a zero interest promissory note due one year from closing for the \$100,000 balance. The promissory note is secured by the assets.

Because the assets subject to the sale above were encumbered by a loan from M&I Bank, it was necessary for the Receiver to resolve Home Front Homes’ loan obligations.

Specifically, M&I Bank had an outstanding \$3,000,000 loan to Home Front Homes that matured on April 14, 2009. The Receiver resolved this obligation such that M&I agreed to waive over \$3,000,000 in debt obligations and forego any deficiency claims against the Receivership estate in exchange for 65% of the cash and note proceeds after \$12,000 has first been paid to the Receiver for expenses incurred (i.e., the Receiver will disburse to M&I Bank \$154,700 out of the \$250,000 sale; \$89,700 at closing and \$65,000 when the note is fully paid by SADC). As a result of this agreement, the Receiver will gain over \$95,000 from the sale of Home Front Homes' assets and alleviate over \$3,000,000 of debt obligations.

Following the sale of Home Front Homes' assets covered by the asset purchase agreement discussed above, Home Front Homes continued to own several assets valued at less than \$5,000 each. These assets included a pick-up truck, two small free standing storage structures, and a telephone system. In accordance with this Court's March 24, 2009, Order the Receiver sold, or otherwise disposed of these items, for a total amount of \$7,600.

During the time covered by this Interim Report, Home Front Homes continued to own a parcel of real property located at 512 Paul Morris Drive, Englewood, Florida 34223, Lot 81 of the Morris Industrial Park (the "**Morris Drive Property**"). Subsequently, the Receiver conveyed the Morris Drive Property. The details of the conveyance will be set forth in the Receiver's next Interim Report. The Morris Drive Property had two known encumbrances. The first encumbrance was a mortgage and note owed to William Bishop, as Trustee of the William F. Bishop Revocable Trust with a balance of approximately \$704,200. The second encumbrance was a mortgage held by Regions Bank. The balance owed to Regions Bank, as of January 6, 2010, to satisfy the mortgage was approximately \$86,300.

During the time covered by this Interim Report, the Morris Drive Property was not generating any income. It appeared that the market value of the Morris Drive Property was less than the total amount of its encumbrances.

As discussed above, the Receiver initially attempted to sell Home Front Homes as a going concern. (*See* Receiver's Declaration in Support of Motion for Approval of Sale of Assets of HFH LLC and Agreement with M&I Bank, Doc. 292, at ¶ 9.) In response, William Bishop filed a motion to intervene citing that he had filed a foreclosure action on July 14, 2009, against Home Front Homes for default on the note and mortgage. (*See* William F. Bishop's Motion to Intervene, Doc 193, at ¶ 3.) On September 24, 2009, the Court denied this motion (Order Sept. 24, 2009, Doc. 207). Bishop appealed the Court's decision to deny his motion to the Eleventh Circuit Court of Appeals, and during the time covered by this Report, that appeal was pending. (Appeal No. 09-16007-H). Mr. Bishop's appellate brief was due February 11, 2010.

#### **9. Summer Place Development Corporation.**

Summer Place Development Corporation ("**Summer Place**") is a Florida company that was formed in 2005. The Receiver has not sought a formal order expanding the Receivership to include Summer Place. However, Nadel purchased 50% of the holdings in Summer Place with a \$200,000 investment in Home Front Homes and payment of \$50,000 to the co-managing member's investment company. Nadel became a managing member of Summer Place, and Scoop Capital owns a fifty-percent interest in Summer Place. By virtue of this fifty-percent interest, the Receiver has not assumed full control over Summer Place

but is working with the other managing member and fifty-percent owner in directing the operation of Summer Place for the benefit of the Receivership estate.

Summer Place is an operating business and owns a 6-acre parcel in Bradenton, Florida. The owners originally intended to build thirty affordable home sites on this property. However, due to the decline in the market for affordable housing, no development has taken place. Taxes on the property are approximately \$3,000 a year. The Receiver intends to sell Scoop Capital's equity interest in this entity in a manner which would be most beneficial to the Receivership estate. Parties interested in marketing or purchasing Scoop Capital's interest in this business should contact the Receiver directly.

**B. Recovery of Real Property.**

In addition to the assets discussed in conjunction with the expansion of the Receivership in Section V.A, the Receiver has also recovered a number of other assets, most of which continue to be valued, assessed, and otherwise analyzed for liquidation, disposition, or other action. Again, given the state of the U.S. economy at the time of submission of this Report, the Receiver emphasizes that any estimates, appraisals, or valuations are subject to change because of market forces. In particular, due to the poor state of the real estate markets, the estimates provided in this section may be significantly different from the amounts realized upon selling such real property.

**1. Thomasville, Georgia.**

During the time covered by this Interim Report, the Receiver had possession and control of approximately 14 acres in Thomasville, Georgia (the "**Thomasville Property**"). On or about January 12, 2010, the Receiver entered into an agreement, subject to the Court's

approval, to sell this property. Subsequently, the Receiver sold the Thomasville Property. The details of the sale will be set forth in the Receiver's next Interim Report.

The Thomasville Property encompassed 45 lots, 44 of which were vacant. A home on one of the Thomasville Property lots was built by Home Front Homes. After the purchase of the Thomasville Property, approximately \$750,000 of infrastructure was added. The Thomasville Property's infrastructure is fully developed: infrastructure and utilities are currently in place and are fully functional. First Realty & Appraisal Services, Inc., prepared appraisal reports of two lots on the Thomasville Property. As of February 5, 2009, the lot with the home on it was valued at \$123,500. Also as of February 5, 2009, a vacant lot on the Thomasville Property was valued at \$14,000.

The Thomasville Property had two known encumbrances. The first encumbrance was a \$600,000 loan from Thomasville National Bank ("TNB"), on which a \$571,816 balance was due. Nadel prepaid the interest on this loan through December 2009. The second encumbrance was a loan for \$141,366 also from TNB for the construction of the house. Both of these loans matured in December 2009. The Receiver did not make any payments on either loan. During the time covered by this Interim Report, the Thomasville Property did not generate any income.

## **2. Grady County, Georgia.**

The Receiver is in possession of approximately 37.5 acres owned by Scoop Capital in Grady County, Georgia (the "**Grady Property**"). According to Grady County public records, the land value of the Grady Property in 2008 was \$151,125. The Receiver is

currently determining the best course of action to take regarding this land. Parties interested in marketing or purchasing the Grady Property should contact

Brad Parker  
Tallahassee Land Company, Inc.  
217 John Knox Road  
Tallahassee, Florida 32303  
Office: (850) 385-6363  
Mobile: (850) 566-2629  
Fax: (850) 385-6337  
Email: Brad@tlhland.com

**3. Graham, North Carolina.<sup>11</sup>**

The Receiver has possession and control of a building located at 841 South Main Street, Graham, North Carolina 27253 (the “**Rite-Aid Building**”). This building was purchased for \$5,310,000 and is currently being leased to a Rite-Aid Pharmacy for \$33,073.08 per month under an absolute triple net lease.<sup>12</sup> The Rite-Aid Building has one known encumbrance: a \$2,655,000 interest-only loan with Wachovia Bank, which matured in June 2009. The Receiver paid interest on this loan through October 2009. He currently is not making any payments on this loan. The Receiver has reached an agreement in principle to sell the Rite-Aid Building and anticipates presenting the proposed sales transaction to the Court in the near future.

Parties interested in purchasing the Rite-Aid Building should contact:

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<sup>11</sup> The properties described in this subsection and the following subsections (4), (5), and (6) appear to have been purchased through Scoop Real Estate Fund. However, in light of the commingling of assets among all Receivership Entities, these properties appear to be appropriately attributed as general assets of the Receivership estate.

<sup>12</sup> Under an “absolute triple net lease,” a tenant is required to pay all property taxes, property insurance, and maintenance in addition to a monthly lump sum rent.



Jim Hamilton, Director  
Holliday Fenoglio Fowler, L.P.  
3414 Peachtree Road, NE  
Suite 736  
Atlanta, GA 30326  
Telephone: (404) 942-2212  
Mobile: (404) 219-7383  
Fax: (404) 942-2181  
Email: [jhamilton@hfflp.com](mailto:jhamilton@hfflp.com)

**4. Raleigh, North Carolina.**

The Receiver has possession and control of a building located at 4905 Waters Edge, Raleigh, North Carolina 27060 (the “**Waters Edge Building**”). This building was purchased for \$1,900,000 and was leased to Electronic Data Systems (“**EDS**”), a technology services provider, for \$29,688.54 per month under a triple net lease. EDS’ lease term ended January 2010 and EDS did not renew its lease. The Receiver is working on reletting this property. The Waters Edge Building has no known encumbrances. Parties interested in purchasing or leasing the Waters Edge Building should contact:

John A. Skicewicz, CCIM  
Coldwell Banker Commercial NRT  
1988 Gulf to Bay Blvd.  
Clearwater, Florida 33765  
Office: (727) 642-3965  
Fax: (727) 466-4119  
Toll Free: (800) 775-1696

Fred Dickens  
Senior Real Estate Advisor  
Coldwell Banker Commercial  
TradeMark Properties  
Email: [fdickens@cbctmp.com](mailto:fdickens@cbctmp.com)  
Direct: (919) 227-5508  
Main Office: (919) 782-5552

**5. Tupelo, Mississippi.**

The Receiver has possession and control of a building located at 2433 West Main Street, Tupelo, Mississippi 38801 (the “**Starbucks Building**”). This building was purchased for \$941,000 and is currently being leased to Starbucks (Store #8809) for \$6,279.19 per

month under a triple net lease. The Starbucks Building has no known encumbrances. Parties interested in purchasing the Starbucks Building should contact:

John A. Skicewicz, CCIM  
Coldwell Banker Commercial NRT  
1988 Gulf to Bay Blvd.  
Clearwater, Florida 33765  
Office: (727) 642-3965  
Fax: (727) 466-4119  
Toll Free: (800) 775-1696

**6. Newnan, Georgia.**

The Receiver has possession and control of a gas station located at 5 McCollum Station, Newnan, Georgia 30265 (the “**Newnan Property**”). This property was purchased on January 20, 2006 for \$2,450,000. The Newnan Property consists of approximately two acres of land and a 3,500 square-foot building. The Newnan Property is currently being operated as a Shell service station with space for a convenience store and restaurant. The convenient store space is occupied by Candler Food, LLC #136 (“**Candler**”). The restaurant space is vacant. The convenient store tenant defaulted on its lease, and an eviction proceeding was filed. Due to the sale, discussed below, the Receiver is no longer pursuing the eviction proceeding. The Newnan Property has no known encumbrances.

On or about November 19, 2009, the Receiver entered into an agreement for the sale of this property to Candler, subject to the Court’s approval. On January 11, 2010, the Receiver filed a motion to approve the sale. (*See* Receiver’s Unopposed Motion to Approve the Sale of Real Property Located in Newnan, Coweta County, Georgia (Doc. 299).) The Court granted the Receiver’s motion on January 12, 2010 (Doc. 302). The agreement provides that Candler will pay \$1,725,000 to the Receiver at closing. Candler paid \$10,000

into escrow as earnest money. The closing was scheduled to occur on January 15, 2010. Due to some minor issues Candler had completing paperwork for the closing, the closing date was extended to the end of March. Because of the delay and at the Receiver's request, Candler deposited an additional \$35,000 in escrow. The balance of \$1,680,000 will be paid at closing.

The Receiver believes that the purchase price represents the fair market value of the Newnan Property and that the sale is in the best interests of the Receivership.

**7. Fairview, North Carolina.**

On March 30, 2009, the Court granted the Receiver's motion (Doc. 98) for possession of property located in Fairview, North Carolina (the "**Fairview Property**"). (Doc. 100.) Nadel and his wife purchased the Fairview Property for \$335,000 on June 14, 2004. The Fairview Property was a secondary residence of the Nadels and is located in the mountains of North Carolina. The Fairview Property has one known encumbrance: a loan with BB&T Bank on which there is a remaining principal balance of approximately \$248,941.73. The Receiver received two offers for the purchase of the Fairview Property. One offer was below what the Receiver believed to be the fair market value of the property. The Receiver is currently negotiating with the other prospective buyer. Parties interested in purchasing the Fairview Property should contact:

*The Armour Team*  
Mike and Nona Armour  
Keller Williams Professionals  
86 Asheland Avenue  
Asheville, NC 28801  
Mike Armour: (828) 771-2342  
Nona Armour: (828) 771-2336  
<http://armourteam.homesandland.com>, listing ID #13704540

**8. Sarasota, Florida (Fruitville Road).**

On July 8, 2009, the Court granted the Receiver's motion (Doc. 146) for possession of property located at 15576 Fruitville Road in Sarasota, Florida (the "**Fruitville Property**"). (Doc. 148.) To purchase the property, Nadel paid a \$5,000 deposit on March 5, 2003, and \$201,163.93 at closing. The Fruitville Property is residential property that was purchased in the names of Nadel and Mrs. Nadel, was deeded to their trusts, and was rented to third parties. Presently, the tenant pays a monthly rent of \$500. The Fruitville Property has one known encumbrance: a loan with Northern Trust on which there is a remaining principal balance of approximately \$173,929.23. As discussed in Section V.A.1 above, in conjunction with the sale of the assets of the VJC, the Receiver reached an agreement resolving outstanding debt obligations between Northern Trust and Receivership Entities. As part of that agreement and upon the sale of the Fruitville Property, Northern Trust has agreed to accept in full satisfaction of the mortgage, the principal amount of the mortgage owed when the Property became a Receivership asset, exclusive of all fees and penalties, provided a sale of the Property is closed within one year of the Court's order approving the agreement with Northern Trust, which occurred on January 20, 2010. (*See* Order, Jan. 20, 2010 (Doc. 321).)

Parties interested in purchasing the Fruitville Property should contact:

John A. Skicewicz, CCIM  
Coldwell Banker Commercial NRT  
1988 Gulf to Bay Blvd.  
Clearwater, Florida 33765  
Office: (727) 642-3965  
Mobile: (727) 642-3965  
Fax: (727) 466-4119  
Toll Free: (800) 775-1696

**9. Oberlin, Ohio.**

The Receiver is aware of a condominium in Oberlin, Ohio (the “**Oberlin Property**”). The Oberlin Property was purchased on or about September 23, 2003, with the funds of Intex Trading Corp. (“**Intex**”)<sup>13</sup> and was originally titled in Nadel’s name. On or about September 2, 2004, title in the Oberlin Property was transferred to the Clark/Nadel Revocable Trust. On or about October 9, 2008, Nadel as Trustee of the Clark/Nadel Revocable Trust transferred title in the Oberlin Property to Nadel’s son, Chris Nadel. On or about July 15, 2009, Chris Nadel and his wife, Amy L. Nadel, executed a quitclaim deed, which transferred all right, title, and interest in the Oberlin Property to the Receiver. There are no known encumbrances on the Oberlin Property. Parties interested in purchasing the Oberlin Property should contact:

Jackie Meinke  
Howard Hanna Real Estate Services  
1240 N. Abbe Road  
Elyria, Ohio 44035  
Phone: (440) 365-8392  
Fax: (440) 365-2769

**10. 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

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<sup>13</sup> Nadel created Intex and at all times was its sole director and officer. Intex was the General Partner of Scoop Investments, Ltd., which is the predecessor of Victory Fund. On November 27, 2002, Scoop Investments, Ltd. was renamed Victory Fund, Ltd. On December 20, 2002, Intex was replaced by Receivership Entity, Scoop Capital, as Victory Fund’s general partner.

unit in a building called La Bellasara. (Doc. 100.) On or about May 23, 2006, Neil Moody as Trustee of the Neil V. Moody Revocable Trust Agreement dated February 9, 1995 purchased the Bellasara Property for \$2,160,000. The Bellasara Property was Neil Moody's primary Florida residence. The Bellasara Property has two known encumbrances: a primary mortgage loan from MSC Mortgage, LLC in the amount of \$956,000 and a home equity line of credit from Wells Fargo Bank N.A. with an initial balance of \$880,000, both of which were obtained by Neil Moody on or about the date of the closing of the purchase of the Bellasara Property. The Bellasara Property is currently subject to a foreclosure proceeding in the Twelfth Circuit in and for Sarasota County, Florida. The Receiver is in the process of stopping the foreclosure action and intends to market the Property and negotiate with the lenders in an effort to generate money for the Receivership estate. Parties interested in purchasing the Bellasara Property should contact the Receiver directly.

**C. Recovery of Vehicles and Other Items.**

**1. Vehicles.**

The Receiver assumed control of three vehicles: (1) 2008 Mercedes-Benz E63 ("Mercedes"); (2) 2009 Volkswagen EOS ("Volkswagen"); and (3) Maserati Grand Turismo ("Maserati"). Valhalla Management and Viking Management leased these vehicles for the Moodys' use. Because there was no value to these vehicles and only the continuing obligation of lease payments, the Receiver surrendered them to the respective leasing companies without penalty and without the lessor retaining any claim to Receivership assets.

Scoop Capital, LLC and Nadel's wife also owned a 1998 Jeep Wrangler. The Receiver sold this car to a dealership for \$4,500.

On July 7, 2009, the Court authorized the Receiver to bring into receivership a 2006 Subaru Legacy Outback. The Subaru was purchased with proceeds of Nadel's scheme. Mrs. Nadel delivered the Subaru to the Receiver. Parties interested in purchasing this vehicle should contact the Receiver directly.<sup>14</sup>

## **2. Condominium Note and Mortgage.**

On April 30, 2009, the Court granted the Receiver exclusive interest in a note and mortgage for a condominium located at 774 North Jefferson Avenue in Sarasota, Florida. (Doc. 116.) The condominium's owner, an employee of the florist (*see* Section V.A.6, above), had executed a promissory note payable to Mrs. Nadel for \$126,556.24. The note was secured by a mortgage held by Mrs. Nadel. On February 9, 2009, Mrs. Nadel assigned the note and mortgage to Nadel's former criminal defense attorneys, Cohen, Jayson & Foster, P.A., who subsequently assigned the note and mortgage to the Receiver, per the Court's order. The principal balance due under the note is \$125,742.24, and the outstanding interest as of December 11, 2009 is \$12,708.02. The condominium's owner is in default, and the Receiver has initiated foreclosure proceedings.

## **3. Bonds.com Assets.**

The Receiver's investigation revealed that proceeds of the scheme were used to fund a number of assets related to Bonds.com, Inc. ("**Bonds.com**"). Bonds.com is a registered securities broker dealer established in 2007. Bonds.com developed and operates an online

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<sup>14</sup> For insurance and maintenance purposes, the Subaru was titled in the name of the VJC. Because the Subaru was not included in the sale of the assets of the VJC, on November 20, 2009, the Court approved the transfer of the Subaru's title to Tradewind for insurance and maintenance (Doc 234).

trading platform for the sale of fragmented lots of fixed income securities. The Receivership's Bonds.com assets consist of promissory notes, shares of stock, and warrants.

Two Promissory Notes (Valhalla Investment Partners)

The Receiver has two promissory notes from Bonds.com to Valhalla Investment Partners: one in the amount of \$400,000 and the other in the amount of \$203,000. Both notes accrue interest at 9% and are secured by the domain name www.bonds.com. On November 2, 2010, Bonds.com paid \$100,000 toward the principal owed on the \$400,000 note and all accrued interest as of that date for a total payment of \$117,000. In November 2009, the Receiver and Bonds.com negotiated an amendment of this note. The amended note has a principal amount due of \$300,000 and continues to accrue interest at 9%. The next payment on this note in the amount of \$100,000 plus accrued interest is due April 1, 2010.

The note for \$203,800 matures on September 22, 2010, and is owed and outstanding. The \$203,800 note is a convertible note that can be converted into an equity interest in the company at the Receiver's option.

Stock (Valhalla Investment Partners)

The Receiver has possession and control of 1,591,395 shares of stock in Bonds.com held in the name of Valhalla Investment Partners. The shares are currently held in a brokerage account with Wells Fargo and as of January 31, 2010 are valued at \$429,676.65.

Stock and Promissory Note (Christopher D. Moody)

Christopher D. Moody had the following assets related to Bonds.com:

- 1) 3,116,171 fully paid and non-assessable common shares of stock in Bonds.com; and



- 2) a secured convertible promissory note executed by Bonds.com on September 22, 2008, in the amount of \$1,236,836, and a secured convertible promissory note executed by Bonds.com on December 12, 2008, in the amount of \$50,000.

On August 5, 2009, on the Receiver's motion, the Court entered an order transferring all right, title, and interest in Chris Moody's stock and notes to the Receiver. The Receiver has filed (i) a Schedule 13D (commonly known as the "Beneficial Ownership Report") with the Commission to report beneficial ownership of stock received from The Christopher D. Moody Revocable Trust and (ii) a Form 3 (Initial Statement of Beneficial Ownership of Securities) for the stock, as required under the Securities Exchange Act of 1934.

Chris Moody's shares also currently are held in a brokerage account with Wells Fargo. At the time Chris Moody's shares were brought into Receivership, they were worth \$810,204.46. As of January 31, 2010, the value of the shares was \$934,851.03. Combined with the shares held in the name of Valhalla Investment Partners, the Receivership currently holds more than 4.7 million shares of Bonds.com and as discussed below will likely obtain 2,048,946 more shares. While Bonds.com is a publicly traded company, the Receivership cannot readily sell all of these shares. If the Receiver were to sell all of these shares through the secondary market, the value of the shares would substantially decline as the shares were sold and the company would be adversely affected to a significant degree. The Receiver is contemplating the appropriate action to take with respect to all of the Receivership's interests in Bonds.com.

Stock and Promissory Note (Neil V. Moody)

Neil V. Moody also has stock in and notes from Bonds.com of a similar nature to Chris Moody's relevant assets:

- 1) 2,048,946 shares of stock in Bonds.com; and
- 2) a secured convertible promissory note made by Bonds.com in the amount of \$250,000 that is due in September 2010, convertible to 666,667 shares of stock in Bonds.com.

As discussed in Section V.D. below, the Receiver is in the process of acquiring Neil Moody's interest in Bonds.com.

Warrants

Warrants, which give the holder rights to acquire more shares on a fully diluted basis, also were issued to the Moodys and Valhalla Investment Partners. The following warrants were issued:

- 1) Christopher D. Moody Revocable Trust, approximately 857,900 warrants with an exercise price of about \$0.47.
- 2) Valhalla Investment Partners, approximately 135,869 warrants with an exercise price of about \$0.47
- 3) Neil V. Moody Revocable Trust, approximately 166,670 warrants with an exercise price of about \$0.47 and 378,717 warrants with an exercise price of \$0.66

The Receiver is still investigating these warrants.

**4. Quest EMG Promissory Note.**

As mentioned above in Section V.A.7, the Receiver also has a promissory note from Quest EMG and two individuals to Valhalla Investment Partners in the amount of \$1,100,000. Interest is being paid monthly on this note.

**5. Miscellaneous Items.**

The Receiver has also recovered a myriad of other items that he may be able to sell, including a variety of furniture, artwork, sculptures, fixtures, computers, jewelry,<sup>15</sup> and miscellaneous supplies. The Receiver will make reasonable efforts to maximize the amount he is able to recover from the possible sale of all of these items.

**D. Recovery of Assets from the Moodys.**

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

In April 2009, the Receiver initiated contact with the Moodys' counsel. On April 17, 2009, the Receiver received a letter from the Moodys agreeing that they would not transfer

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<sup>15</sup> The Receiver has possession of jewelry from Queen's Wreath Jewels, Inc. ("Queen's Wreath"). The Moodys invested \$400,000 in Queen's Wreath and made several loans to the company. The funds used to invest in Queen's Wreath and make loans to it were primarily transfers from Receivership Entities. Queen's Wreath transferred the ownership of the remaining jewelry to the Moodys in exchange for satisfaction of the outstanding loans and a relinquishment of their ownership interest in the company. On September 3, 2009, the Court granted the Receiver's motion for, among other things, possession of the jewelry (Doc. 190). The Receiver is in the process of selling this jewelry. He has received several bids, but believes the bids are below market value.

any assets of value owned by them, nor would they remove any such assets from the state of Florida without prior written notice to the Receiver. Chris Moody has satisfied this commitment and has fully cooperated with the Receiver in connection with the turnover of all of his assets. On January 19, 2010, Chris Moody gave the Receiver a power of attorney which allows the Receiver to effectuate the transfer of most of his assets without any direct participation from Chris Moody.

The Receiver met with Chris Moody, confirmed the assets he owned, and reviewed in detail Chris Moody's interests and liabilities in those assets. The Receiver has taken possession of most of Chris Moody's assets. These assets include: (1) personal property, such as cars and a boat; (2) real property, including two rental properties and an interest in a third rental property; (3) bank and brokerage accounts; and (4) various corporate interests. The Receiver is currently evaluating these assets and will provide a detailed listing of the assets in the next Interim Report.

Neil Moody, on the other hand, has not cooperated with the Receiver. The Receiver's attempts to obtain the same level of cooperation in the orderly turnover of assets from Neil Moody have been unsuccessful. Neil Moody has taken the position that he would like to maintain some of the assets he owns although they were purchased with misappropriated funds. These assets include (1) personal property; (2) real property; (3) bank and brokerage accounts; and (4) various corporate interests, including the Bonds.com interests discussed above. On January 28, 2010, the Receiver obtained possession of a condominium owned by Neil Moody in Sarasota (*see* Discussion at V.B.10 above for Bellasara Property; Order, Jan. 28, 2010 (Doc. 327)). The Receiver was forced to seek possession of this Property by

motion to the Court because Neil Moody was unwilling to simply transfer title to the Receiver (based on the contention that it would have violated the loan covenants attendant to his mortgage on the property) or even assist with an affidavit. The Receiver is now proceeding to recover the balance of Neil Moody's assets without his cooperation.

Enforcement Action Instituted Against Moodys

On January 11, 2010, the Commission instituted an enforcement action against the Moodys alleging that they violated antifraud provisions of the federal securities laws in connection with their involvement in Nadel's scheme. *See generally SEC v. Neil V. Moody, et al.*, Case No. 8:10-cv-00053-T-33TBM (M.D. Fla.) (the "**Moody SEC Action**"), Compl. (attached as Exhibit A to Doc. 325). Specifically, the Commission asserts that the Moodys misrepresented to the investing public that they actively managed and oversaw assets of the Moody Funds.<sup>16</sup> In reality, they allowed Nadel to exercise "complete control of the Moody Funds' assets and trading activities without any meaningful oversight or supervision." (*Id.* ¶ 44.) As such, the Moodys distributed bogus account statements and baseless offering materials to investors (*id.* ¶ 40); never audited or examined the Moody Funds' securities accounts (*id.* ¶ 44); never reviewed the monthly account statements (*id.*); failed to take any adequate measures to ensure accurate account statements and offering materials (*id.*); and ignored red flags that should have alerted them that Nadel was engaged in the scheme, including by allowing Nadel to continue providing purported investment advice and controlling the Moody Funds although he both repeatedly threatened to stop providing such

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<sup>16</sup> The "Moody Funds" are defined in the Commission's complaint to include: Valhalla Investment Partners, L.P., Viking IRA Fund, LLC, and Viking Fund, LLC. (*Id.* ¶ 1.)

advice if the Moodys insisted on auditing the Moody Funds (*id.* ¶ 42) and refused to provide those statements to the Moodys' accountant (*id.* ¶ 43). In short, according to the Commission's complaint, the Moodys' intentional and reckless conduct allowed Nadel to perpetrate his scheme and amounted to fraud.

On January 11, 2010, Neil Moody and Chris Moody, without admitting or denying the allegations of the complaint, consented to entry of a permanent injunction and agreed to disgorge all ill-gotten gains upon the Commission's request. (Moody SEC Action, Consent of Def. Neil V. Moody ¶ 3 ("Consent"), Doc. 2, Ex. 2) (also attached as Ex. B to Doc. 325.); Moody SEC Action, Consent of Def. Christopher D. Moody ¶ 3, Doc. 2, Ex. 1).

Significantly, in the Moody SEC Action Neil Moody waived his right to deny the allegations in that proceeding as well as in this one. In the Consent, he agreed "not to take any action . . . denying . . . any allegation in the complaint . . . ." Although the Consent notes that Neil Moody has not waived the "right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party," here the Commission is a party and thus Neil Moody is precluded from denying in this proceeding the allegations in the Moody SEC Action complaint. (*Id.* ¶ 9.)

**E. Litigation.**

In January, 2010, the Receiver filed **134** lawsuits seeking **\$71,096,326.43**. The lawsuits seek (1) the recovery of false profits from investors; (2) the recovery of distributions from Receivership Entities to the Moodys, Don Rowe, Joyce Rowe, and certain of their affiliated entities; (3) the recovery of other distributions, such as commissions, from other individuals and/or entities; and (4) the recovery of certain charitable contributions made with

scheme proceeds. The Receiver also continues to pursue malpractice litigation against Holland & Knight and continues to evaluate possible additional litigation.

**1. Recovery of False Profits from Investors.**

As discussed in Section III.C., above, the Receiver has 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. To date, the Receiver has discovered approximately \$35 million in such “false profits.” The Receiver spent substantial time identifying recipients of these 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 investors holding legitimate and allowed claims (as to be determined by the claims process).

The Receiver sent more than 180 demand letters to investors, each of whom, according to the records in the Receiver’s possession, made false profits by receiving monies from Hedge Funds in an amount that exceeded his or her investments (the “**Profiteers**”). With the Commission’s approval, the Receiver offered to settle with each of these Profiteers for payment of 90% of the pertinent false profits. As of January 31, 2010, the Receiver reached settlements with 34 Profiteers for a total sum of \$3,303,553.20. The Court has approved all 34 of these settlements. The Receiver’s efforts during this period also led to the settlement of ten additional cases as of March 10, 2010, for a further amount of

\$1,590,355.62. Thus, as of March 10, 2010, the Receiver had reached agreements to settle with 44 Profiteers for a total amount of \$4,893,908.82.

In January 2010, the Receiver initiated **121** lawsuits against Profiteers seeking to recover total false profits of approximately **\$32,755,269.13** from those investors who did not settle the Receiver's claims during the demand stage.<sup>17</sup> The complaints set forth claims for unjust enrichment and fraudulent transfers pursuant to Florida's Uniform Fraudulent Transfers Act ("FUFTA"). In anticipation of initiating lawsuits, the Receiver filed Motions to Reappoint Receiver (Docs. 139, 315). Those motions were granted on June 3, 2009 and January 19, 2010, respectively. Except in situations where defendants had, or should have had, knowledge of the fraudulent investment scheme or did not act in good faith, the Receiver is seeking to recover false profits but not the amount equivalent to the principal investment. Individuals and/or entities who the Receiver believes did not act in good faith are discussed in sub-sections V.E.2 and V.E.3 immediately below.

The Receiver believes that he has identified all of the Profiteers. However, the Receiver is verifying that identification and will bring additional actions if appropriate and in the best interests of the Receivership. The Receiver is continuing to engage in settlement discussions with defendants of the lawsuits discussed above.

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<sup>17</sup> During this time, the Receiver filed another three complaints seeking an additional total amount of \$91,201.95. However, after filing these three complaints, the Receiver became aware of information that showed the defendants had not received false profits. Accordingly, the Receiver dismissed the complaints. These complaints and the amount sought therein are not included in the totals identified above.



**2. Litigation against Moodys and Rowe.**

**a. Moodys.**

On January 20, 2010, the Receiver filed suit against Neil V. Moody, individually and as Trustee of the Neil V. Moody Revocable Trust; Sharon G. Moody, individually and as Trustee of the Sharon G. Moody Revocable Trust; and the Neil V. Moody Charitable Foundation, Inc. (collectively the “**Moody Defendants**”) for the return of **\$28,341,953.10**. *See Wiand, as Receiver v. Neil V. Moody, et al.*, Case No. 8:10-cv-249-T-17MAP (M.D. Fla.). As set forth in the Complaint, the Moody Defendants received distributions of purported trading profits or purported principal redemptions in connection with their investments which do not satisfy FUFTA’s “good faith” and reasonably equivalent value standard and which are unjust. Further, Neil Moody received distributions of purported management and performance fees in connection with his purported management of certain Hedge Funds under circumstances which also do not satisfy FUFTA’s good faith standard and which are unjust. The Receiver seeks to avoid all those transfers under FUFTA, or alternatively, seeks disgorgement of those amounts pursuant to equitable claims of unjust enrichment.

**b. Rowe.**

On January 20, 2010, the Receiver filed suit against Donald Rowe, individually and as Trustee of the Wall Street Digest Defined Benefit Pension Plan, Joyce Rowe, and Carnegie Asset Management, Inc. (“**CAM**”) (collectively “**Rowe Defendants**”) for the return of **\$8,610,428.90**, which includes approximately \$2,106,568.89 in false profits. *See Wiand, as Receiver v. Donald Rowe, et al.*, Case No. 8:10-cv-245-T-17MAP (M.D. Fla.). As set

forth in the Complaint, Donald Rowe, both in his individual capacity and as Trustee of the Wall Street Digest Defined Benefits Pension Plan, and Joyce Rowe were investors in one or more of the Hedge Funds and received distributions of purported trading profits or purported principal redemptions in connection with their investments which do not satisfy FUFTA's "good faith" standard and which are unjust. The Receiver seeks to recover those transfers under FUFTA, or alternatively, seeks disgorgement of those amounts pursuant to equitable claims of unjust enrichment.

Further, CAM (and Carnegie Wealth Management ("CWM"), a division of CAM) also received certain funds from the Hedge Funds under the terms of a purported "Non-Solicitation Agreement." This Agreement was merely a financial settlement pursuant to which money from the Hedge Funds was transferred to CAM and CWM for "management" and "performance" fees Donald Rowe claimed he was supposed to receive for his referral and solicitation of investors to the Hedge Funds. The Receiver believes this Agreement was fraudulent and nothing more than a document designed for the sole purpose of paying improper fees to CAM and CWM. The Receiver seeks to recover all such sums distributed to CAM and CWM from Receivership Entities.

The Hedge Funds also paid "management" and "performance" fees based on the purported value and performance of the Hedge Funds to another entity controlled by Rowe, Wall Street Online ("WSO"). WSO is now defunct, however, the Receiver has information and believes that its assets remain under Donald Rowe's control. The Receiver seeks to recover all such sums distributed to WSO from Receivership Entities.

**3. Recovery of Fees from Recipients of Commissions or Other Transfers.**

**a. Recovery of Commissions.**

Information available to the Receiver reveals that at least three individuals received commissions as “compensation” under circumstances that warrant the Receiver’s recovery of those sums. In January 2010, the Receiver initiated lawsuits against these three individuals. *See Wiand, Receiver v. Kelvin V. Lee and Barbara Lee*, Case No. 8:10-cv-251-T-17MAP (M.D. Fla.) (seeking the return of \$93,921.28 in purported fees and \$33,077.26 in false profits); *Wiand, Receiver v. Michael Corcione*, Case No. 8:10-cv-234-T-17MAP (M.D. Fla.) (seeking the return of \$7,500 in purported fees); and *Wiand, Receiver v. Steve Ellis*, Case No. 8:10-cv-233-T-17MAP (M.D. Fla.) (seeking the return of \$62,299.64 in purported fees). The Hedge Funds paid the Defendants in these cases “management” and “performance” fees based on the purported value and performance of the Hedge Funds. The Receiver seeks to recover those transfers under FUFTA, or alternatively, seeks disgorgement of those amounts pursuant to equitable claims of unjust enrichment.

**b. Recovery of Other Transfers.**

The Receiver has also determined that two entities received improper distributions in connection with Nadel’s Scheme: GQ Digital Home Integration, Inc. (“**GQ Digital**”) and Alpha Ventures Securities Company (“**Alpha Ventures**”). GQ Digital was not an “investor” in the Hedge Funds, but is a business that received funds from the Nadels which were scheme proceeds. Specifically, GQ Digital received \$241,000 in wrongful distributions. On January 20, 2010, the Receiver initiated an action to recover those funds. *See Wiand, Receiver v. GQ Digital Home Integration, Inc.*, Case No. 8:10-cv-250-T-17MAP (M.D. Fla.).

Alpha Ventures, with Daniel Blumberg, likewise received wrongful distributions in connection with Nadel's fraud. Specifically, Alpha Ventures received \$129,627.43 from the Hedge Funds as an improper distribution as a result of Mr. Blumberg's individual investment. On January 20, 2010, the Receiver initiated an action to recover those funds. *See Wiand, Receiver v. Alpha Ventures, et al.*, Case No. 8:10-cv-235-T-17MAP (M.D. Fla.).

**4. Recovery of Charitable Contributions Made with Scheme Proceeds.**

Nadel formed the Guy-Nadel Foundation in December 2003 as a non-profit corporation for charitable, educational and scientific purposes. The Foundation was funded solely with proceeds of Nadel's scheme. All money Nadel wrongfully caused to transfer or pay to the Foundation was diverted and misappropriated by him in connection with his scheme. The Receiver has discovered that from 2000 through 2008, the Guy-Nadel Foundation made a total of \$2,484,589 in contributions to various non-profit organizations and charities.

The Receiver has focused his attention on the charitable organizations that received the most misappropriated funds. The Receiver sought to obtain tolling agreements from all charitable organizations so he could contemplate the appropriate action to take regarding these significant disbursements. Three charities did not provide such agreements, thus the Receiver had no recourse but to initiate actions against them. *See Wiand, Receiver v. Catholic Charities, Diocese of Venice, Inc.*, Case No. 8:10-cv-247-T-17MAP (M.D. Fla.) (seeking the return of \$40,000); *See Wiand, Receiver v. Diocese of Venice in Florida, Inc.*, Case No. 8:10-cv-247-T-17MAP (M.D. Fla.) (seeking the return of \$370,000); *See Wiand,*

*Receiver v. Sarasota Opera Association, Inc.*, Case No. 8:10-cv-248-T-17MAP (M.D. Fla.) (seeking the return of \$353,125).

The Receiver is contemplating the appropriate action to take with respect to the charities that entered tolling agreements.

#### **5. Class Action Litigation.**

The Receiver had communications with the law firm of Johnson, Pope, Bokor, Ruppel & Burns, LLP (“**Johnson Pope**”) regarding the institution of a class action against Holland & Knight, LLP (“**H&K**”), the law firm that prepared the private placement memoranda used to solicit investors into the Nadel scheme. On March 20, 2009, Johnson Pope on behalf of investor Michael Sullivan and others similarly situated, instituted a class action suit against H&K, *Michael Sullivan v. Holland & Knight LLP*, Case No. 09-cv-0531-EAJ (M.D. Fla.). Should Johnson Pope be successful in this litigation, the Receiver expects that investors who suffered losses as a result of the fraudulent scheme will be able to pursue a valid claim.

#### **6. Malpractice Litigation.**

The Receiver entered into a contingency fee agreement with Johnson Pope whereby Johnson Pope will pursue professional malpractice claims by the Hedge Funds against H&K, seeking damages of more than \$50 million. (*See also* Order dated August 12, 2009 (Doc. 175).) On or about August 31, 2009, the Receiver initiated an action against H&K on behalf of the Hedge Funds. *Scoop Real Estate, L.P., et al. v. Holland & Knight, LLP, et al.*, Case No. 2009-ca-014887-NC (Sarasota County, Fla., 12th Jud. Cir.). On or about September 30, 2009, H&K removed the action to the Middle District of Florida. *See* Notice of Removal,

Doc. 1, *Scoop Real Estate, L.P., et al. v. Holland & Knight LLP, et al.*, Case No. 8:09-cv-1992 (M.D. Fla.). On November 16, 2009, the Court granted the Receiver's motion to remand. The case is again proceeding in state court and discovery is underway. On or about October 20, 2009, H&K filed a motion to dismiss. The motion to dismiss was heard on March 9, 2010. The Receiver will report on the outcome of that hearing in the next Interim Report.

#### **7. Other Potential Litigation.**

The Receiver continues to examine the actions of other professionals and businesses that provided services to Receivership Entities to determine whether he needs to take additional steps with respect to any of those professionals and businesses to recover assets for the Receivership.

#### **VI. Claims Process.**

During the time covered by this Report, the Receiver substantially completed the necessary motion to initiate the claims process. The motion will seek the Court's approval of (1) a procedure to administer claims and a proof of claim form, (2) a deadline for the filing of proofs of claim, and (3) notice by mail and publication. The Receiver anticipates filing this motion in the near future. If the motion is approved, the Receiver will likely mail Proof of Claim Forms to all known investors to their last known address within 90 days of the order granting the motion. The Receiver will also seek the Court's permission to publish notice of the claims process on one day in *The Wall Street Journal* and *The Sarasota-Herald Tribune*. After receipt of Court approval, documents relating to the claims process, including the

motion, Proof of Claim Form and Notice will be posted on the Receiver's website, [www.nadelreceivership.com](http://www.nadelreceivership.com).

**VII. Investigating Receivership Affairs and Tracing Receivership Funds.**

The Receiver has retained the services of PDR Certified Public Accountants ("PDR"), forensic accountants, to assist in investigating and analyzing the flow of funds both into and out of the Receivership Entities, and to assist in locating additional funds, if any. The Receiver has also retained the services of Riverside Financial Group ("Riverside"), financial analysts to assist in investigating and analyzing all of the trading activity. In conjunction with the Receiver, PDR and Riverside are further attempting to identify additional individuals and/or entities who may be in possession of Receivership funds. PDR is also assisting in determining the amount of each investor's loss. The Receiver has also retained the services of Otto L. Wheeler, CPA/ABV, of Wheeler Fairman & Kelly Certified Public Accountants in Austin, Texas, in connection with the Viking Oil & Gas venture discussed at Section V.A.7, above.

**VIII. The Next Sixty Days.**

The Receiver has received useful information from investors and third parties during the course of the Receivership. A number of people have contacted him with respect to the location of assets. The Receiver would like to thank those parties for their efforts. For anyone who may have information that they believe would be of use to the Receivership, the Receiver encourages those parties to bring that information to him.

The Receiver has received most but not all of the documents he has subpoenaed from third parties. It will be necessary to obtain and review all such documents in order to

complete an understanding of the flow of funds through the Receivership Entities, to identify any additional sources of recovery, and to prepare an accounting. The Receiver is working diligently on this task, but without knowing the full volume of documents he expects to receive, it is difficult to estimate the time needed for completion.

The Receiver has compiled and performed a first analysis of all individual investor accounts and is in the process of completing a second, more detailed analysis. This is a necessary task to assess and administer investor claims. The Receiver will file the necessary motion to commence the claims process. Following the Court's approval and subject to any modifications required by the Court, the Receiver will provide notice of the claims process pursuant to the terms approved by the Court.

The Receiver will proceed with the pending cases. He will continue attempts to serve process on any defendants that yet have not been served. The Receiver will continue to thoroughly consider and review any settlement offers for pending cases 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 will continue to review information to determine if any third parties may have liability either to the Receivership estate or investors. The Receiver will likely institute litigation against financial institutions that assisted Nadel and his companies.

The Receiver will continue to attempt to locate additional funds and other assets and, if appropriate, will institute proceedings to recover assets on behalf of the Receivership Entities. In an effort to more fully understand the conduct at issue and in an attempt to locate



more assets, the Receiver will continue to conduct interviews and/or depositions of parties and third parties with knowledge.

The Receiver will also continue the operations of all 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 (<http://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 to either email [jrizzo@wiandlaw.com](mailto:jrizzo@wiandlaw.com) or call Jeffrey Rizzo at 813-347-5100.

Dated this 10<sup>th</sup> day of March, 2010.

Respectfully submitted,

**s/ Burton W. Wiand**  
Burton W. Wiand, Receiver

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on March 10, 2010, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system. I further certify that I mailed the foregoing document and the notice of electronic filing by first-class mail to the following non-CM/ECF participant:

Arthur G. Nadel,  
Register No. 50690-018  
MCC New York  
Metropolitan Correctional Center  
150 Park Row  
New York, NY 10007

**s/ Gianluca Morello**

Gianluca Morello, FBN 034997

[gmorello@wiandlaw.com](mailto:gmorello@wiandlaw.com)

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*Attorneys for the Receiver, Burton W. Wiand*

**Standardized Fund Accounting Report  
for Consolidated Nadel Entities - Cash Basis  
Receivership; Civil Court Docket No. 8:09-cv-87-T-26TBM  
Reporting Period 11/01/09 to 01/31/10**

<b>Fund Accounting (See Instructions):</b>		<b>Detail</b>	<b>Subtotal</b>	<b>Grand Total</b>
Line 1	Beginning Balance (As of 11/01/09):			3,937,351.29
	<b>Increases in Fund Balance:</b>			
Line 2	Business Income	720,409.84		
Line 3	Cash and Securities	25.29		
Line 4	Interest/Dividend Income	27,790.35		
Line 5	Business Asset Liquidation	428,225.25		
Line 6	Personal Asset Liquidation	-		
Line 7	Third-Party Litigation Income	1,502,461.12		
*Line 8	Miscellaneous - Other	393.91		
<b>Total Funds Available (Line 1 - 8):</b>			<b>2,679,306.76</b>	<b>6,616,657.05</b>
	<b>Decreases in Fund Balance:</b>			
Line 9	Disbursements to Investors			
*Line 10	Disbursements for Receivership in Operations	0.00		
Line 10a	Disbursements to Receiver or Other Professionals	318,869.46		
Line 10b	Business Asset Expenses	558,173.90		
Line 10c	Personal Asset Expenses	-		
Line 10d	Investment Expenses			
Line 10e	p			
	1. Attorney Fees			
	2. Litigation Expenses			
	<b>Total Third-Party Litigation Expenses</b>			
Line 10f	Tax Administrator Fees and Bonds			
Line 10g	Federal and State Tax Payments	17,900.67		
	<b>Total Disbursements for Receivership Operations</b>		<b>\$894,944.03</b>	<b>\$894,944.03</b>
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			
Line 11a	Distribution Plan Development Expenses:			
	1. Fees:			
	Fund Administrator			
	Independent Distribution Consultant (IDC)			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Miscellaneous			
	<b>Total Plan Development Expenses</b>			

Line 8      transfer from Viking Oil & Gas, LLC to close account  
Line 10     Money transferred from other companies to receiver acct

**EXHIBIT A**

**Standardized Fund Accounting Report**  
**for Consolidated Nadel Entities - Cash Basis**  
**Receivership; Civil Court Docket No. 8:09-cv-87-T-26TBM**  
**Reporting Period 11/01/09 to 01/31/10**

<b>Fund Accounting (See Instructions):</b>		<b>Detail</b>	<b>Subtotal</b>	<b>Grand Total</b>
<i>Line 11b</i>	<i>Distribution Plan Implementation Expenses:</i>			
	1. Fees:			
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Investor Identification:			
	Notice/Publishing Approved Plan			
	Claimant Identification			
	Claims Processing			
	Web Site Maintenance/Call Center			
	4. Fund Administrator Bond			
	5. Miscellaneous			
	6. Federal Account for Investor Restitution (FAIR) Reporting Expenses			
	<b>Total Plan Implementation Expenses</b>			
	<b>Total Disbursements for Distribution Expenses Paid by the Fund</b>			
<i>Line 12</i>	<i>Disbursements to Court/Other:</i>			
<i>Line 12a</i>	<i>Investment Expenses/Court Registry Investment System (CRIS) Fees</i>			
<i>Line 12b</i>	<i>Federal Tax Payments</i>			
	<b>Total Disbursements to Court/Other:</b>			
	<b>Total Funds Disbursed (Lines 9 - 11)</b>			\$894,944.03
<i>Line 13</i>	<i>Ending Balance (As of 10/31/09)</i>			5,721,713.02
<i>Line 14</i>	<i>Ending Balance of Fund - Net Assets:</i>			5,721,713.02
<i>Line 14a</i>	<i>Cash &amp; Cash Equivalents</i>			3,838,686.62
<i>Line 14b</i>	<i>Investments</i>			1,883,026.40
<i>Line 14c</i>	<i>Other Assets or Uncleared Funds</i>			
	<b>Total Ending Balance of Fund - Net Assets</b>			5,721,713.02