

**UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA  
TAMPA DIVISION**

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

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

Defendants.

CASE NO.: 8:09-cv-0087-T-26TBM

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.

**RECEIVER'S UNOPPOSED MOTION TO APPROVE  
EXCHANGE OF WARRANTS FOR COMMON SHARES OF BONDS.COM**

Pursuant to 28 U.S.C. § 754, Fed. R. Civ. P. 66, and Rule 3.01 of the Local Rules of the Middle District of Florida, Burton W. Wiand, as Receiver (the "Receiver"), respectfully moves the Court for entry of order approving the exchange of warrants for common shares of Bonds.com.

## BACKGROUND

On January 21, 2009, the Securities and Exchange Commission (“Commission”) initiated this action to prevent the defendants from further defrauding investors of hedge funds operated by them. That same day, the Court entered an order appointing Burton W. Wiand as Receiver for Defendants Scoop Capital, LLC (“Scoop Capital”) and Scoop Management, Inc. (“Scoop Management”) and Relief Defendants Scoop Real Estate, L.P.; Valhalla Investment Partners, L.P.; Valhalla Management, Inc.; Victory Fund, Ltd.; Victory IRA Fund, Ltd.; Viking IRA Fund, LLC; Viking Fund, LLC; and Viking Management, LLC (the “Order Appointing Receiver”). (*See generally* Order Appointing Receiver (Doc. 8).) The Court subsequently granted several motions to expand the scope of the receivership to include Tradewind, LLC (Doc. 17) and other entities owned or controlled by Arthur Nadel (*See generally* Docs. 17, 44, 68, 81, 153, 172.). All of the entities in receivership are hereinafter referred to collectively as the “Receivership Entities.”

Pursuant to the Order Appointing Receiver, the Receiver has the duty and authority to: “administer and manage the business affairs, funds, assets, choses in action and any other property of the Defendants and Relief Defendants; marshal and safeguard all of the assets of the Defendants and Relief Defendants; and take whatever actions are necessary for the protection of the investors.” (Order Appointing Receiver at 1-2.) In particular, the Receiver was directed to:

[t]ake immediate possession of all property, assets and estates of every kind of the [Receivership Entities], whatsoever and wheresoever located belonging to or in the possession of the [Receivership Entities], including but not limited to all offices maintained by the [Receivership Entities], rights of action, books, papers, data processing records, evidences of debt, bank accounts, savings accounts, certificates of deposit, stocks, bonds, debentures and other

securities, mortgages, furniture, fixtures, office supplies and equipment, and all real property of the [Receivership Entities] wherever situated, and to administer such assets as is required in order to comply with the directions contained in this Order, and to hold all other assets pending further order of this Court . . . .

(*Id.* at 2.)

Bonds.com has extended an offer to exchange its outstanding warrants for common shares in the company. Relevant portions of the offering documents are attached hereto as Exhibit A. According to the offering documents, shares of the company’s stock are trading at approximately \$.20 per share. The Receiver holds warrants with strike prices of \$.66 and \$.46875 respectively. Over the past two years, the common stock trading range was \$.15 – \$1.75 per share. The chart below identifies the warrants held by the Receiver. It also describes the source of these warrants.

Registration	Warrants	Strike Price (\$)	Exchange Ratio	Quantity of Common Stock	Value @ Exchanged Shares *\$.20
Christopher D Moody	824,566	.66	.14	237,063	\$47,412.60
Neil V. Moody Rev Trust	378,717	.66	.17	53,562	\$10,712.40
Neil V. Moody Rev Trust	166,670	.46875	.29	47,918	\$9,583.60
Christopher D. Moody Rev Trust	33,334	.66	.14	9,584	\$1,916.80
Valhalla Investment Partners	135,869	.66	.14	39,062	\$7,812.40
					\$77,437.80

The company determined the exchange ratio of warrants to common share by using estimating the value of the warrant using the industry accepted “Black-Scholes” model and dividing it by a price per share of common stock equal to \$.24. The exchange ratio for the Receiver’s warrants is reflected above. Should all of the outstanding warrants be exercised it would increase the company’s outstanding shares by over 100%. The company undertakes the exchange of warrants to common shares to decrease the potential shares outstanding, which the company believes impedes the development of a market for the company’s shares and also decreases its share price.

The exchange must be accepted by July 29, 2010 and 95% of the warrant holders must accept the exchange in order for it to be an affect. The strike price is considerably more than the exchange value and the warrants are not of any value while they are below their strike price. Currently, the company is in the development stages and dependent on acquiring additional funding in order to continue as a going concern.

In addition to the warrants to be exchanged, the Receivership holds over 3.5 million shares of Bonds.com stock and notes of over \$2 million dollars that are convertible into over 10 million shares of Bonds.com stock. At this time, these holdings are illiquid and their value is dependent on the success of the company. The Receiver believes that this exchange will benefit Bonds.com in a way to secure future value of the company’s securities, which ultimately benefits the Receivership Estate in the long term. Since Bonds.com is a thinly traded company, this exchange may enhance the market price and/or potential development

of the company. The Receiver believes that the exchange of warrants to common stock of Bonds.com is in the best interest of the Receivership.

**MEMORANDUM OF LAW**

The Court's power to supervise an equity receivership and to determine the appropriate actions to be taken in the administration of the receivership is extremely broad. *SEC v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992); *SEC v. Hardy*, 803 F.2d 1034, 1038 (9th Cir. 1986). The Court's wide discretion derives from the inherent powers of an equity court to fashion relief. *Elliott*, 953 F.2d at 1566; *SEC v. Safety Finance Service, Inc.*, 674 F.2d 368, 372 (5th Cir. 1982). The relief sought by the Receiver falls squarely within those powers. Furthermore, the relief sought is in furtherance of the duties and authorities bestowed upon the Receiver by the Order Appointing Receiver.

WHEREFORE, the Receiver, Burton W. Wiand, as Receiver, respectfully requests this Court to enter an Order approving the exchange of warrants for common stock in Bonds.com.

**CERTIFICATE UNDER LOCAL RULE 3.01(g)**

Undersigned counsel has conferred with counsel for the SEC and is authorized to represent to the Court that this motion is unopposed.

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on July 29, 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 participants.

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