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February 2, 2005

Jason A. Lessinger, Esquire
Icard, Merrill
P. O. Drawer 4195
Sarasota, Florida 34230

Re: **Donald Rowe**

Dear Mr. Lessinger:

Please be advised that we represent Mr. Art Nadel, Mr. Neil Moody, Mr. Christopher Moody, Scoop Management, Inc. and Valhalla Management, Inc. This letter is in response to yours of January 25th. In your letter, you reference several individuals and entities whom you represent. Please note that any contract my clients had was with Donald Rowe, individually.

You also reference an oral agreement, however you do not specify the terms of this agreement. Any such "agreement" is invalid and unenforceable.

1. First of all, your letter describes your clients' services as "ongoing" over a period in excess of one year, which, as you know, renders them ineligible for an oral contract under the Florida statute of frauds.

2. Also, since your clients claim that this agreement was for payment for your clients' solicitation of hedge fund investors, please be aware that under both Federal and Florida securities laws, your clients would have to be registered as a broker/dealer to accept such payments. My clients do not offer separate advisory services, only hedge funds. Interests in hedge funds are securities. Those who induce sales of such securities for a fee are deemed to be in receipt of commissions and are required to be appropriately licensed and associated with a federal and state registered broker entity. This is a well settled state and federal law. Although our research is preliminary, we have been unable to confirm that any of the individuals or entities referenced is registered pursuant to Fla.Stat. § 517.12 or federal law. Accordingly, if any such agreement did exist, the agreement would be void under Florida law which consistently refuses to enforce a contract to sell securities unless the "solicitor" is a registered broker. See *Umbel v. Food Trader.Com, Inc.*, 820 So.2d 372 (Fla. 3rd DCA 2002); *Buehler v. LTI International, Inc.*, 762 So.2d 530 (Fla. 2nd DCA 2000).

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3. Regulators view sales of hedge funds also to constitute solicitations of advisory services, which require advisor registration of the solicitor. The remedy for failure to register is reimbursement of fees.

4. The investment funds operated by my clients are exempt from federal securities law registration based on being "privately placed" without general solicitation. To the extent Mr. Rowe has offered these products via the internet or by other general solicitation, his actions violate federal securities laws and the terms of any agreement with my clients, and render any such agreement unenforceable.

I would suggest a careful review of Chapter 517 and all relevant federal statutes, together with the ramifications provided therein, when advising your clients whether to proceed with this claim. In addition to a right to terminate any alleged agreement, my clients and their related investment funds may have a cause of action to recoup past fees and a right to be made whole for any losses caused to them by your clients' improperly unregistered status.

Initially, my clients had agreed that their relationship with Mr. Rowe would continue until the end of 2005. Due to your clients' statements and actions wherein Mr. Rowe has advised certain individuals to withdraw their investments from the funds, your client is in breach of any alleged agreement. Any payments otherwise agreed to be paid as set forth in my client's previous correspondence are hereby withdrawn. Further, any continued efforts by your clients to induce my clients' investors to withdraw their funds will be considered a tortious interference with contract and dealt with accordingly.

Please contact me directly should you wish to discuss this matter further.

Very truly yours,

**NORTON, HAMMERSLEY, LOPEZ
& SKOKOS, P.A.**



John W. Chapman, Jr.

cc: clients

JWC/sm

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