

**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.

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**DECLARATION OF BURTON W. WIAND, AS RECEIVER, IN SUPPORT OF THE  
RECEIVER'S UNOPPOSED VERIFIED MOTION FOR APPROVAL OF  
AGREEMENT REGARDING REPAYMENT OF DEBT, TERMINATION OF  
RIGHTS AND REPURCHASE OF SECURITIES RELATING TO BONDS.COM**

Burton W. Wiand declares as follows:

1. I am the duly appointed receiver (the “**Receiver**”) for Defendants Scoop Capital, LLC and Scoop Management, Inc. and Relief Defendants Scoop Real Estate, L.P.; Valhalla Investment Partners, L.P. (“**Valhalla Investment**”); Valhalla Management, Inc. (“**Valhalla**”); Victory Fund, Ltd.; Victory IRA Fund, Ltd.; Viking IRA Fund, LLC; Viking

Fund, LLC; and Viking Management, LLC (“**Viking**”) (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 other entities owned or controlled by Arthur Nadel (“**Nadel**”). (See generally Docs. 17, 44, 68, 81, 153, 172, 454.) All of the entities in receivership are hereinafter collectively referred to as the “**Receivership Entities**.”

2. I submit this declaration (the “**Declaration**”) in support of the Receiver’s Unopposed Verified Motion for Approval of Agreement Regarding Repayment of Debt, Termination of Rights and Repurchase of Securities Relating to Bonds.com. I have personal knowledge, or have obtained knowledge through my investigation of matters during the course of this Receivership, regarding the matters asserted herein and transactions and agreements entered into with third parties as to which I could and would personally and competently testify if called upon to do so.

3. After my appointment as Receiver, I learned that proceeds of Nadel’s fraud had been used to acquire debt and equity interests in Bonds.com Group, Inc. or Bonds.com Holdings, Inc. (collectively, “**Bonds.com**” or the “**company**”) in the form of promissory notes, shares of stock, and warrants for additional shares.

4. Specifically, 7,582,850 shares of Bonds.com common stock and \$1,840,636 in debt instruments had been directly or indirectly acquired with proceeds of Nadel’s fraud. This consisted of acquisitions by Valhalla Investment and Nadel’s associates, Christopher D. Moody (“**Chris Moody**”) and Neil Moody (collectively, the “**Moodys**”), who were officers and/or principals of Valhalla and Viking, for their personal benefit, their trusts, or their relatives.

5. Following this discovery, these interests in Bonds.com were transferred to the Receivership either by the course of my appointment as Receiver over Receivership Entities, by Court-ordered transfer of the interests, or by the voluntary execution of stock powers to transfer ownership of the interests. As a result of these transfers, the Receivership is one of the largest shareholders of Bonds.com.

6. Following transfer of the Bonds.com interests to the Receivership, I commenced efforts to ascertain whether any value could be realized from those interests for the benefit of defrauded investors. After extensive research of the company's condition and multiple conversations with senior management, I determined that, while Bonds.com had a reasonable prospect for future success, the liquidation of the Receivership's interests in Bonds.com would likely have resulted in the demise of Bonds.com and the material loss of value of Bonds.com's debt obligations to the Receivership estate and its equity shares.

7. As a result, I entered into an agreement with senior management of Bonds.com that restructured the company's debt obligations to the Receivership estate to allow Bonds.com an opportunity to raise much-needed working capital to conduct its business operations. (Doc. 499) This agreement extended the maturity date of the indebtedness, which I believed would encourage new investment from bona fide investors and enhance the value of the Receivership's interests.

8. This arrangement was subsequently approved by this Court (Doc. 500). This strategy proved successful, as several bona fide investors made investments in Bonds.com and enhanced the company's financial condition through capital contributions.

9. While Bonds.com continues to be dependent on outside investors for capital to support its ongoing operations, it is now in a sufficiently stable position to allow me to convert the Receivership's interests in the company into value for the Receivership estate and defrauded investors.

10. To that end, I attempted to identify any buyers interested in purchasing the Receivership's debt and equity interests in Bonds.com. These efforts resulted in discussions with several parties. However, in the end all but one of these parties declined to pursue further negotiations.

11. The party that pursued negotiations until the end and made an offer was an investment bank. The potential purchaser offered to purchase the Receivership's Bonds.com interests for \$2,000,000. I declined the offer.

12. Following the receipt of this offer, I approached senior management of Bonds.com to discuss my planned sale of the Receivership's debt and equity interests in the company. After receiving interest from senior management in retiring the Receivership's Bonds.com interests, I commenced negotiations with the company.

13. Senior management of Bonds.com offered to acquire all of the Receivership's interests in Bonds.com for \$2,250,000.00 plus an additional \$5,000 for the repurchase of Bonds.com stock held by the Receivership estate if certain conditions are met by the company within a specified period of time (the "**Offer**"). The final terms of this transaction are reflected in the Letter Agreement Regarding Repayment of Indebtedness, Termination of Rights and Repurchase of Securities (the "**Agreement**"), a true and correct copy of which is

attached as **Exhibit A**. This was the largest offer made for the Receivership's debt and equity interests in Bonds.com, and exceeded the only other offer by over \$250,000.

14. It is my belief that the Offer maximizes the Receivership's interests in Bonds.com, is fair and reasonable, and is in the best interest of the Receivership. Importantly, the Offer exceeds the amount of cash provided to the company in return for the interests now held by the Receivership estate. That amount totaled \$1,840,636.

15. With respect to the Bonds.com stock, any efforts to liquidate the Receivership's large equity position of over seven million shares would encounter tremendous difficulty, as the market for such shares is "thin" and any effort to sell the shares would flood the market and drive down the price of the shares, which recently traded at only seven cents a share. In my opinion, they could not be sold.

16. Because of the inherent risks in continuing to hold these interests as detailed in the Motion, it is my belief that the transaction reflected in the Agreement is in the Receivership estate's best interest. The proposed sale will alleviate the uncertainty and risk associated with holding the equity and debt positions in Bonds.com (as more fully discussed in the Motion), and will add at least an additional \$2,250,000 to the Receivership estate for the benefit of defrauded victims.

17. The Motion requests the waiver of compliance with the provisions of 28 U.S.C. §§2001(b) and 2004, to the extent the Court deems them applicable to the transfer of the Receivership's Bonds.com interests as reflected in the Agreement in the first place. Those provisions require certain appraisals and newspaper publication unless otherwise ordered by the Court. I believe the cost and delay of appraisals and publication are not

warranted under the circumstances here for a number of reasons. Although these reasons are discussed in the Motion, I want to highlight the following.

18. First, both I and my attorneys at Wiand Guerra King P.L. who have assisted me with this matter have substantial experience with securities transactions and, specifically, the sale, purchase, and valuation of securities.

19. Second, aside from being assisted by counsel from Wiand Guerra King, I was also assisted in this matter by transactional counsel from Fowler White Boggs, P.A. Transactional counsel specifically assisted me in evaluating whether the Offer fairly represented the value of the Receivership's interests in Bonds.com. This individual is also an experienced financial analyst.

20. Third, as discussed above, I engaged in marketing efforts to find buyers for the Receivership's interests in Bonds.com. Those efforts yielded one offer and then the Offer from Bonds.com. No other parties were willing to make an offer to purchase the Receivership's interests and it is unlikely that any disinterested purchaser will come forward because of the precarious position of Bonds.com and its dependency on future funding.

21. Ultimately, irrespective of any valuations reached by an appraisal, sale of these assets is dependent on a liquidity event created by Bonds.com. In light of my marketing efforts, and the very low number of potential purchasers, it is clear to me that the Offer represents the "market price" for those interests and an excellent result for the Receivership. In other words, irrespective of an appraisal amount, the market for the Receivership's interests in Bonds.com is non-existent and the best price it will support is the one reflected in the Agreement. An accurate appraisal would be very difficult to achieve and

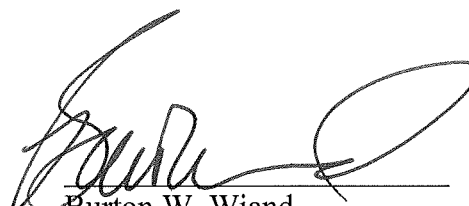
totally speculative because of the illiquid nature of the Receivership's Bonds.com interests. Of paramount importance, it allows the Receivership to receive substantial funds for a high risk asset that I do not wish to continue to hold.

22. American Momentum Bank, as successor-in-interest of LandMark Bank ("LandMark"), filed Proof of Claims in the Receivership claims process (Claim Numbers 500 and 501), one of which asserted that LandMark had a security interest in a portion of the Bonds.com equity and debt. These claims have recently been waived. Attached as **Exhibit B** is a true and correct copy of an email from LandMark's counsel to my counsel confirming the waiver. I am unaware of any other claims to these assets.

23. No other claims were submitted in the claims process (or otherwise) in this case which asserted any interest in the Receivership estate's Bonds.com interests, and I am not aware of any other actual or purported claim, lien, or encumbrance relating to those interests.

I declare under penalty of perjury pursuant to 28 U.S.C. § 1746 that the foregoing is true and correct.

Dated this 10<sup>th</sup> day of April, 2012.

  
Burton W. Wiand