

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

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

Case No. 8:09-cv-87-T-26TBM

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

Defendants,

SCOOP REAL ESTATE, L.P.;  
VALHALLA INVESTMENT PARTNERS, L.P.;  
VALHALLA MANAGEMENT, INC.;  
VICTORY IRA FUND, LTD;  
VICTORY FUND, LTD;  
VIKING IRA FUND, LLC;  
VIKING FUND, LLC; AND  
VIKING MANAGEMENT, LLC

Relief Defendants.

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**RECEIVER'S UNOPPOSED EIGHTH INTERIM MOTION FOR ORDER  
AWARDING FEES, COSTS, AND REIMBURSEMENT OF COSTS  
TO RECEIVER AND HIS PROFESSIONALS**

Burton W. Wiand, as Receiver, by and through his undersigned counsel and pursuant to Rule 66 of the Federal Rules of Civil Procedure and the Court's Order Appointing Receiver dated January 21, 2009 (the "**Order Appointing Receiver**"; Doc. 8), respectfully moves this Court for the entry of an order awarding fees, costs, and reimbursement of costs to the Receiver and his professionals. This motion covers all fees and costs incurred for the five month period from August 1, 2010 through December 31, 2010. The Standardized

Fund Accounting Reports (“**SFAR**”) for this period are attached hereto as composite **Exhibit 1**.<sup>1</sup> For the time covered by this Motion, the Receiver and Wiand Guerra King P.L. (“**WGK**”) seek total fees and costs of \$771,617.72. During this same time, the Receiver collected **\$7,966,323.71** in cash from settlements, gross business income, interest/dividend income, business asset liquidation, and other miscellaneous income.

Since the appointment of the Receiver, he and those he has retained to assist him have engaged in substantial and continuing efforts for the benefit of the Receivership. As of the date of this Motion, among other things, the Receiver and his professionals have done the following:

- Pursued and continue to pursue litigation for (1) the recovery of false profits from investors (i.e., from “Profiteers”); (2) the recovery of distributions from Receivership Entities to Neil and Sharon Moody, Donald and 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;
- Reached agreements to settle with 129 Profiteers for a total amount of \$19,241,728.03 as of June 30, 2011;
- Sold or reached agreements in principle to sell Receivership assets that should result in approximately **\$4,231,281.69** for the Receivership and the waiver or resolution of more than **\$8 million** in debt obligations of Receivership Entities;
- Filed the appropriate federal tax forms on behalf of Chris Moody, Neil Moody, Marguerite Nadel, and Sharon Moody seeking refunds in the total amount of approximately **\$3,737,243**;
- Successfully recovered the total amount of approximately **\$2,555,225** in federal tax refunds issued for Peg and Art Nadel, Sharon Moody, and Chris Moody;

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<sup>1</sup> The Securities and Exchange Commission (the “**Commission**”) provided the Receiver with detailed Billing Instructions for Receivers in Civil Actions Commenced by the Commission (the “**Billing Instructions**”). The SFAR is one of the requirements contained in the Billing Instructions.

- Expanded the Receivership to include **11** additional business entities and one trust;
- Obtained possession of additional property in Georgia, North Carolina, Mississippi, Ohio, Colorado, Tennessee, and Florida bringing the Receivership's current real and personal property holdings to more than 420 acres; three office/retail buildings; seven residential properties; 31 aircraft hangars; and other miscellaneous items, including artwork and furniture;
- Obtained control of (1) a \$4 million interest in Quest Energy Management, (2) more than 7.5 million shares of Bonds.com stock, and (3) various promissory notes totaling more than \$2.7 million;
- Assisted the Commission with obtaining the entry of judgments enjoining Neil V. Moody and Christopher D. Moody (at times collectively referred to as the "**Moody's**") from further violations of the anti-fraud provisions of the federal securities laws and allowing the Commission to seek disgorgement and/or civil penalties from the Moody's by motion to the Court;
- Entered into an agreement in principle with Neil Moody wherein he agreed to cooperate with the Receiver to effect the orderly transfer of all of his assets and to provide assistance, as necessary, in connection with the Receiver's efforts to recover monies from third parties;
- Worked on recovering assets in the possession of Neil Moody and Chris Moody;
- Pursued his malpractice action against Holland & Knight, including successfully overcoming motions to dismiss; the complaint seeks to recover as much as possible of the approximately \$168 million out-of-pocket losses suffered by investors;
- Instituted the claims process and published notice of the same by (1) direct mail of more than 1250 packages to known investors and their attorneys, if any, and other known potential creditors of the Receivership estate; (2) global publication on one day in The Wall Street Journal and publication on one day in the Sarasota-Herald Tribune on June 15, 2010; and (3) web access to all pertinent claims process documents on the Receiver's website, [www.nadelreceivership.com](http://www.nadelreceivership.com);
- Reviewed and analyzed more than 500 Proof of Claim Forms, identified deficiencies in numerous Proof of Claim Forms and sent more than 130 letters to claimants notifying them of deficiencies in their respective Proof of Claim Forms

and allowing them an opportunity to timely return an amended Proof of Claim Form to preserve their claims; and

- Continued to operate ongoing businesses, and where possible, enhance the value of those businesses resulting in the generation of more than \$3,598,066.33 in gross business income since the appointment of the Receiver.

### **Case Background and Status**

As of the date of filing this Motion, the Court has appointed Burton W. Wiand as Receiver over the following entities and trust:

- a) Defendants Scoop Capital, LLC; and Scoop Management, Inc.;
- b) Relief Defendants Scoop Real Estate, L.P.; Valhalla Investment Partners, L.P.; Victory IRA Fund, Ltd.; Victory Fund, Ltd.; Viking IRA Fund, LLC; and Viking Fund LLC; Valhalla Management, Inc.; and Viking Management, LLC; and
- c) 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; and Traders Investment Club.

(See Docs. 8, 17, 44, 68, 81, 153, 172, 454.) The foregoing entities and trust are collectively referred to as the “**Receivership Entities.**”

On November 18, 2010, the Receiver filed the Seventh Interim Report (Doc. 540) for the period covering May 1, 2010 through September 30, 2010. On March 14, 2011, the Receiver filed the Eighth Interim Report (Doc. 609) for the period covering October 1, 2010 through December 31, 2010. These Interim Reports contain comprehensive and detailed information regarding the case background and status; the recovery and disposition of assets; financial information on Receivership Entities; the proposed course of action to be taken regarding assets in the Receivership estate; and related litigation involving Receivership

Entities. The Receiver incorporates the Seventh Interim Report and the Eighth Interim Report into this Motion for Fees and has attached a true and correct copy of these Interim Reports as **Exhibit 2** and **Exhibit 3** for the Court's convenience. These Interim Reports report on all of the activity which resulted in the fees and costs sought in this Motion. Throughout this Motion, the Seventh Interim Report and Eighth Interim Report will be referred to collectively as "**Interim Report.**"

### **Professional Services Rendered and Costs Incurred**

Paragraph 4 of the Order Appointing Receiver authorizes the Receiver to

[a]ppoint one or more special agents, employ legal counsel, actuaries, accountants, clerks, consultants and assistants as the Receiver deems necessary and to fix and pay their reasonable compensation and reasonable expenses, as well as all reasonable expenses of taking possession of the assets and business of the Defendants and Relief Defendants, and exercising the power granted by this Order, subject to approval by this Court at the time the Receiver accounts to the Court for such expenditures and compensation.

Pursuant to this paragraph, the Receiver retained, among others,<sup>2</sup> (1) PDR Certified Public Accountants ("**PDR**") to provide accounting services; (2) Riverside Financial Group ("**Riverside**") to provide financial analyses; (3) E-Hounds, Inc. ("**E-Hounds**") to provide computer forensic services; (4) Fowler White Boggs P.A. ("**Fowler White**"), and

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<sup>2</sup> The others retained in more limited capacities include: (1) Wheeler, Fairman & Kelley, Certified Public Accountants ("**Wheeler Fairman**") to provide forensic accounting services in connection with the Receivership's interest in Quest Energy Management Group, Inc.; and (2) Johnson, Pope, Bokor, Ruppel & Burns ("**Johnson Pope**") to provide legal services in connection with one action against a profiteer; and (3) four law firms located in states outside of Florida to assist with property and/or estate issues unique to each state (Jones & Keller, P.C. ("**Jones Keller**"), Colorado; Jones, Blechman, Woltz & Kelly, P.C. ("**Jones Blechman**"), Virginia; Stanifer & Stanifer ("**Stanifer**"), Tennessee; Husch Blackwell, Missouri).

subsequently **WGK** to provide legal services; and (5) RWJ Group, LLC (“**RWJ**”) to provide asset management services (collectively, the “**Professionals**”).<sup>3</sup>

On May 13, 2009, the Receiver filed his First Interim Motion for Order Awarding Fees, Costs, and Reimbursement of Costs to Receiver and His Professionals. (Doc. 129.)

The amounts requested therein were as follows:

Burton W. Wiand	\$59,080.00
Fowler White Boggs P.A.	\$206,974.14
PDR Certified Public Accountants	\$44,794.00
Riverside Financial Group	\$14,962.50
E-Hounds, Inc.	\$10,453.12

The Court granted the First Interim Motion in full. (Doc. 130). No amounts remain unpaid.

On July 27, 2009, the Receiver filed his Second Interim Motion for Order Awarding Fees, Costs, and Reimbursement of Costs to Receiver and his Professionals. (Doc. 164.)

The amounts requested therein were as follows:

Burton W. Wiand	\$59,143.00
Fowler White Boggs P.A.	\$298,425.61
PDR Certified Public Accountants	\$60,558.71
Riverside Financial Group	\$2,450.00
E-Hounds, Inc.	\$8,781.25

The Court granted the Second Interim Motion in full. (Doc. 165.) No amounts remain unpaid.

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<sup>3</sup> As noted in the Fourth Interim Report (Doc. 240 at n.2), the Receiver and certain of his counsel of record in this case moved from Fowler White Boggs P.A. to Wiand Guerra King P.L. The Receiver has continued to use some professionals at Fowler White Boggs where such use is in the best interests of the Receivership.

On September 21, 2009, the Receiver filed his Third Interim Motion for Order Awarding Fees, Costs, and Reimbursement of Costs to Receiver and his Professionals. (Doc. 200.) The amounts requested therein were as follows:

Burton W. Wiand	\$38,360.00
Fowler White Boggs P.A.	\$251,286.46
PDR Certified Public Accountants	\$48,238.61
Riverside Financial Group	\$1,312.50
E-Hounds, Inc.	\$2,975.00

The Court granted the Third Interim Motion in full. (Doc. 201.) No amounts remain unpaid.

On December 16, 2009, the Receiver filed his Fourth Interim Motion for Order Awarding Fees, Costs, and Reimbursement of Costs to Receiver and his Professionals. (Doc. 259.) The amounts requested therein were as follows:

Burton W. Wiand	\$51,378.39
Fowler White Boggs P.A.	\$204,708.77
PDR Certified Public Accountants	\$39,918.75
Riverside Financial Group	\$4,371.20
E-Hounds, Inc.	\$43.75

The Court granted the Fourth Interim Motion in full. (Doc. 266.) No amounts remain unpaid.

On April 21, 2010, the Receiver filed his Fifth Interim Motion for Order Awarding Fees, Costs, and Reimbursement of Costs to Receiver and his Professionals. (Doc. 392.) The amounts requested therein were as follows:

Burton W. Wiand	\$51,450.00
Fowler White Boggs P.A.	\$289,244.41
Wiand Guerra King P.L.	\$373,023.44
Johnson Pope, Bokor Ruppel & Burns, LLP	\$1,670.20
PDR Certified Public Accountants	\$113,044.80
Riverside Financial Group	\$3,113.75
E-Hounds, Inc.	\$4,281.25

The Court granted the Fifth Interim Motion in full. (Doc. 395.) No amounts remain unpaid.

On October 7, 2010, the Receiver filed his Sixth Interim Motion for Order Awarding Fees, Costs, and Reimbursement of Costs to Receiver and his Professionals. (Doc. 496.)

The amounts requested therein were as follows:

Burton W. Wiand	\$37,450.00
Wiand Guerra King P.L.	\$345,503.61
Fowler White Boggs P.A.	\$16,270.32
Johnson Pope, Bokor Ruppel & Burns, LLP	\$3,612.96
PDR Certified Public Accountants	\$76,740.00
RWJ Group, LLC	\$11,064.23
Wheeler, Fairman & Kelley, CPA	\$7,497.68

The Court granted the Sixth Interim Motion in full. (Doc. 497.) No amounts remain unpaid.

On December 15, 2010, the Receiver filed his Seventh Interim Motion for Order Awarding Fees, Costs, and Reimbursement of Costs to Receiver and his Professionals. (Doc. 577.) The amounts requested therein were as follows:

Burton W. Wiand, Receiver	\$27,090.00
Fowler White Boggs P.A.	\$19,506.85
Wiand Guerra King P.L.	\$446,083.43
RWJ Group, LLC	\$17,207.93
Johnson, Pope, Bokor, Ruppel & Burns, LLP	\$1,252.80
PDR Certified Public Accountants	\$104,677.40
Riverside Financial Group	\$28,974.44
E-Hounds, Inc.	\$3,221.25

The Court granted the Seventh Interim Motion in full. (Doc. 582.) No amounts remain unpaid.

As described above and more fully in the Interim Report, the Professionals have provided services and incurred expenses to investigate the affairs of the Receivership

Entities, preserve and sell Receivership assets, attempt to locate and recover additional assets, and institute and pursue litigation. These services are for the benefit of aggrieved investors, creditors, and other interested parties of the Receivership Entities.

**I. The Receiver.**

The Receiver requests the Court award him fees for the professional services rendered for the five months from August 1, 2010, through December 31, 2010, in the amount of \$63,175.00. The standard hourly rate which the Receiver charges clients is \$450. However, the Receiver agreed that for purposes of his appointment as the Receiver, his hourly rate would be reduced to \$350 per hour, representing a little more than a twenty-two percent (22%) discount off the standard hourly rate which he charges clients in comparable matters. This rate was set forth in the Commission's Emergency Motion for Appointment of Receiver and Memorandum of Law (Doc. 6), which the Court granted on January 21, 2009 (Doc. 8).

The Receiver commenced services immediately upon his appointment. The Receiver has billed his time for these activities in accordance with the Billing Instructions. The Billing Instructions request that this Motion contain a narrative of each "business enterprise or litigation matter" for which outside professionals have been employed. The Billing Instructions identify each such business enterprise or litigation matter as a separate "project."

Further, the Billing Instructions request that time billed for each project be allocated to one of several Activity Categories.<sup>4</sup>

**A. The Receivership.**

During the relevant period of this Receivership, the work of the Receiver and WGK focused on investigating the fraud and related activities underlying this matter; locating and taking control of Receivership assets; investigating, pursuing, and recovering additional assets for the Receivership; selling or otherwise disposing of assets in a manner that is in the best interests of the Receivership; and pursuing litigation to recover false profits and other improper transfers. These activities of the Receiver are set forth in detail in the Interim Report. (Ex. 2; Ex. 3.) A copy of the statement summarizing the Receiver's services rendered and costs incurred for the Receivership is attached hereto as **Exhibit 4**. The Receiver's time and fees for services rendered for each Activity Category for the five months from August 1, 2010 through December 31, 2010 are as follows:

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<sup>4</sup> The Activity Categories set forth by the Commission in the Billing Instructions are as follows: (1) Asset Analysis and Recovery, which is defined as identification and review of potential assets including causes of action and non-litigation recoveries; (2) Asset Disposition, which is defined as sales, leases, abandonment and related transaction work (where extended series of sales or other disposition of assets is contemplated, the Billing Instructions provide that a separate category should be established for each major transaction); (3) Business Operations, which is defined as issues related to operation of an ongoing business; (4) Case Administration, which is defined as coordination and compliance activities, including preparation of reports to the court, investor inquiries, etc.; (5) Claims Administration and Objections, which is defined as expenses in formulating, gaining approval of and administering any claims procedure; and (6) Employee Benefits/Pensions, which is defined as reviewing issues such as severance, retention, 401k coverage and continuance of pension plan. The Billing Instructions provide that time spent preparing motions for fees may not be charged to the Receivership Estate. In accordance with these instructions, the Receiver created an additional Activity Category for work on fees motions and has accounted for the time spent on such work but has not charged any amount for this work.

**Receivership**  
**Receiver's Time and Fees for Services Rendered**

Activity Category	Hours Expended	Fee Amount
Asset Analysis and Recovery	34.40	\$12,040.00
Asset Disposition	20.30	\$7,105.00
Business Operations	1.50	\$525.00
Case Administration	9.20	\$3,220.00
<b>TOTAL</b>	<b>65.40</b>	<b>\$22,890.00</b>

**B. Discrete Litigation Matters and Projects.**

In conjunction with the Receivership, the following six discrete litigation matters or projects have been formally commenced by the Receiver.

**1. Home Front Homes Litigation.**

This was a lawsuit against Brian C. Bishop, a former employee who also had an ownership interest in Home Front Homes, LLC (“**Home Front Homes**”) an operating business. (*See also* Ex. 2 § V.A.8; Ex. 3 § V.A.8.) Although the litigation settled, Mr. Bishop did not comply with the terms of the settlement, and the Receiver had to initiate contempt proceedings against him. (*See also id.*) This matter has since been resolved. (*See id.*) The Receiver did not charge any fees or incur any costs for this matter for the time covered by this Motion.

**2. Carolina Mountain Land Conservancy Easement.**

This is a project involving the recovery of a conservancy easement that Laurel Mountain Preserve, LLC, granted to the Carolina Mountain Land Conservancy. (*See also* Ex. 2 § V.A.3; Ex. 3 § V.A.3.) The Receiver did not charge any fees or incur any costs for this matter for the time covered by this Motion.

### 3. Recovery of False Profits from Investors.

This is a project involving the Receiver's efforts to recover profits from investors whose purported accounts received monies in an amount that exceeded their investments. (See also Ex. 2 § V.E.1; Ex. 3 § V.E.1.) 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 funds of new and existing investors. A copy of the statement summarizing the services rendered and costs incurred by the Receiver for the five months from August 1, 2010 through December 31, 2010, for this project is attached hereto as **Exhibit 5**. The Receiver's time and fees for services rendered for each Activity Category are as follows:

#### **Recovery from Investors** **Receiver's Time and Fees for Services Rendered**

Activity Category	Hours Expended	Fee Amount
Asset Analysis and Recovery	90.50	\$29,925.00
<b>TOTAL</b>	<b>90.50</b>	<b>\$29,925.00</b>

### 4. Recovery of Assets from the Moodys.

This is a project involving the Receiver's efforts to recover money and assets from the Moodys. (See also Ex. 2 §§ V.D and V.E.2; Ex. 3 §§ V.D and V.E.2.) A copy of the statement summarizing the services rendered and costs incurred by the Receiver for the five months from August 1, 2010 through December 31, 2010, for this project is attached hereto as **Exhibit 6**. The Receiver's time and fees for services rendered for each Activity Category are as follows:

**Recovery from Chris and Neil Moody**  
**Receiver's Time and Fees for Services Rendered**

Activity Category	Hours Expended	Fee Amount
Asset Analysis and Recovery	6.40	\$2,240.00
<b>TOTAL</b>	<b>6.40</b>	<b>\$2,240.00</b>

**5. Recovery from Recipients of Commissions and Other Transfers.**

This is a project involving the Receiver's efforts to recover commissions and/or other transfers from individuals and/or entities who received commissions or other improper transfers from the Receivership Entities. (See Ex. 2 § V.E.3 and Ex. 3 § V.E.3.) A copy of the statement summarizing the services rendered and costs incurred by the Receiver for the five months from August 1, 2010 through December 31, 2010, for this project is attached hereto as **Exhibit 7**. The Receiver's time and fees for services rendered for each Activity Category are as follows:

**Recovery of Commissions and Other Transfers**  
**Receiver's Time and Fees for Services Rendered**

Activity Category	Hours Expended	Fee Amount
Asset Analysis and Recovery	1.30	\$455.00
<b>TOTAL</b>	<b>1.30</b>	<b>\$455.00</b>

**6. Litigation Against Holland & Knight LLP.**

This is a project involving the Receiver's pursuit of malpractice and other claims by the Hedge Funds against Holland & Knight seeking to recover as much as possible of the approximately \$168 million out-of-pocket losses suffered by investors. (See Ex. 2 § V.E.6; Ex. 3 § V.E.6.) A copy of the statement summarizing the services rendered and costs

incurred by the Receiver for the five months from August 1, 2010 through December 31, 2010, for this project is attached hereto as **Exhibit 8**. The Receiver's time and fees for services rendered for each Activity Category are as follows:

**Litigation Against Holland & Knight**  
**Receiver's Time and Fees for Services Rendered**

Activity Category	Hours Expended	Fee Amount
Asset Analysis and Recovery	26.40	\$7,665.00
<b>TOTAL</b>	<b>26.40</b>	<b>\$7,665.00</b>

**II. Wiand Guerra King P.L.**

The Receiver requests the Court award WGK fees for professional services rendered and costs incurred for the five months from August 1, 2010 through December 31, 2010, in the amounts of \$673,858.95 and \$34,583.77, respectively. A categorization and summary of all costs for which WGK seeks reimbursement is attached hereto as **Exhibit 9**.

As an accommodation to the Receiver, WGK agreed to reduce the hourly rates of the Receiver's counsel in accordance with the discounted fee structure that was in place at Fowler White as provided in the Fee Schedule attached hereto as **Exhibit 10**. WGK began providing services on November 8, 2009. The activities of WGK for the time covered by this Motion are set forth in the Interim Report. (*See* Ex. 2; Ex. 3.) WGK has billed time for these activities in accordance with the Billing Instructions.

**A. The Receivership.**

As discussed above, during the relevant period of this Receivership, the work of the Receiver and WGK focused on investigating the fraud and related activities underlying this matter; locating and taking control of Receivership assets; investigating, pursuing, and

recovering additional assets for the Receivership; and pursuing litigation as detailed in the Interim Report. (Ex. 2; Ex. 3.) A copy of the statement summarizing the services rendered and costs incurred by WGK for the foregoing for the five months from August 1, 2010 through December 31, 2010, is attached hereto as **Exhibit 11**. WGK's time and fees for services rendered on this matter for each Activity Category are as follows:

**Receivership**  
**WGK's Time and Fees for Services Rendered**

Activity Category	Hours Expended	Fee Amount
Asset Analysis and Recovery	617.60	\$131,041.00
Asset Disposition	139.20	\$22,610.80
Business Operations	39.30	\$5,393.70
Case Administration	93.90	\$21,175.00
Claims Administration	469.30	\$87,633.00
<b>TOTAL</b>	<b>1,359.30</b>	<b>\$267,853.50</b>

As mentioned above, the Receiver has continued to utilize select Fowler White attorneys to continue work on certain limited and discrete matters related to the Receivership where such use is in the best interests of the Receivership. Fowler White started providing services immediately upon the appointment of the Receiver. The activities of Fowler White for the time covered by this Motion are set forth in the Interim Report. (See Ex. 2; Ex. 3.) Fowler White has billed time for these activities in accordance with the Billing Instructions. Fowler White has continued to bill time in accordance with the discounted fee structure that was in place while the Receiver was at Fowler White. (See Ex. 10.) The Receiver requests the Court award Fowler White fees for professional services rendered and costs incurred for the five months from August 1, 2010 through December 31, 2010, in the amounts of \$68,873.75 and \$615.65, respectively. A copy of the statement summarizing Fowler White's

services rendered and costs incurred from August 1, 2010 through December 31, 2010, is attached hereto as **Exhibit 12**. Fowler White’s time and fees for services rendered on this matter for each Activity Category are as follows:

**Receivership**  
**Fowler White’s Time and Fees for Services Rendered**

Activity Category	Hours Expended	Fee Amount
Asset Analysis and Recovery	271.70	\$53,434.70
Asset Disposition	79.20	\$15,361.65
Business Operations	.40	\$77.40
<b>TOTAL</b>	<b>351.30</b>	<b>\$68,873.75</b>

**B. Discrete Litigation Matters and Projects.**

WGK professionals also provided services in connection with the six litigation matters and/or projects discussed above.

**1. Home Front Homes Litigation.**

This was a lawsuit against Brian C. Bishop, a former employee who also had an ownership interest in Home Front Homes, LLC (“**Home Front Homes**”) an operating business. (*See* Ex. 2 § V.A.8; Ex. 3 § V.A.8.) Although the litigation settled, Mr. Bishop did not comply with the terms of the settlement, and the Receiver had to initiate contempt proceedings against him. (*See id.*) This matter has since been resolved. (*See id.*) A copy of the statement summarizing WGK’s services rendered and costs incurred for the five months from August 1, 2010 through December 31, 2010, for this project is attached hereto as **Exhibit 13**. WGK’s time and fees for services rendered on this matter for each Activity Category are as follows:

**Home Front Homes Litigation**  
**WGK's Time and Fees for Services Rendered**

Activity Category	Hours Expended	Fee Amount
Asset Analysis and Recovery	4.50	\$1,065.15
<b>TOTAL</b>	<b>4.50</b>	<b>\$1,065.15</b>

**2. Carolina Mountain Land Conservancy.**

This is a project involving the recovery of a conservancy easement that Laurel Mountain Preserve, LLC, granted to the Carolina Mountain Land Conservancy. (*See also* Ex. 2 § V.A.3; Ex. 3 § V.A.3.) A copy of the statement summarizing WGK's services rendered and costs incurred for the five months from August 1, 2010 through December 31, 2010, for this project is attached hereto as **Exhibit 14**. WGK's time and fees for services rendered on this matter for each Activity Category are as follows:

**Carolina Mountain Land Conservancy**  
**WGK's Time and Fees for Services Rendered**

Activity Category	Hours Expended	Fee Amount
Asset Analysis and Recovery	2.30	\$724.50
<b>TOTAL</b>	<b>2.30</b>	<b>\$724.50</b>

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

This is a project involving the Receiver's efforts to recover profits from investors whose purported accounts received monies in an amount that exceeded their investments. (*See also* Ex. 2 § V.E.1; Ex. 3 § V.E.1.) 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 funds of new and existing investors. A copy of the statement summarizing

WGK's services rendered and costs incurred for the five months from August 1, 2010 through December 31, 2010, for this project is attached hereto as **Exhibit 15**. WGK's time and fees for services rendered on this matter for each Activity Category are as follows:

**Recovery from Investors**  
**WGK's Time and Fees for Services Rendered**

Activity Category	Hours Expended	Fee Amount
Asset Analysis and Recovery	1,216.50	\$295,768.00
<b>TOTAL</b>	<b>1,216.50</b>	<b>\$295,768.00</b>

The Receiver also retained the services of Johnson Pope to institute and pursue one action against a profiteer. WGK was unable to bring this action because it had a representation conflict with the defendant. Johnson Pope began providing services on January 18, 2010. The activities of Johnson Pope for the time covered by this Motion are set forth in the Interim Report. (See Ex. 2.) Johnson Pope has billed time for these activities in accordance with the Billing Instructions. The Receiver requests the Court award Johnson Pope fees for professional services rendered and costs incurred for the five months from August 1, 2010 through December 31, 2010, in the amounts of \$6,550.00 and \$7.45, respectively. Copies of the statements summarizing Johnson Pope's services rendered and costs incurred from August 1, 2010 through December 31, 2010, for this project are attached hereto as composite **Exhibit 16**. Johnson Pope's time and fees for services rendered on this matter for each Activity Category are as follows:

**Recovery from Investors**  
**Johnson Pope's Time and Fees for Services Rendered**

Activity Category	Hours Expended	Fee Amount
Asset Analysis and Recovery	37.6	\$6,550.00
<b>TOTAL</b>	<b>37.6</b>	<b>\$6,550.00</b>

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

This is a project involving the Receiver's efforts to recover money and assets from the Moodys. (See also Ex. 2 §§ V.D and V.E.2; Ex. 3 §§ V.D and V.E.2.) A copy of the statement summarizing WGK's services rendered and costs incurred for the five months from August 1, 2010 through December 31, 2010, for this project is attached hereto as **Exhibit 17**. WGK's time and fees for services rendered on this matter for each Activity Category are as follows:

**Recovery of Assets from Chris and Neil Moody**  
**WGK's Time and Fees for Services Rendered**

Activity Category	Hours Expended	Fee Amount
Asset Analysis and Recovery	105.90	\$28,339.50
Asset Disposition	.30	\$42.00
<b>TOTAL</b>	<b>106.20</b>	<b>\$28,381.50</b>

**5. Recovery of Commissions and Other Transfers.**

This is a project involving the Receiver's efforts to recover commissions and/or other transfers from individuals and/or entities who received commissions or other improper transfers from the Receivership Entities. (See Ex. 2 § V.E.3; Ex. 3 § V.E.3.) A copy of the statement summarizing WGK's services rendered and costs incurred for the five months from August 1, 2010 through December 31, 2010, for this project is attached hereto as **Exhibit 18**.

WGK's time and fees for services rendered on this matter for each Activity Category are as follows:

**Recovery of Commissions and Other Transfers**  
**WGK's Time and Fees for Services Rendered**

Activity Category	Hours Expended	Fee Amount
Asset Analysis and Recovery	177.80	\$46,025.30
<b>TOTAL</b>	<b>177.80</b>	<b>\$46,025.30</b>

**6. Litigation Against Holland & Knight LLP.**

This is a project involving the Receiver's pursuit of malpractice and other claims by the Hedge Funds against Holland & Knight seeking to recover as much as possible of the approximately \$168 million out-of-pocket losses suffered by investors. (See Ex. 2 § V.E.6; Ex. 3 § V.E.6.) A copy of the statement summarizing WGK's services rendered and costs incurred for the five months from August 1, 2010 through December 31, 2010, for this project is attached hereto as **Exhibit 19**. WGK's time and fees for services rendered on this matter for each Activity Category are as follows:

**Litigation Against Holland & Knight**  
**WGK's Time and Fees for Services Rendered**

Activity Category	Hours Expended	Fee Amount
Asset Analysis and Recovery	189.00	\$34,041.00
<b>TOTAL</b>	<b>189.00</b>	<b>\$34,041.00</b>

**III. PDR Certified Public Accountants.**

The Receiver requests the Court award PDR fees for professional services rendered and costs incurred for the five months from August 1, 2010 through December 31, 2010 in the amount of \$117,746.12. PDR started providing services for the Receivership on January

22, 2009. PDR has billed time for these services in accordance with the Billing Instructions. Because PDR's work for the period covered by this motion could be allocated to specific Receivership Entities and/or related entities, PDR has billed its time separately for each entity and indicated the appropriate Activity Category for each time entry.<sup>5</sup> Copies of the statements summarizing the services rendered and costs incurred for the pertinent period are attached as composite **Exhibit 20**. The total hours billed by each PDR professional and their respective total amount of billing are set forth on composite Exhibit 20. PDR's statements also include a summary of the total time spent on each relevant Activity Category in connection with each Receivership Entity (or "project" as identified in the Billing Instructions). For a discussion of entities delineated in the statements, please refer to Sections III and V.A of the Interim Report.

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<sup>5</sup> The Activity Categories that apply to PDR and Riverside as set forth in the Billing Instructions for Financial Activities are as follows: (1) Accounting/Auditing, which is defined as activities related to maintaining and auditing books of account, preparation of financial statements and account analysis; (2) Business Analysis, which is defined as preparation and review of company business plan; development and review of strategies; preparation and review of cash flow forecasts and feasibility studies; (3) Corporate Finance, which is defined as review financial aspects of potential mergers, acquisitions and disposition of company or subsidiaries; (4) Data Analysis, which is defined as management information systems review, installation and analysis, construction, maintenance and reporting of significant case financial data, lease rejection, claims, etc.; (5) Status Reports, which is defined as preparation and review of periodic reports as may be required by the Court; (6) Litigation Consulting, which is defined as providing consulting and expert witness services relating to forensic accounting, etc.; (7) Forensic Accounting, which is defined as reconstructing books and records from past transactions and bringing accounting current, tracing and sourcing assets; (8) Tax Issues, which is defined as analysis of tax issues and preparation of state and federal tax returns; and (9) Valuation, which is defined as appraising or reviewing appraisals of assets.

**IV. Riverside Financial Group.**

The Receiver requests the Court award Riverside fees for professional services rendered for the five months from August 1, 2010 through December 31, 2010 in the amount of \$14,700. Riverside started providing services for the Receivership on January 27, 2009. Riverside has billed time for these services in accordance with the Billing Instructions. Because Riverside's work for the period covered by this motion could be allocated to specific Receivership Entities and/or related entities, Riverside has billed its time separately for each entity and indicated the appropriate Activity Category for each time entry. A copy of the statement summarizing the services rendered, the hours billed, and the total amount of billing by Riverside for the pertinent period is attached as **Exhibit 21**. For a discussion of entities delineated in the statements, please refer to Section III and V.A of the Interim Report.

**V. E-Hounds, Inc.**

The Receiver requests the Court award E-Hounds fees for professional services rendered for the five months from August 1, 2010, through December 31, 2010, in the amount of \$4,100. E-Hounds started providing services for the Receivership on January 22, 2009. The activities of E-Hounds for the time covered by this Motion are described in the Interim Report. (*See* Ex. 2 § IV.A; Ex. 3 § IV.A.) Copies of the statements summarizing the services rendered for the pertinent period are attached as composite **Exhibit 22**.

**VI. The RWJ Group, LLC.**

The Receiver requests the Court award RWJ fees for professional services rendered and costs incurred for the five months from August 1, 2010 through December 31, 2010, in the amount of \$28,783.05. RWJ started providing services for the Receivership on February

1, 2010. The activities of RWJ are described in the Interim Report. (*See* Ex. 2 § VII; Ex. 3 § VII.) Copies of the statements summarizing the services rendered and costs incurred for the pertinent period are attached as composite **Exhibit 23**.

**VII. Suplee & Shea, P.A.**

The Receiver requests the Court award Suplee & Shea fees for professional services rendered for the five months from August 1, 2010, through December 31, 2010, in the amount of \$18,757.38. Suplee & Shea prepared the necessary federal tax forms to seek a refund on behalf of Chris Moody for the benefit of the Receivership which ultimately resulted in a refund of \$875,902.64 for the Receivership. The activities of Suplee & Shea for the time covered by this Motion are described in the Interim Report. (*See* Ex. 2 § IV.C; Ex. 3 § IV.C.1.) Copies of the statements summarizing the services rendered for the pertinent period are attached as composite **Exhibit 24**.

**VIII. Wheeler, Fairman & Kelley.**

The Receiver requests the Court award Wheeler Fairman fees for professional services rendered for the five months from August 1, 2010 through December 31, 2010, in the amount of \$3,450.00. Wheeler Fairman started providing services for the Receivership on August 27, 2009. The activities of Wheeler Fairman are described in the Interim Report. (*See* Ex. 2 §§ V.A.7 and VII; Ex. 3 §§ V.A.7 and VII.) A copy of the statement summarizing the services rendered and costs incurred for the pertinent period is attached as **Exhibit 25**.

**IX. Miscellaneous Others.**

To assist with real property and estate matters in several states other than Florida, the Receiver determined that it would be cost-effective and beneficial to retain the services of local attorneys. Accordingly, the Receiver requests the Court award the following for professional services rendered and costs incurred for the five months from August 1, 2010 through December 31, 2010: (1) Jones, Blechman, Woltz & Kelly, P.C., in connection with an estate being administered in Virginia, the amount of \$832.90; (2) Stanifer & Stanifer, in connection with a warranty deed for real property in Tennessee, the amount of \$200.00; (3) Husch Blackwell, in connection with an estate being administered in Missouri, the amount of \$979.00; and (4) Jones & Keller, in connection with the transfer of real property in Colorado, the amount of \$2,088.00. Copies of the statements summarizing the services rendered and costs incurred for the pertinent period are attached as **Exhibit 26** through **Exhibit 29**, respectively.

**MEMORANDUM OF LAW**

It is well settled that this Court has the power to appoint a receiver and to award the receiver and those appointed by him fees and costs for their services. *See, e.g., SEC v. Elliott*, 953 F.2d 1560 (11th Cir. 1992) (receiver is entitled to compensation for faithful performance of his duties); *Donovan v. Robbins*, 588 F. Supp. 1268, 1272 (N.D. Ill. 1984) (“[T]he receiver diligently and successfully discharged the responsibilities placed upon him by the Court and is entitled to reasonable compensation for his efforts.”); *SEC v. Custable*, No. 94-C-3755, 1995 WL 117935 (N.D. Ill. Mar. 15, 1995) (receiver is entitled to fees where work was of high quality and fees were reasonable); *SEC v. Mobley*, No. 00-CV-1316, 1317RCC,

2000 WL 1702024 (S.D.N.Y. Nov. 13, 2000) (court awarded reasonable fees for the receiver and his professionals); *see also* (Doc. 8, Order Appointing Receiver, at p. 14). The determination of fees to be awarded is largely within the discretion of the trial court. *See Monaghan v. Hill*, 140 F.2d 31, 34 (9th Cir. 1944). In determining reasonable compensation for the services rendered by the Receiver and his Professionals, the Court should consider the circumstances surrounding the receivership. *See Elliot*, 953 F.2d at 1577.

Here, because of the nature of this case, it was necessary for the Receiver to employ attorneys and accountants experienced and familiar with financial frauds, federal receiverships, securities laws, banking, finance, and trusts and estates. Further, in order to perform the services required and achieve the results obtained to date, the skills and experience of the Receiver and the Professionals in the areas of fraud, securities, computer and accounting forensics, and financial transactions were indispensable.

As discussed above, the Receiver and WGK have discounted their normal and customary rates as an accommodation to the Receivership and to conserve Receivership assets. The rates charged by the attorneys and paralegals are at or below those charged by attorneys and paralegals of comparable skill from other law firms in the Middle District of Florida.

This case has been time-intensive for the Receiver and his Professionals because of the need to resolve many issues rapidly and efficiently. The attached Exhibits detail the time, nature and extent of the professional services rendered by the Receiver and his Professionals for the benefit of investors, creditors, and other interested parties. The Receiver anticipates that additional funds will be obtained through the Receiver's negotiations or litigation with third parties.

Although the Commission investigated and filed the initial pleadings in this case, the Receiver has assumed the primary responsibility for the investigation and forensic analysis of the events leading to the commencement of the pending lawsuits, the efforts to locate and gather investors' money, the determination of investor and creditor claims and any ultimate payment of these claims. While the Receiver is sensitive to the need to conserve the Receivership Entities' assets, he feels that the fees and costs expended to date were reasonable, necessary, and benefited the Receivership. Notably, the Commission has no objection to the relief sought in this motion. *Custable*, 1995 WL 117935, \*7 (“In securities law receiverships, the position of the SEC in regard to the awarding of fees will be given great weight.”).

### **CONCLUSION**

Under the terms and conditions of the Order Appointing Receiver, the Receiver, among other things, is authorized, empowered, and directed to engage professionals to assist him in carrying out his duties and obligations. The Order further provides that he apply to the Court for authority to pay himself and his Professionals for services rendered and costs incurred. In exercising his duties, the Receiver has determined that the services rendered and their attendant fees and costs were reasonable, necessary, advisable, and in the best interest of the Receivership.

WHEREFORE, Burton W. Wiand, the Court-appointed Receiver, respectfully requests that this Court award the following sums and direct that payment be made from the Receivership assets:<sup>6</sup>

Burton W. Wiand, Receiver	\$63,175.00
Wiand Guerra King P.L.	\$708,442.72
PDR Certified Public Accountants	\$117,746.12
Fowler White Boggs P.A.	\$69,489.40
RWJ Group, LLC	\$28,783.05
Johnson, Pope, Bokor, Ruppel & Burns, LLP	\$6,557.45
Riverside Financial Group	\$14,700.00
E-Hounds, Inc.	\$4,100.00
Jones & Keller, P.C.	\$2,088.00
Jones, Blechman, Woltz & Kelly, P.C.	\$832.90
Stanifer & Stanifer	\$200.00
Husch Blackwell	\$979.00
Wheeler Fairman & Kelley	\$3,450.00
Suplee & Shea, P.A.	\$18,757.38

**LOCAL RULE 3.01(g) CERTIFICATION OF COUNSEL**

The undersigned counsel for the Receiver is authorized to represent to the Court that the SEC has no objection to the Court's granting this motion.

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<sup>6</sup> A proposed order is attached as **Exhibit 30**.

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on June 30, 2011, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system.

I FURTHER CERTIFY that on June 30, 2011, I will mail the foregoing document and the notice of electronic filing by first-class mail to the following non-CM/ECF participant(s) once it has been electronically filed:

Arthur G. Nadel  
Register No. 50690-018  
FCI BUTNER LOW  
Federal Correctional Institution  
P.O. Box 999  
Butner, NC 27509

**s/Gianluca Morello**

Gianluca Morello, FBN 034997  
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WIAND GUERRA KING P.L.  
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Tampa, FL 33607  
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Fax: (813) 347-5198

*Attorney for the Receiver Burton W. Wiand*

## **RECEIVER'S CERTIFICATION**

The Receiver has reviewed this Eighth Interim Motion for Order Awarding Fees, Costs, and Reimbursement of Costs to Receiver and His Professionals (the “**Motion**”).

To the best of the Receiver’s knowledge, information, and belief formed after reasonable inquiry, the Motion and all fees and expenses herein are true and accurate and comply with the Billing Instructions provided to the Receiver by the Securities and Exchange Commission.

All fees contained in the Motion are based on the rates listed in the Fee Schedule, attached as Exhibit 10. Such fees are reasonable, necessary, and commensurate with (if not below the hourly rate that is commensurate with) the skill and experience required for the activity performed.

The Receiver has not included in the amount for which reimbursement is sought the amortization of the cost of any investment, equipment, or capital outlay (except to the extent that any such amortization is included within the permitted allowable amounts set forth in the Billing Instructions for photocopies and facsimile transmission).

To the extent the Receiver seeks reimbursement for any service which the Receiver justifiably purchased or contracted for from a third party (such as copying, imaging, bulk mail, messenger service, overnight courier, computerized research, or title and lien searches), the Receiver has requested reimbursement only for the amount billed to the Receiver by the third-party vendor and/or paid by the Receiver to such vendor. The Receiver is not making a profit on such reimbursable service.

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