

EXHIBIT 1

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

BURTON W. WIAND, as Receiver for
VALHALLA INVESTMENT PARTNERS,
L.P.; VIKING FUND, LLC; VIKING IRA
FUND, LLC; VICTORY FUND, LTD.;
VICTORY IRA FUND, LTD., and SCOOP
REAL ESTATE, L.P.,

Plaintiff,

v.

BISHOP FRANK J. DEWANE, as
Corporation Sole of the Diocese of Venice in
Florida; and DIOCESE OF VENICE IN
FLORIDA, an unincorporated religious
organization,

Case No.: 8:10-cv-246-T-17MAP

Defendants.

_____ /

CATHOLIC CHARITIES, DIOCESE OF
VENICE, INC.,

Case No.: 8:10-cv-247-T-17MAP

Defendant.

_____ /

SARASOTA OPERA ASSOCIATION, INC.,

Case No.: 8:10-cv-248-T-17MAP

Defendant.

_____ /

**DECLARATION OF GIANLUCA MORELLO IN SUPPORT OF THE RECEIVER'S
OPPOSITION TO MOTIONS FOR PARTIAL SUMMARY JUDGMENT
AS TO COUNT I – FLORIDA STATUTES SECTION 726.105(1)(A)
OF RECEIVER'S AMENDED COMPLAINT***

* This declaration is being filed in each of the three captioned cases.

Gianluca Morello declares as follows:

1. I am an attorney with Wiand Guerra King P.L. in Tampa, Florida, and I represent Burton W. Wiand, as Receiver, in these cases and in *Securities & Exch. Comm'n v. Arthur Nadel, et al.*, Case No. 8:09-cv-87-T-26TBM (M.D. Fla.) (the “SEC Action”).

2. On September 9, 2010, I deposed Marguerite “Peg” Nadel in connection with the SEC Action.

3. A true and correct copy of the transcript of that deposition is attached hereto as Exhibit A.

s/Gianluca Morello

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Tampa, FL 33607
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on August 22, 2011, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system.

s/Gianluca Morello

Gianluca Morello, FBN 034997

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Attorneys for the Receiver, Burton W. Wiand

Exhibit A

1 UNITED STATES DISTRICT COURT
2 MIDDLE DISTRICT OF FLORIDA
3 TAMPA DIVISION
4
5 SECURITIES AND
6 EXCHANGE COMMISSION,
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8 Plaintiff,
9
10 vs. CASE NO: 8:09-cv-87-T-26TBM
11
12 ARTHUR NADEL; SCOOP
13 CAPITAL, LLC; SCOOP
14 MANAGEMENT, INC.,
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16 Defendants,
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18 SCOOP REAL ESTATE, L.P.;
19 VALHALLA INVESTMENT PARTNERS, L.P.;
20 VALHALLA MANAGEMENT, INC.;
21 VICTORY IRA FUND, LTD; VICTORY
22 FUND, LTD; VIKING IRA FUND, LLC;
23 VIKING MANAGEMENT, LLC,
24
25 Relief Defendants.

* * * * *

(Volume I of II)

DEPOSITION OF: MARGUERITE NADEL

DATE TAKEN: September 9, 2010

TIME: 9:33 a.m. - 11:54 a.m.

PLACE: 3000 Bayport Drive
Suite 600
Tampa, Florida 33607

TAKEN BY: The Receiver

REPORTED BY: Kerry Mercade, CSR, CRI, FPR
Court Reporter and Notary Public

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A P P E A R A N C E S

GIANLUCA MORELLO, ESQUIRE
MICHAEL S. LAMONT, ESQUIRE
OF: Wiand Guerra King, P.L.,
3000 Bayport Drive
Suite 600
Tampa, Florida 33607
APPEARING ON BEHALF OF THE RECEIVER

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I N D E X

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S T I P U L A T I O N S

It is hereby agreed and so stipulated by and
between the parties hereto, through their
respective counsel, that the reading and signing
of the transcript are expressly waived by the
Deponent,

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P R O C E E D I N G S

THE REPORTER: Mrs. Nadel, will you raise
your right hand?
THE WITNESS: (Complied.)
THE REPORTER: Do you swear or affirm that
the testimony you're about to give will be the
truth, the whole truth, and nothing but the
truth?
THE WITNESS: I do.
MR. MORELLO: For the record, my name is
Gianluca Morello. I'm from the law firm of
Wiand Guerra King. I'm appearing on behalf of
the receiver.
If you don't mind identifying yourself for
the record.
THE WITNESS: I'm Marguerite Nadel.
MR. LAMONT: I'm Michael Lamont. I'm also
with the law firm of Wiand Guerra King. I also
represent the receiver in this action.
MARGUERITE NADEL,
having been first duly sworn, testified under oath
as follows:
DIRECT EXAMINATION
BY MR. MORELLO:
Q. Good morning, Mrs. Nadel,

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A. Good morning.
Q. I just want to note for the record, you
are here; you are not represented by counsel at
this deposition. Is that correct?
A. That is correct.
Q. Do you presently have an attorney who is
advising you in connection with the Securities and
Exchange Commission enforcement action against
Arthur Nadel?
A. No, I do not.
Q. Just a few brief instructions for the day.
The first thing that's important is that you
provide verbal responses. Have you been deposed
before?
A. One time.
Q. So you know, I will be asking questions.
So that the court reporter can --
A. I understand.
Q. -- take everything down, it's important to
make sure that the responses are verbal and not in
the form of gestures or nods.
Then the second brief instruction is if I
ask a question and you don't understand any part
of it, just feel free to stop me and note that to
me and we'll try and work through that issue and

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<p>1 make it clear.</p> <p>2 A. All right.</p> <p>3 Q. Again, would you mind stating your name</p> <p>4 for the record, please?</p> <p>5 A. Marguerite Nadel, otherwise known as Peg.</p> <p>6 Q. Have you ever had a different legal name?</p> <p>7 A. Yes, when I was married.</p> <p>8 Q. What was that name?</p> <p>9 A. Marguerite Quisenberry.</p> <p>10 Q. I assume Quisenberry was your ex-husband's</p> <p>11 last name?</p> <p>12 A. Correct.</p> <p>13 Q. What was your name before you were married</p> <p>14 to Mr. Nadel?</p> <p>15 A. Marguerite Guy, G-u-y.</p> <p>16 Q. Have you ever used any other alias?</p> <p>17 A. No.</p> <p>18 Q. What is your current home address?</p> <p>19 A. 3966 Country View Drive, Sarasota,</p> <p>20 Florida.</p> <p>21 Q. Just to get a couple of things aside, are</p> <p>22 you presently on any medication that might impede</p> <p>23 your ability to testify today?</p> <p>24 A. No.</p> <p>25 Q. Other than medication, do you have any</p>	<p>1 background. Are you presently married to Arthur</p> <p>2 Nadel?</p> <p>3 A. I am.</p> <p>4 Q. When did you first meet Mr. Nadel?</p> <p>5 A. 1997.</p> <p>6 Q. Where is it that you met him?</p> <p>7 A. Sarasota.</p> <p>8 Q. What was Mr. Nadel doing from an</p> <p>9 employment standpoint when you first met him?</p> <p>10 A. He was working as a pianist at a</p> <p>11 restaurant called Harmony House.</p> <p>12 Q. What were you doing for purposes of</p> <p>13 employment at that time?</p> <p>14 A. I was managing my own business.</p> <p>15 Q. What kind of business was that?</p> <p>16 A. That was called Harmony in Mind.</p> <p>17 Q. What was the nature of the business?</p> <p>18 A. We provided spa treatments, massages,</p> <p>19 esthetician -- massage therapists and esthetician.</p> <p>20 I also had flotation tanks.</p> <p>21 Q. Where was that business located?</p> <p>22 A. Sarasota.</p> <p>23 Q. When did you open that business?</p> <p>24 A. 1996.</p> <p>25 Q. Did there come a time when you closed the</p>
Page 7	Page 9
<p>1 medical condition that might impede your ability</p> <p>2 to testify truthfully today?</p> <p>3 A. No.</p> <p>4 MR. MORELLO: Just mark this as Exhibit 1,</p> <p>5 please.</p> <p>6 (Exhibit 1 marked for identification.)</p> <p>7 BY MR. MORELLO:</p> <p>8 Q. If you don't mind just taking a quick</p> <p>9 glance at what has been marked as Exhibit 1.</p> <p>10 A. (Witness complied.)</p> <p>11 Q. Do you recognize the document that has</p> <p>12 been marked as Exhibit 1, Mrs. Nadel?</p> <p>13 A. Yes.</p> <p>14 Q. Could you tell me, is this a subpoena that</p> <p>15 you received that has prompted your appearance</p> <p>16 today?</p> <p>17 A. Yes.</p> <p>18 Q. On the first page, you will note it also</p> <p>19 requests that you bring documents this morning?</p> <p>20 A. Correct.</p> <p>21 Q. Have you brought documents in response to</p> <p>22 this subpoena?</p> <p>23 A. I have.</p> <p>24 Q. We'll take a look at those a little bit</p> <p>25 later. I want to just get in a little bit of your</p>	<p>1 business?</p> <p>2 A. I did.</p> <p>3 Q. When was that?</p> <p>4 A. I believe it was 1998.</p> <p>5 Q. Did there come a time when you and</p> <p>6 Mr. Nadel went into business together?</p> <p>7 A. Would you define what you mean by going</p> <p>8 "into business together?"</p> <p>9 Q. Well, let me start -- after you closed</p> <p>10 Harmony in Mind in 1998, what did you do next for</p> <p>11 employment purposes?</p> <p>12 A. I worked for the Inside Scoop, as it was</p> <p>13 known.</p> <p>14 Q. What kind of business was the Inside</p> <p>15 Scoop?</p> <p>16 A. It was a business that was providing a</p> <p>17 financial newsletter.</p> <p>18 Q. Was that a business in which Arthur Nadel</p> <p>19 was involved as well?</p> <p>20 A. It is. It was his business.</p> <p>21 Q. So he had created that business?</p> <p>22 A. He did.</p> <p>23 Q. Do you know approximately when he started</p> <p>24 that business?</p> <p>25 A. I believe it was 1998.</p>

Page 10	Page 12
<p>1 Q. During the time that you worked at Harmony 2 in Mind before it closed in 1998, were you doing 3 Harmony in Mind exclusively or was there a time 4 when you were working at both Inside Scoop and 5 Harmony in Mind?</p> <p>6 A. To the best of my memory, there was no 7 overlap. And I don't remember at what time of 8 year this happened, when I closed my business. 9 And when I say "1998," it could very well have 10 been toward the end of 1997. I really just can't 11 remember that exactly unless I go back and I -- I 12 don't have anything to go back to, but I know that 13 in 1998, at least the beginning of 1998, I think 14 the -- I think the Inside Scoop was started.</p> <p>15 Q. When you began working at the Inside Scoop 16 roughly in 1998, were your -- first of all, who 17 else was working at the Inside Scoop aside from 18 you and Mr. Nadel?</p> <p>19 A. A man by the name of David Green. 20 Q. Do you know where David Green is today? 21 A. No. 22 Q. What were his responsibilities at the 23 Inside Scoop? 24 A. He was working with Arthur Nadel on a 25 program that Arthur had become the national</p>	<p>1 evolved to that point where I had -- I can't 2 specify because I don't remember ever having any 3 specific duties. I was there, I used the 4 software, as I learned the software, and I just 5 did it on my own.</p> <p>6 Q. When you said you were "there," did the 7 business have an office location? 8 A. Yes. 9 Q. Where was that? 10 A. It was 1668 Main Street. 11 Q. And that's in Sarasota? 12 A. Correct. 13 Q. How long -- after you joined Inside Scoop 14 in 1998, how long did you continue working for 15 Inside Scoop? 16 A. I continued working. Inside Scoop became 17 Scoop Management, and I continued working until 18 January 14 of 2009. 19 Q. When you say "Inside Scoop became Scoop 20 Management," as far as you know, was the same 21 corporate entity that was Inside Scoop -- was the 22 name simply changed to Scoop Management, and then 23 it continued or you are not familiar -- 24 A. I have no knowledge of that. 25 Q. -- whether from a corporate perspective it</p>
Page 11	Page 13
<p>1 distributor for. I can't remember exactly the 2 name of this program. It was something Star and 3 that's what was the crux of the business.</p> <p>4 Q. The program was essentially a piece of 5 software? 6 A. It was software. 7 Q. The purpose of the program was to produce 8 recommendations of investments and particular 9 stocks? 10 A. Correct. 11 Q. David Green, was he assisting Mr. Nadel in 12 a technical capacity? Meaning, did he have some 13 programming or other software technical abilities? 14 A. Well, he was exploring the -- what that 15 program could do. And, yes, he was -- he was 16 using the program. It was a learning curve to use 17 that software. 18 Q. What were your responsibilities, let's 19 say, beginning in 1998, when you first joined 20 Inside Scoop? 21 A. I was -- gosh, I was also looking at the 22 software and learning about that business that I 23 had never been involved with before, and just -- I 24 can't -- I really can't say that I had any 25 particular duties, because the business had not</p>	<p>1 was actually the same entity? 2 A. Right. 3 Q. Did there come a time when the business 4 still had the name Inside Scoop, did it change its 5 focus and begin operating as either a business 6 that operated investment clubs or other investment 7 funds? 8 A. Yes. When the software -- they were 9 satisfied with the results that they were getting, 10 and I don't know that -- I really don't know 11 because I was not involved in any of that, but 12 there were investment clubs that were started to 13 prove the efficacy of the software and of the 14 program that they had evolved from the software. 15 Q. A moment ago you said you were "not 16 involved in any of that." I think that was close 17 to a quotation. What do you mean you were "not 18 involved in any of that?" What were you referring 19 to? 20 A. When I refer to investment strategies or 21 suggesting stocks or anything else, I wasn't a 22 part of that because I didn't know. I did my 23 own -- I had my own ideas and I did my own paper 24 trading, if you will, but I never -- that was all 25 Arthur Nadel. He was the only one who ever made</p>

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<p>1 the decisions on what investments to go into and</p> <p>2 to buy and to -- then, of course, when we started</p> <p>3 the investment clubs to prove the theory, I helped</p> <p>4 socially with that. I helped with the paperwork</p> <p>5 with that. We became a member of the NAIC,</p> <p>6 National Association of Investment Clubs. I</p> <p>7 brought in a friend of mine to do the bookkeeping</p> <p>8 for the investment clubs. And Jenny Walker was</p> <p>9 with us, and she also became an investor.</p> <p>10 Q. Jenny Walker is the friend that you just</p> <p>11 referred to that you brought in to do the</p> <p>12 bookkeeping?</p> <p>13 A. Correct.</p> <p>14 Q. Do you recall when the first investment</p> <p>15 club was formed?</p> <p>16 A. It had to have been formed in 1990. In</p> <p>17 my -- I'm giving you the best of my memory, and I</p> <p>18 want you to realize that it's been a long time,</p> <p>19 and there's been a lot of some pretty nasty things</p> <p>20 that have been happening this past year and a</p> <p>21 half. My memory is my best effort at being as</p> <p>22 accurate as I can be.</p> <p>23 Q. I understand. To the extent you are</p> <p>24 responding to a question and you are uncertain</p> <p>25 whether your memory might be inaccurate, please go</p>	<p>1 testified that Harmony investment club was the</p> <p>2 first one that was created?</p> <p>3 A. I believe so.</p> <p>4 Q. That was roughly created in 1990, you</p> <p>5 recall?</p> <p>6 A. I believe so.</p> <p>7 Q. Do you recall when the Indigo investment</p> <p>8 club was created?</p> <p>9 A. Also in 1990, but I don't know the time</p> <p>10 span in between the two.</p> <p>11 Q. Now about Harmony II investment club, do</p> <p>12 you remember when that was created?</p> <p>13 A. Also within a few months.</p> <p>14 Q. And finally the Traders investment club?</p> <p>15 A. I don't remember when that was created; I</p> <p>16 really don't.</p> <p>17 Q. Once the investment clubs were created,</p> <p>18 what was Arthur Nadal's role with respect to those</p> <p>19 clubs?</p> <p>20 A. He was the investor.</p> <p>21 Q. At that stage did Inside Scoop cease</p> <p>22 publishing or circulating a newsletter?</p> <p>23 A. Right. And what prompted the change of</p> <p>24 the name was Wall Street was going through what</p> <p>25 Wall Street usually goes through every now and</p>
Page 15	Page 17
<p>1 ahead and state that.</p> <p>2 A. But we're only talking about inaccurate in</p> <p>3 the guise of a few months here or there, spanning</p> <p>4 from one year to the next year.</p> <p>5 Q. Do you remember the name of the first</p> <p>6 investment club that was opened?</p> <p>7 A. Harmony.</p> <p>8 Q. Were other investment clubs created?</p> <p>9 A. There was a second investment club that</p> <p>10 was created and that was called Indigo. That was</p> <p>11 the name of the software, I believe.</p> <p>12 Q. Indigo was the name of the software?</p> <p>13 A. But it was also the name of the investment</p> <p>14 club.</p> <p>15 Q. Were those the only two investment clubs?</p> <p>16 A. No. There was -- I think I remember that</p> <p>17 there was a Harmony II that was created, because</p> <p>18 according to the rules of the NAIC, we could only</p> <p>19 have -- I'm not certain about that. I know that</p> <p>20 the other clubs were created as one club would</p> <p>21 have as many members as we could take in a club.</p> <p>22 And so we ended up with three: Harmony, Indigo,</p> <p>23 and then Harmony II. Then the last club that was</p> <p>24 formed was called Traders.</p> <p>25 Q. Do you recall when -- before I think you</p>	<p>1 then, and it was thought that "inside" was not</p> <p>2 necessarily an optimum word to use concerning</p> <p>3 investments. And so that was when the decision</p> <p>4 was made to drop the name or to change the name</p> <p>5 from Inside Scoop, and then change it over to what</p> <p>6 became Scoop Management. There was insider</p> <p>7 trading and "inside" was not a good word as far as</p> <p>8 investments were concerned. So that was when that</p> <p>9 decision was made.</p> <p>10 The newsletter that was published and sent</p> <p>11 out over the Internet as a subscription, that was</p> <p>12 never very successful. We had brought Geoffrey</p> <p>13 Quisenberry in as our technical -- to set up the</p> <p>14 computers and to create a network within the</p> <p>15 office, because there was no one else that had the</p> <p>16 expertise to do that. He was the one that was</p> <p>17 also responsible for sending out the newsletter</p> <p>18 electronically that Arthur would create.</p> <p>19 When we had started the investment clubs,</p> <p>20 we started an office newsletter that we sent to</p> <p>21 our club members, and I was largely -- well, I was</p> <p>22 responsible for writing the newsletter.</p> <p>23 Q. What was the nature of the content in the</p> <p>24 newsletter? Was it investment recommendations or</p> <p>25 was it something else?</p>

Page 18	Page 20
<p>1 A. No. It was really reports, and it was --</p> <p>2 I like writing newsletters. It was chatty. It</p> <p>3 was fun. It was telling about news and different</p> <p>4 things that we had. We would provide speakers and</p> <p>5 hold seminars within the office for people who</p> <p>6 were interested and it was talking about that sort</p> <p>7 of thing.</p> <p>8 Q. Besides creating the newsletters --</p> <p>9 A. It only went out once a month.</p> <p>10 Q. Besides creating the newsletter and</p> <p>11 working on the newsletter, what were your other</p> <p>12 responsibilities at the time when the investment</p> <p>13 clubs were first formed?</p> <p>14 A. Just keeping the office running. That was</p> <p>15 about it.</p> <p>16 Q. I assume, as part of the business, there</p> <p>17 was a solicitation of investors to join the</p> <p>18 investment clubs?</p> <p>19 A. No. There was never any solicitation of</p> <p>20 any investors at any time. It was something that</p> <p>21 spread by word of mouth. We really had people</p> <p>22 that came to us and -- not that I'm aware of.</p> <p>23 Q. From the time that you and Arthur Nadel --</p> <p>24 the business, I think you earlier testified -- at</p> <p>25 some point you were testifying that you changed</p>	<p>1 is a document that is not Bates numbered, but</p> <p>2 the cover page is styled "Scoop Real Estate,</p> <p>3 L.P.," and then it says, "Private Placement</p> <p>4 Memorandum." It's got a date of November 2004,</p> <p>5 and it's got some introductory pages, a few</p> <p>6 Roman numeral pages, and then it runs to</p> <p>7 Page 42.</p> <p>8 (Exhibit 2 marked for identification.)</p> <p>9 BY MR. MORELLO:</p> <p>10 Q. Do you recognize the document that's been</p> <p>11 marked as Exhibit 2, Mrs. Nadel?</p> <p>12 A. Yes, I do.</p> <p>13 Q. Could you tell me what it is.</p> <p>14 A. It is a Private Placement Memorandum for</p> <p>15 Scoop Real Estate.</p> <p>16 Q. Scoop Real Estate was one of the hedge</p> <p>17 funds that was operated by Arthur Nadel that is</p> <p>18 currently in receivership, correct?</p> <p>19 A. That is correct.</p> <p>20 Q. If you could turn to the page that's</p> <p>21 marked 17 of that document, please.</p> <p>22 A. (Witness complied.)</p> <p>23 Q. The second full paragraph begins with your</p> <p>24 name, Peg Nadel. That is you, right?</p> <p>25 A. That is correct.</p>
Page 19	Page 21
<p>1 the name from Inside Scoop to Scoop Management.</p> <p>2 Did that business ever operate under a different</p> <p>3 name at --</p> <p>4 A. That business? Not that I'm aware of.</p> <p>5 Q. Are you familiar with an entity controlled</p> <p>6 by Arthur Nadel named Intex Trading Corporation?</p> <p>7 A. Yes.</p> <p>8 Q. As far as you know, Intex Trading was</p> <p>9 created after Scoop Management was created?</p> <p>10 A. No. Arthur -- as far as I remember,</p> <p>11 Arthur had Intex Trading. I don't know when that</p> <p>12 was created, but he's had it ever since I knew</p> <p>13 him. That was his.</p> <p>14 Q. Do you know the nature of the business</p> <p>15 that Art ran through Intex Trading?</p> <p>16 A. Intex? I have no idea. Arthur was a very</p> <p>17 private individual, and I respected his privacy,</p> <p>18 as I would respect everyone's privacy. I didn't</p> <p>19 ask and I didn't pry. I know that Intex was</p> <p>20 there. I don't really know what he ran. I know</p> <p>21 that he ran some things through Intex. And then</p> <p>22 it became dormant, for lack of a better word, and</p> <p>23 that's all I know about it.</p> <p>24 MR. MORELLO: Mark another exhibit; this</p> <p>25 will be Exhibit 2. For the record, Exhibit 2</p>	<p>1 Q. That paragraph seems to provide a brief</p> <p>2 background of your, I guess, experience that would</p> <p>3 have been relevant to the Scoop Real Estate hedge</p> <p>4 fund, is that correct?</p> <p>5 A. That's correct.</p> <p>6 Q. Now, beginning in the third sentence it</p> <p>7 says, "During the 1990s, Mrs. Nadel was connected</p> <p>8 to OSW Telerradiology, Inc."</p> <p>9 A. Uh-huh.</p> <p>10 Q. In what way were you connected to that</p> <p>11 business?</p> <p>12 A. Well, I actually -- it was my husband's,</p> <p>13 my ex-husband, who was a partner in that firm.</p> <p>14 And he was instrumental with the owner of the</p> <p>15 company in developing the technology that was one</p> <p>16 of the first telerradiologies that was able to</p> <p>17 communicate the results of radiographic images</p> <p>18 over the Internet to the hospital or to a doctor's</p> <p>19 house.</p> <p>20 And I felt that it was one of those</p> <p>21 companies that had a great product, but unless it</p> <p>22 knew how to market itself, it could never get out</p> <p>23 of the basement. So I started offering to</p> <p>24 contact -- to make contacts and to show the</p> <p>25 product, demonstrate the product, and try to sell</p>

<p style="text-align: right;">Page 22</p> <p>1 the product. I traveled in this area. I traveled 2 certainly throughout the state of Florida. I did 3 one in Washington, the state of Washington. And 4 when I traveled to Holland to visit my family, I 5 took it with me, and I demonstrated it to two 6 very, very large companies in Holland, to the 7 president of their company and his staff. 8 But, apparently, I wasn't a very good 9 salesman because I never came back with a 10 contract, even though everyone was convinced that 11 it was a marvelous product. 12 Q. Was that line of work something you did 13 before you opened Harmony in Mind? 14 A. Yes. 15 Q. Do you recall what year you and 16 Mr. Quisenberry divorced? 17 A. I separated from Mr. Quisenberry in 1994, 18 I believe. And I think the divorce took place in 19 1996. 20 Q. Do you recall when you stopped working 21 with OSW Telerradiology? 22 A. Oh, yes, but I can't tell you what year 23 that was. 24 Q. Do you remember if that was after your 25 separation --</p>	<p style="text-align: right;">Page 24</p> <p>1 Q. Let's take a look at Page 4 of that 2 document. 3 A. And -- 4 Q. I think you may actually be on that page. 5 The paragraph that's titled on the left side 6 "Management Fee." 7 A. Okay. 8 Q. Halfway through that paragraph it says, 9 "In addition, the partnership will pay the general 10 partner's affiliate Scoop Management, Inc., or an 11 affiliate, a monthly service fee for acting as 12 investment manager," and then it proceeds, 13 Is it your understanding based on that 14 sentence that what this document is saying is that 15 Scoop Management, Inc. is the investment 16 manager -- 17 A. Yes. 18 Q. -- of the hedge fund Scoop Real Estate? 19 A. Yes. 20 Q. Then at Page 17, it identifies you as the 21 president of the investment manager, which 22 according to this document is Scoop Management, 23 Inc. Were you, in fact, the president of Scoop 24 Management, Inc.? 25 A. I never knew if I was. I really didn't.</p>
<p style="text-align: right;">Page 23</p> <p>1 A. No, no. 2 Q. -- from Mr. Quisenberry? 3 A. No, it was before. 4 Q. Later on in that paragraph on Page 17, it 5 says, "In 1997, Mrs. Nadel, along with Mr. Nadel, 6 became a founder of a company that developed a 7 computer-generated investment and trading system." 8 Does that refer to Inside Scoop? 9 A. Yes. 10 Q. Earlier in that paragraph in the opening 11 sentence it says that "Peg Nadel is the president 12 of the investment manager." And at Page 4 of this 13 document, the investment manager is defined as 14 Scoop Management, Inc. 15 Would that be consistent with the 16 information that you have that Scoop Management, 17 Inc. was the investment manager that is referred 18 to on Page 17? 19 A. Yes. I can't really answer that question 20 because I have no knowledge of the inner -- of the 21 structure of the corporations. I know that -- I 22 don't know if Scoop Management was or if Scoop 23 Capital was. There were different entities that 24 were under different -- and I don't really 25 remember that. I don't really know.</p>	<p style="text-align: right;">Page 25</p> <p>1 My business cards always -- never said -- I don't 2 recall my business cards ever saying president. I 3 think it was always executive vice-president or 4 something like that. I didn't know what my title 5 was. 6 Q. Are you aware if you were ever identified 7 as the secretary of Scoop Management, Inc., the 8 corporate secretary? 9 A. I don't remember; I really don't. 10 Secretary/treasurer. I don't really remember. 11 There was so many other things going on with my 12 involvement with the community during those years 13 that -- and my mother, who was living with us, 14 There were a lot of things that -- I was there. I 15 was keeping our staff of young adults, who all 16 knew each other in high school, together, focused 17 and remembering that they were now professionals 18 and no longer in high school. And most of the 19 time that seemed to me as though that was my main 20 occupation. 21 Q. At what point in time did the business 22 expand and the other people that you were just 23 referencing come in and start working with Scoop 24 Management? I assume Scoop Management. 25 A. We were still in the first location when</p>

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<p>1 we brought in Michelle Bell, and she was the 2 person -- she was the financial person who kept 3 track of all of the -- she took over from Jenny 4 Walker when the clubs were beginning to be phased 5 out and the first hedge fund had been established 6 in the office. And Michelle Bell was the 7 financial person there who handled all of the 8 bookkeeping for that.</p> <p>9 Q. Do you recall what year that was?</p> <p>10 A. 1999, 1999-2000. I don't know, I'm 11 guessing.</p> <p>12 Q. Did Michelle Bell join sort of at the same 13 time that the first hedge fund was set up and up 14 and running or after the first hedge fund?</p> <p>15 A. I don't remember.</p> <p>16 Q. But roughly at the time --</p> <p>17 A. Roughly, I would think so.</p> <p>18 Q. Is it correct that Valhalla Investment 19 Partners, L.P. was the first of the hedge funds?</p> <p>20 A. Correct.</p> <p>21 Q. I assume you're familiar with an 22 individual named Neil Moody?</p> <p>23 A. Oh, yes.</p> <p>24 Q. When did Neil Moody come into the picture 25 and join into business with Art Nadel?</p>	<p>1 because they had their office right next door.</p> <p>2 Q. You said at the "beginning." Did there 3 come a time when the investment clubs began 4 trading at a different financial institution?</p> <p>5 A. I don't remember when the investment clubs 6 were traded anywhere else. I don't.</p> <p>7 Q. So the only, I guess, brokerage that you 8 recall associated with the investment clubs was 9 Scottrade?</p> <p>10 A. To my recollection, yes.</p> <p>11 Q. Now, beginning approximately in 1999, when 12 the first hedge fund was established -- and just 13 so we're clear, today, when I refer to "the hedge 14 funds," I'm referring to one or all of the relief 15 defendants in this case, and those entities are: 16 Scoop Real Estate, L.P., Valhalla Investment 17 Partners, L.P., Victory IRA Fund, Ltd., Victory 18 Fund, Ltd., Viking IRA Fund, LLC and/or Viking 19 Fund, LLC.</p> <p>20 Were those the -- let me count, I think 21 it's six. Were those the six hedge funds that 22 were associated with Arthur Nadel?</p> <p>23 A. Yes.</p> <p>24 Q. Now, at the time that the first of the 25 hedge funds was created, and I believe that was</p>
Page 27	Page 29
<p>1 A. Early in 1999.</p> <p>2 Q. Before Art Nadel and Neil Moody began 3 doing business together in connection with the 4 hedge funds, did Art Nadel know Neil Moody?</p> <p>5 A. No, not that I'm aware of.</p> <p>6 Q. Do you know how they met?</p> <p>7 A. Yes. Neil Moody was working at Paine 8 Webber, I believe, which had its office in the 9 bank building across the street. He would pass by 10 the office on Main Street, and one day he just 11 said, "What is this?" This is still when it was 12 the Inside Scoop, I believe. And so we told 13 him -- he met Art and they talked and told him 14 what this was, and about the investment clubs, and 15 he became very impressed with the results of the 16 investment clubs.</p> <p>17 And then he came in one day, I suppose, 18 and he sat down and he talked with Art. And he 19 said, "I'm retiring and I would like to have a 20 place to hang my shingle," I think were the words 21 that he used.</p> <p>22 Q. Just to sidetrack a little bit. Do you 23 have any recollection where Art Nadel traded the 24 money for the investment clubs?</p> <p>25 A. In the beginning it was through Scottrade,</p>	<p>1 Valhalla Investment Partners, what were your 2 responsibilities in terms of your day-to-day 3 efforts in connection with the hedge funds, and 4 the Scoop Management, and any other company that 5 was associated with the hedge funds?</p> <p>6 A. The same as they had always been, 7 Mr. Morello. When the hedge fund was established, 8 and we realized that we would have to have -- oh, 9 boy, you are bringing back some -- I'm trying to 10 remember here. There was a realization that we 11 needed to have an accounting system to run the 12 hedge funds. And I know that there was a time 13 that an accounting firm in New York -- now, I 14 cannot attest to the accuracy of my memory here, 15 because I wasn't involved in any of these 16 negotiations or conversations. I always had the 17 result of the decisions that were made. I know 18 that there was an accounting firm in New York that 19 also was supposed to -- had a connection with 20 software. I cannot give you names. I can't 21 remember. Don't know.</p> <p>22 Then I believe there was a firm on the 23 east coast of Florida. And at that time I started 24 to do some research on the Internet for accounting 25 software for hedge funds, and I think I was the</p>

<p style="text-align: right;">Page 30</p> <p>1 one that came up with the Advent family of 2 software. And that was what we ended up with, 3 What happened in between, I don't really remember, 4 until we went for that Advent software, 5 I know that as far as -- you know, Neil 6 Moody had connections in New York, and I don't 7 know how or where they finally got to where they 8 ended up. The only thing that I did was to make 9 sure that the software was there and that Shelly 10 was learning it and was able -- she was more than 11 capable of learning and handling that financial 12 software. 13 Q. So during the time that you were exploring 14 and then setting up the accounting software for 15 the hedge funds, did you have other 16 responsibilities in the office? 17 A. Nothing that was specific. I -- just 18 keeping the office going. You know, I think we 19 were still -- I think we were still sending out 20 the monthly newsletter, but I can't remember. 21 Q. During the time, again, from the beginning 22 until the accounting software had been implemented 23 and was running -- 24 A. Right. 25 Q. -- how often would you go to the office of</p>	<p style="text-align: right;">Page 32</p> <p>1 A. I dare say anywhere between 30 and 40, 2 depending on what the -- sometimes less and 3 sometimes -- you know, it was usually a regular 4 workweek. 5 Q. Outside of the business, aside from taking 6 care of your mother, I think you mentioned that 7 you were involved in the community, is that 8 correct? 9 A. Absolutely. 10 Q. Were there specific projects or 11 organizations with which you were involved? 12 A. I was president of the Opera Guild of 13 Sarasota from '89 to '90, for example. That could 14 be a full-time job in itself. I was working, a 15 very active person in the Downtown Association. 16 We did fund-raisers. We worked with the downtown 17 Sarasota. Paul Thorpe was head of the Downtown 18 Association. He was the one who, I think, began 19 it. He was known as Mr. Downtown. 20 I was involved with my church. I 21 cantered. I sang. I was part of the choir, I 22 did music. I was involved with my children and 23 their schools. 24 MR. MORELLO: I want to mark this as 25 Exhibit 3.</p>
<p style="text-align: right;">Page 31</p> <p>1 the hedge funds? 2 A. Well, almost every day. But many times 3 not a complete day, because there were other 4 things that were taking me away. I had my mother 5 to take care of and spend some time with, and I 6 was certainly -- I had been involved with my 7 community and different organizations within the 8 community from the time that I arrived in Sarasota 9 in 1983. I still became -- I was still very much 10 a part of that community. 11 Q. In a typical week during that period, do 12 you have any recollection of how many hours you 13 spent working on the hedge funds or hedge fund 14 business? 15 A. I didn't work on the hedge funds. 16 Q. Let me clarify that. I don't necessarily 17 mean working on the hedge -- by "working" on the 18 hedge funds, I'm not talking about the actual 19 investment aspect of it. I'm talking about work 20 in the office where the hedge funds were managed. 21 So during the course of the week during the time 22 that you were setting up and then to the time that 23 the accounting software was running smoothly, on 24 average, how many hours would you dedicate to the 25 business during the course of a week?</p>	<p style="text-align: right;">Page 33</p> <p>1 (Exhibit 3 marked for identification.) 2 BY MR. MORELLO: 3 Q. If you can take a moment to look at what's 4 been marked as Exhibit 3. Just for the record, 5 Exhibit 3 is a one-page document Bates stamped 6 NDX-110-000719. Do you recognize the document 7 that's been marked as Exhibit 3, Mrs. Nadel? 8 A. Yes, I do. 9 Q. Can you tell me what it is? 10 A. Obviously it is a letter. 11 Q. Is that a letter from you on Inside Scoop 12 letterhead? 13 A. It must have been, because here is my 14 little handwritten note at the bottom of it. 15 Q. So that's your handwriting at the bottom? 16 A. Yes. 17 Q. Do you recognize the addressee on this 18 letter, William Smith? 19 A. I don't remember William Smith. 20 Obviously, I think he became an investor. 21 Q. The letter is dated July 23, 1999, 22 correct? 23 A. Correct. 24 Q. The first sentence of the letter says, 25 "Thank you for your inquiry to the Wall Street</p>

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<p>1 Digest regarding the article about our firm's 2 performance." Are you familiar with the Wall 3 Street Digest?</p> <p>4 A. Yes.</p> <p>5 Q. What was the Wall Street Digest?</p> <p>6 A. It was a financial newsletter that was 7 created by Donald Rowe and sent to his 8 subscribers.</p> <p>9 Q. Did you ever meet Donald Rowe?</p> <p>10 A. Yes, I did.</p> <p>11 Q. The letter says that there is an article 12 in the Wall Street Digest regarding your firm's 13 performance?</p> <p>14 A. Uh-huh.</p> <p>15 Q. Were you aware that Donald Rowe was 16 discussing or talking about the performance of the 17 hedge funds --</p> <p>18 A. Yes, I was.</p> <p>19 Q. -- in his Wall Street Digest?</p> <p>20 A. Yes, I was.</p> <p>21 Q. Do you know when he started doing that, 22 approximately what year he started recommending 23 the hedge funds?</p> <p>24 A. Well, it had to have been in 1999, because 25 the first hedge fund wasn't established until May</p>	<p>1 information about the hedge funds to a potential 2 investor?</p> <p>3 A. I guess it must be.</p> <p>4 Q. Do you recall having this sort of role in 5 1999, when you were working with Scoop Management 6 or Inside Scoop? By this "role," I mean --</p> <p>7 A. Any letter that was sent out with a 8 letterhead like this that was sent to any person 9 who was interested in the hedge funds was always a 10 creation of Arthur Nadel. Or if I would write it, 11 it would go to him for approval. And if there was 12 anything that he wanted to be changed -- this was 13 a very simple, very short letter that just says 14 thank you for your inquiry, we'll send you this 15 and, you know -- it's entirely up to the investor 16 after reading what he sees in the documents that's 17 he has asked for as to what decision he is going 18 to make.</p> <p>19 Q. With respect to identifying potential 20 investors and recipients of these types of 21 letters, did someone just come to you and ask you 22 to prepare a letter for a certain individual?</p> <p>23 A. This always came as a result of an inquiry 24 that was either sent to us by the Wall Street 25 Digest, because that was obviously his source of</p>
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<p>1 of 1999.</p> <p>2 Q. Let me actually just ask for you to -- as 3 far as you know, is it fair to say that Donald 4 Rowe in his Wall Street Digest newsletters was 5 recommending investment in the hedge funds?</p> <p>6 A. So far as I know.</p> <p>7 Q. Have you ever seen one of his newsletters?</p> <p>8 A. I have.</p> <p>9 Q. Have you specifically seen anything in a 10 newsletter that discusses the performance of 11 Arthur Nadel, Neil Moody or any of the hedge 12 funds?</p> <p>13 A. I have, as it was sent to us. I don't 14 think I ever read an entire newsletter of his, but 15 just the passage where he mentioned the 16 performance of -- yeah, I guess it was still 17 Inside Scoop. This was one of my other things. I 18 created this. So that was another --</p> <p>19 Q. When you say you created "this," you are 20 referring to creating the mark --</p> <p>21 A. The logo.</p> <p>22 Q. -- that's part of the letterhead?</p> <p>23 A. Yes.</p> <p>24 Q. The letter -- is it accurate to say that 25 the letter seems to be a cover letter forwarding</p>	<p>1 information, as stated here. The Wall Street 2 Digest would then send to us any people who had 3 inquired -- had contacted the Wall Street Digest 4 as to what -- about the funds, the fund at that 5 time, because that was the only one. That was the 6 only way we had of identifying any person who was 7 interested.</p> <p>8 Q. Let's say in 1999, when a name was 9 forwarded to the hedge funds or to Scoop 10 Management or Inside Scoop by the Wall Street 11 Digest of a potential investor, who would that 12 information go to at Scoop Management?</p> <p>13 A. Usually it went to Andrew Martin, who was 14 by then working at Inside Scoop.</p> <p>15 Q. Would someone in the office then create -- 16 or even Arthur Nadel -- would they prepare this 17 letter?</p> <p>18 A. This was a standard type letter, I would 19 imagine. The only thing that we would change on 20 it would be the name of the person to whom it was 21 addressed.</p> <p>22 Q. So could it be possible that these letters 23 were being sent out under your name without you 24 even knowing that it was being sent out or would 25 you have seen a copy before it went out?</p>

<p style="text-align: right;">Page 38</p> <p>1 A. I would have seen it, but I was the one 2 that usually took care of this type of 3 correspondence. Well, first of all, Andrew's 4 English was always a little bit suspect. He was 5 great at sports. So any correspondence had to be 6 passed final by me that Andrew would have any 7 cause to communicate directly with an investor or 8 potential investor. I was the proofreader and 9 made sure that it went out with correct grammar 10 and good English and situated well on the page. 11 Q. One other thing I should have told you at 12 the beginning of this deposition. If you need a 13 break at any point, just let me know and we'll 14 stop and take a break. 15 A. Thank you. 16 MR. MORELLO: I would like to mark this as 17 Exhibit 4, please. 18 (Exhibit 4 marked for identification.) 19 BY MR. MORELLO: 20 Q. Mrs. Nadel, if you could just briefly look 21 at what's been marked as Exhibit 4. I am just 22 going to mention it briefly. For the record, 23 Exhibit 4 is a document Bates numbered 24 NDL-013-003346. 25 MR. Nadel, do you recognize the document</p>	<p style="text-align: right;">Page 40</p> <p>1 Q. Who would receive it at the office? 2 A. Andrew Martin. 3 Q. Then what would Andrew Martin do after 4 receiving this document? 5 A. Communicate with whomever was the names 6 that were on the document that were sent over. 7 Q. So Andrew Martin was the person that was 8 responsible for following up with the -- 9 A. He was. 10 Q. -- inquiries? 11 A. He was. 12 Q. By the way, do you recognize the 13 handwriting? 14 A. That's Andrew's. 15 Q. That's Andrew's handwriting. 16 As far as you know, during the course of 17 the years that the hedge funds were operating and 18 the potential investors were being referred by the 19 Wall Street Digest, did this sort of document and 20 information get referred infrequently or was this 21 something that, as far as you know, was something 22 that was done in a high volume? 23 A. It was a daily or however, it depended on 24 the type and the number of inquiries. I have no 25 idea about that. I just know when they had</p>
<p style="text-align: right;">Page 39</p> <p>1 that's been marked as Exhibit 4? 2 A. Yes, I do. 3 Q. What is the document that's been marked as 4 Exhibit 4? 5 A. It is a list of names that were faxed to 6 us by one of the people in Don Rowe's office. 7 Q. Before you were testifying that you would 8 receive -- not you necessarily personally, but 9 that Scoop Management or Inside Scoop or the hedge 10 funds would receive -- would be forwarded from the 11 Wall Street Digest -- 12 A. Yes. 13 Q. -- inquiries from potential investors. Is 14 this an example of a document forwarding that 15 information? 16 A. Yes. 17 Q. So, as far as you understand, this is a 18 list of persons that were potentially -- that had 19 expressed some sort of interest to the Wall Street 20 Digest about investing in the hedge funds? 21 A. Correct. 22 Q. It says at the top that this was forwarded 23 to your attention. Did this sort of document come 24 directly to you? 25 A. No.</p>	<p style="text-align: right;">Page 41</p> <p>1 enough, they sent it. 2 Q. Do you have any knowledge of whether the 3 investors that were referred by Donald Rowe and 4 the Wall Street Digest formed a significant volume 5 of the investors in the hedge funds? In other 6 words, was the Wall Street Digest a very good 7 source of investors? 8 A. In the beginning, I think the Wall Street 9 Digest was almost the only source. 10 Q. Do you know if Donald Rowe or the Wall 11 Street Digest was compensated for these referrals? 12 A. I have no knowledge of the details. I 13 know that there was an agreement and a contract 14 that -- no. An agreement between Neil Moody, 15 Arthur Nadel, and Donald Rowe, but I was not part 16 of any of that. 17 Q. Do you have any knowledge of how 18 Mr. Rowe's or Wall Street Digest's compensation or 19 fees were calculated? 20 A. I don't know. 21 Q. Just to clarify something, earlier on I 22 think you were discussing communications or 23 negotiations and conversations between people at 24 the hedge funds and accountants in New York and 25 then on the East Coast. You said you were not</p>

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<p>1 involved with those communications and 2 negotiations. Who was responsible for those 3 communications and negotiations? 4 A. Arthur Nadel and Neil Moody. 5 Q. If we could go back to what's been marked 6 as Exhibit 3, it says, sort of the main paragraph 7 of the letter, halfway through the second 8 sentence -- I'm sorry, the third sentence, and 9 then the final sentence. It says, "Please contact 10 us and I would be happy to send them to you. 11 Please feel free to call us any time if you desire 12 information." 13 A. Uh-huh. 14 Q. When a potential investor contacted the 15 hedge funds or Scoop Management or Inside Scoop, 16 who typically would field that phone call? 17 A. Andrew. Sometimes I did. It depended on 18 who answered the phone. But to take the next step 19 and send out the documents that were required or 20 asked for, that was handled by Andrew and then 21 later Chris Moody when he came in. The two of 22 them worked together. 23 Q. If an investor called back and had 24 substantive questions about the performance of the 25 hedge funds, or of the trading strategies, and you</p>	<p>1 idea. I have -- I was looking at it earlier 2 and -- 3 Q. Is it a possibility that you were writing 4 to Neil Moody and Sharon Moody? 5 A. Absolutely not. 6 Q. Why do you say "absolutely not?" 7 A. Did not have that kind of relationship 8 with them. 9 Q. What was your relationship with them like, 10 if it wasn't -- when you say you -- let me stop 11 back. 12 When you say you "did not have that kind 13 of relationship with them," what do you mean by 14 "that kind?" 15 A. Social. That type of friendly -- it 16 wasn't -- difficult to explain. 17 Q. So you did not socialize with Neil and 18 Sharon? 19 A. No. Very seldom. I was not comfortable. 20 I did not like the association in the very 21 beginning. I did not like many of the aspects of 22 the association that Arthur had with Neil Moody 23 from the beginning. 24 When he married Sharon, I thought she was 25 a lovely lady, and I -- but one with whom I would</p>
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<p>1 fielded the call, would you have discussions with 2 that investor on those topics or would you refer 3 them to someone else? 4 A. No. It depended on what the question was. 5 If they wanted to know about the performance, that 6 was something that was right there in front of me. 7 I could pull that up. And if they wanted to know 8 about the investment strategy, the only thing that 9 I ever could say, because it was all I ever knew, 10 was that it was based on mostly short-term 11 trading. 12 And let me put it this way: I don't think 13 that any of our investors ever paid any long-term 14 capital gains. That was all -- it's what 15 everybody knew. 16 Q. In the handwritten note on that same 17 letter that's marked as Exhibit 3, I think before 18 you mentioned that is your handwriting. 19 A. Right. 20 Q. It states, "Hi there. Here is a copy of 21 the letter sent to answer inquiry. Hope all is 22 well with you two. See you soon. Peg." Who were 23 you writing that note to? 24 A. I haven't got the slightest idea. It was 25 obviously two people and someone that -- I have no</p>	<p>1 have absolutely nothing in common. Our values 2 were not the same. Did not -- did not -- have 3 never been a part of that world. We were always 4 friendly, but not friends, if you understand the 5 difference. We were invited. We would have 6 dinner on occasion together. Have been invited to 7 their house, at Sharon's house, with friends. And 8 Don Rowe and Joy Rowe were there on occasion along 9 with other couples. So it was more of a social 10 event. 11 We were invited to their place in 12 Colorado, where we went. We were invited back, 13 but I really did not want to do it. Did not want 14 to go, and so we didn't. 15 It was a relationship and I would not have 16 had that kind of a note, I don't believe. I can't 17 see myself doing that, but I cannot remember to 18 whom that note was penned. 19 Q. When you said you didn't like the 20 association with Neil Moody, what didn't you like 21 about the association of Neil Moody? 22 A. Well, I wasn't a Neil Moody fan to begin 23 with, and then I didn't like when he contracted 24 with the Inside Scoop to be their -- his technical 25 investor or advisor or whatever. I didn't like</p>

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<p>1 the contract. I thought it was very, very</p> <p>2 one-sided, and that it just wasn't fair to Arthur,</p> <p>3 who was doing all the work,</p> <p>4 Q. When you said it "wasn't fair" and it was</p> <p>5 "one-sided," you mean the financial aspects of it</p> <p>6 were one-sided?</p> <p>7 A. Yes, yes.</p> <p>8 Q. Meaning, you didn't believe that Arthur</p> <p>9 was being adequately compensated for the services</p> <p>10 he --</p> <p>11 A. Let's just say that Neil was the type of</p> <p>12 person who would always see to it that the lion's</p> <p>13 share went in the right direction.</p> <p>14 Q. When you say "the right direction," that</p> <p>15 means to Neil?</p> <p>16 A. Yes.</p> <p>17 Q. With respect to Don Rowe and the Wall</p> <p>18 Street Digest, besides Don Rowe, do you recall the</p> <p>19 names of anyone else that worked with Don Rowe at</p> <p>20 the Wall Street Digest?</p> <p>21 A. Don Rowe never had any use for me. I</p> <p>22 mean, you know, not that that bothered me in the</p> <p>23 least bit, but I was just a female when Don Rowe</p> <p>24 would come into the office on very rare occasions.</p> <p>25 So I really did not know Don Rowe very well, and I</p>	<p>1 financial demands that Don Rowe had made?</p> <p>2 A. No, I don't. I wasn't part of that. I</p> <p>3 was just aware that there were demands and they</p> <p>4 were deemed to be excessive and having gone on</p> <p>5 over long -- that's all I can -- that's just a</p> <p>6 surmise on my part.</p> <p>7 Q. So it's your belief or understanding that</p> <p>8 the relationship with Don Rowe ended because Don</p> <p>9 Rowe wanted too much money?</p> <p>10 A. To the best of my knowledge, and that's</p> <p>11 always a bit suspect, I would say so.</p> <p>12 Q. I know you mentioned you didn't have much</p> <p>13 interaction with Don Rowe and his business, but as</p> <p>14 far as you know, do you know if his wife -- is it</p> <p>15 Joy?</p> <p>16 A. Joyce.</p> <p>17 Q. Is it Joyce?</p> <p>18 A. Yes.</p> <p>19 Q. As far as you know, was she Don Rowe's</p> <p>20 only wife? Do you know if he was -- in other</p> <p>21 words, do you know if he was previously married?</p> <p>22 A. I'm sure he was, but I have no knowledge</p> <p>23 of that whatsoever.</p> <p>24 Q. When did you first hear or were introduced</p> <p>25 to Don Rowe?</p>
Page 47	Page 49
<p>1 didn't know Joy very well, other than to see them</p> <p>2 very, very occasionally socially. So I have no</p> <p>3 idea how Don Rowe ran his business or what he ran</p> <p>4 his business with.</p> <p>5 Q. Do you know who at the hedge funds or at</p> <p>6 Scoop Management or Inside Scoop typically</p> <p>7 interacted with Don Rowe or his staff at the Wall</p> <p>8 Street Digest?</p> <p>9 A. It was mostly Neil, other than receiving</p> <p>10 this that went straight to Andrew, who then took</p> <p>11 care of sending out a standard letter and sending</p> <p>12 the proper documents that were called for.</p> <p>13 Q. Were you aware that at some point the</p> <p>14 relationship with Don Rowe and the Wall Street</p> <p>15 Digest ended?</p> <p>16 A. Yes.</p> <p>17 Q. The relationship between the hedge funds</p> <p>18 and --</p> <p>19 A. Yes, I was very much aware.</p> <p>20 Q. How were you made aware of it?</p> <p>21 A. Neil Moody came in and was agitating over</p> <p>22 Don Rowe's demands, financial demands, and the</p> <p>23 fact that, I guess, Neil didn't want to pay</p> <p>24 anymore.</p> <p>25 Q. Do you recall any specifics about the</p>	<p>1 A. I think it had to have been in 1999,</p> <p>2 because Neil and Sharon were very good friends</p> <p>3 with both Don and Joy. In fact, it was Joy that</p> <p>4 introduced Neil to Sharon or Sharon to Neil. So</p> <p>5 they were very good friends socially and saw a lot</p> <p>6 of each other. So the first time I think -- you</p> <p>7 know, obviously to get Valhalla off the ground,</p> <p>8 there had to be a minimum of a million dollars in</p> <p>9 the fund before it could start, before it could</p> <p>10 become active. And it was shortly some time in</p> <p>11 1999 that Neil had formed this agreement with Don</p> <p>12 Rowe. Otherwise, I don't know.</p> <p>13 Q. So from the time you first met or were</p> <p>14 introduced to Don Rowe until the present, as far</p> <p>15 as you know, during that whole time he has only</p> <p>16 been married to Joy Rowe, Joyce Rowe?</p> <p>17 A. So far as I know. I don't know when they</p> <p>18 were married.</p> <p>19 Q. Do you know if Joyce Rowe worked with Don</p> <p>20 at all at the Wall Street Digest or any of his</p> <p>21 entities?</p> <p>22 A. No idea.</p> <p>23 Q. If you don't mind looking at Exhibit 3</p> <p>24 again, is there a possibility that that letter --</p> <p>25 I'm sorry, the handwritten note, specifically</p>

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<p>1 towards the end where it says, "hope all is well 2 with you two," is there any possibility that that 3 is a reference to Don and Joyce Rowe? 4 A. No, absolutely not. I mean, I just cannot 5 imagine. I hardly had any conversation with them. 6 I certainly can't imagine writing anything like 7 that. 8 MR. MORELLO: Let's take a break. 9 (Recess from 10:44 a.m. until 10:51 a.m.) 10 MR. MORELLO: I'd like to mark Exhibit 5. 11 Just for the record, Exhibit 5 is a one-page 12 document Bates numbered ND-110-000711. 13 (Exhibit 5 marked for identification.) 14 BY MR. MORELLO: 15 Q. Mrs. Nadal, do you recognize the document 16 that's been marked as Exhibit 5? 17 A. I recognize it as a fax. 18 Q. Does that look like a fax from you to Neil 19 and Sharon Moody? 20 A. Obviously. 21 Q. If you read the substance of the message 22 in the fax, it writes, "We've had two responses to 23 the questionnaire, one a Neacons Past (ph) and 24 we've sent the full documents along with the rest 25 of the questionnaire to Mr. Wing Y. Chin, Orlando,</p>	<p>1 out the memorandums and the other forms that were 2 sent to investors, because obviously in all of my 3 community involvement, I have had dealings with 4 printers, so -- 5 Q. By "printers," you mean services that 6 would print the documents so that you could ship 7 them? 8 A. Yes, sure. 9 Q. I note that the text of the fax says, 10 "Dear Neil and Sharon." 11 A. Right. 12 Q. Was Sharon involved in any way in the 13 business of the hedge funds -- 14 A. No. 15 Q. -- or Scoop Management? 16 A. Only as an investor. 17 Q. Do you have any idea why this fax was sent 18 to Neil to apprise him of the information that's 19 in the fax? 20 A. Obviously -- no, I don't know for sure. 21 What I am -- would think that would be the 22 practical answer to that would be that this was 23 part of the names that he should be aware of who 24 was coming in as a potential investor or possible 25 investor to his hedge fund of Valhalla. That is</p>
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<p>1 Florida at (407) 885-1505. He should get them by 2 tomorrow." 3 Do you have any idea what that message is 4 referring to? 5 A. No, I really don't. I think, if I 6 remember correctly, when we were contacted by 7 anyone who was interested in the funds, such as 8 these names -- 9 Q. I'm sorry, "these names," you are 10 referring to Exhibit 4? 11 A. Sorry. Yes, Exhibit 4. 12 They would be sent a questionnaire to 13 ascertain their eligibility as an investor in a 14 hedge fund. And depending on their response to 15 the questionnaire, it would either continue or it 16 would go nowhere. 17 Q. As part of your responsibilities, did you 18 have the task of reviewing questionnaires that 19 were returned by investors to determine whether or 20 not they would be eligible and whether they would 21 be -- 22 A. It wasn't my responsibility. Sometimes I 23 saw them and sometimes I didn't. Sometimes I was 24 active in preparing the package to send it out. I 25 certainly was active in finding a printer to print</p>	<p>1 why he would be appraised (sic) of this. And 2 obviously, I -- I'm thinking obviously at this 3 point he would be in Colorado at Sharon's place, 4 which is why it was addressed to Neil and Sharon. 5 Q. Is it possible to tell me typically during 6 the course of a year how much time Neil would 7 spend in Colorado, let's say, in the early years, 8 such as 1999? 9 A. Well, that was the beginning of their 10 relationship, I think, and I don't remember when 11 they were married. I know they were married in 12 Colorado. But when he would go there, he would be 13 there for -- in the beginning, I don't remember, 14 anywhere from a month to two or three months in 15 the summertime. I don't know. 16 Q. Do you know, as the years progressed, say 17 the second half of the life of the hedge funds, 18 which would be from 2005-2004 forward, over the 19 course of those years, did Neil spend more time in 20 Colorado than he did in the earlier years? 21 A. Oh, yes. 22 Q. So, for example, during the course of that 23 second half time period, when the hedge funds were 24 operating, on average how much time would he spend 25 in Colorado over the course of a year?</p>

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<p>1 A. Two to three months. They would do 2 probably three months in the summer and then maybe 3 sometimes they would go back at Christmastime or 4 over Thanksgiving with the rest of the family. 5 Then they were beginning to travel quite a bit. 6 Q. So at least in the period from '04 to the 7 end of '05 to the end, it seems Neil Moody spent 8 significant amounts of the year outside of the 9 office? 10 A. He did. 11 Q. Do you have any idea whose handwriting it 12 is that's on the fax below the typed message? 13 A. I don't know. It's not slanted in the 14 direction that would say it was Andy's writing. I 15 have no idea. And I don't know -- I have no -- 16 no, I have no idea. 17 Q. Okay, fair enough. 18 First of all, I think earlier you were 19 testifying about the fact that one of your primary 20 responsibilities was to find and implement the 21 accounting software that was used for hedge funds. 22 When did that process end? 23 A. As soon as we contracted with Advent to 24 install the software. 25 Q. Do you recall what year that occurred?</p>	<p>1 implemented some time maybe in 2000? 2 A. I think so. 3 Q. Now, once that happened, did your 4 responsibilities or did your day-to-day tasks at 5 Scoop Management or Inside Scoop change? 6 A. No. It was the same. I did not have any 7 responsibility or any involvement with any of the 8 accounting of any of the entities or for the 9 office. 10 Q. So you didn't have responsibility for 11 that. So what did you have responsibility for? 12 I'm trying to get a specific picture of what your 13 day-to-day job duties were or tasks were -- 14 A. Mr. Morello -- 15 Q. -- while you were working for Scoop 16 Management. 17 A. -- I can't be specific in what tasks I had 18 while I was working there, because it was whatever 19 needed to be done that no one else was doing that 20 I would step in and try to do or try to help or 21 try to implement. It was kind of like running a 22 family. Sometimes you do laundry, and sometimes 23 you cook, sometimes you clean. All of the above. 24 Q. So could you give me an example of a 25 day -- I realize it's back some time, but could</p>
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<p>1 A. I don't know. I'm going to guess 2 somewhere between 1999 and 2000. I really don't 3 know. 4 Q. So is it fair to say that during that 5 initial period, the bulk of your time spent 6 working at Scoop Management or Inside Scoop was 7 dedicated to the software implementation project? 8 A. Absolutely not. I know absolutely nothing 9 about accounting software or accounting. I 10 didn't. I knew -- I would always try to get an 11 overview of whatever program it was, but as far as 12 getting into it and using it or looking at it or 13 even knowing how to bring anything up from that 14 software, no, I didn't. That was Shelly and -- 15 Michelle Bell, that was her responsibility. 16 Q. Before the software was implemented, am I 17 correct that it was one of your primary tasks at 18 Scoop Management or Inside Scoop to select a 19 software package? 20 A. It wasn't a task. It was something I took 21 on myself. Someone had to do it. Obviously, I 22 was the only one that had the time and -- to do 23 it, to research it, if you will. 24 Q. It's your recollection, although it may be 25 vague, that the software package was then</p>	<p>1 you give me, for example, what a day for you would 2 be like working at the office of Scoop Management? 3 A. Well, I would go in and would find out 4 what had -- what had transpired, you know, because 5 my days were so nonspecific. I wasn't a secretary 6 that came in and had duties to sit down and 7 immediately do. I wasn't -- if there were any 8 correspondence or any paperwork -- or I'd find out 9 from everybody else what they had done or what 10 needed to be done. Sometimes run the vacuum 11 cleaner. I can't -- just to make sure that 12 everything was running smoothly. I -- taking care 13 of so much of my own stuff. I had my own filing 14 cabinet, which was for what I was doing with the 15 opera and what I was doing with other 16 organizations in the town and just keeping up with 17 that aspect of my life. And then there was the 18 Scoop, you know, which mostly consisted of copies 19 of what everybody else had. 20 I'm not -- I don't want you to think that 21 I'm not trying to answer your question. I can't 22 really be specific, because I don't know. Not 23 having had any specific duties or handling any 24 part of the business of the investments, but the 25 business of running the office. I would try to</p>

<p style="text-align: right;">Page 58</p> <p>1 make sure that we had -- I know that at one time I 2 called in a company to come in and advise us on 3 how to make everyone more efficient in their 4 duties of the office and establishing -- writing 5 and establishing an office manual so that we had 6 some guidelines and all the employees had 7 guidelines on what they had to do in the office 8 and how they had to do it. And I did end up 9 writing an office manual, and it was one that I 10 had found on the Internet and copied. I believe 11 it was from a church that they had written for 12 their staff, and it just seemed to have everything 13 in there that we needed to have. It defined the 14 time, the overtime, the holidays, what was 15 expected, the lunch hour, that sort of thing. 16 Because it was a very liberally run office 17 structure. I was very lenient for what employees 18 had to do, wanted to do, give them some time off, 19 that sort of thing.</p> <p>20 In looking back, it was probably one of 21 the best places you would ever want to work 22 because of that. But it was also leading up to 23 some frustration on my part, because I felt things 24 were not being accomplished as efficiently and as 25 correctly as they needed to be. It was an office.</p>	<p style="text-align: right;">Page 60</p> <p>1 I may have asked you before, but do you 2 recall in what year you stopped operating under 3 Inside Scoop and started operating under Scoop 4 Management? 5 A. No, I don't. 6 Q. But it was roughly in the 1999 through 7 2000 period at the beginning of the hedge funds, 8 or you don't recall? 9 A. I don't recall. That would make sense. 10 You have somewhere -- in the files that were taken 11 out of the office, you have somewhere the 12 documents that talk about the change, and they are 13 dated. So you should have that information 14 somewhere up here. 15 Q. When you were discussing or identifying 16 before that Michelle Bell worked with the hedge 17 funds, Andrew Martin worked with the hedge funds, 18 I think you mentioned Geoff Quisenberry worked 19 with the hedge funds. 20 A. No. He was just our technical advisor. 21 Q. But he was an employee of -- 22 A. He was an employee of Scoop Management. 23 Q. All of those people, including yourself, 24 were technically employees of Scoop Management? 25 A. Correct.</p>
<p style="text-align: right;">Page 59</p> <p>1 As I said, everyone that worked in that office, 2 they were all very young adults. They all knew 3 each other from high school, and they, most of the 4 time, forgot that they were not still in high 5 school. So there was a lot of personnel 6 management that I was doing. That was about -- 7 that was about it. It was just a general making 8 sure that all of the other stuff was functioning. 9 Q. Is it fair to characterize your 10 responsibilities and your tasks then as 11 administrative in nature? 12 A. I would dare say in any good administrator 13 is a little bit of everything. They are a bit of 14 a chief cook and bottle washer. 15 Q. Now, over the years, did you find that you 16 needed to focus less and less time on the Scoop 17 Management business because as time went on it 18 became more efficient and thus required less 19 attention from you? 20 A. Absolutely, yes, that is correct. 21 Q. I think earlier you mentioned that maybe 22 in the early years, you would spend 30 to 40 hours 23 a week working on business related to Scoop 24 Management or Inside Scoop. First of all -- let 25 me step back and strike that,</p>	<p style="text-align: right;">Page 61</p> <p>1 Q. As I was saying before, I think earlier 2 you were saying that in the early years, perhaps 3 you were spending 30 to 40 hours a week on 4 business that was dedicated to Scoop Management 5 and the operation of the hedge funds. And then 6 you testified that over time that work, that 7 business, required less attention from you. As 8 you got, say, to 2008, which was the last year, 9 how much time, on average, would you spend in the 10 office working on business that was related to 11 Scoop Management and the hedge funds? 12 A. I dare say it was probably between 25 and 13 30 hours a week, because I was there every day. 14 Q. That 25 to 30 hours a week encompasses 15 work you only did in connection with Scoop 16 Management or also work that you were doing 17 perhaps physically in the office but associated 18 with the opera or community activities that you 19 were engaged in? 20 A. I can't separate that. I don't know. I 21 can't separate it. Anything that I would say 22 would be in the most general terms. 23 Q. Just so I'm clear, when you gave me the 24 25- to 30-hour a week estimate -- 25 A. That was --</p>

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<p>1 Q. Let me finish my question. Are you 2 considering that as an estimate of the amount of 3 time you physically spent in the office as opposed 4 to the amount of time you estimate that you 5 actually physically spent working on business that 6 was related --</p> <p>7 A. Mr. Morallo, you have to understand --</p> <p>8 Q. Let me finish my question,</p> <p>9 A. I'm sorry.</p> <p>10 Q. -- business that was related to Scoop 11 Management?</p> <p>12 A. Right. You have to understand that by 13 that time, Scoop Real Estate had acquired physical 14 properties, Scoop Capital had acquired physical 15 properties. I was very much involved in running 16 and helping to manage and helping to oversee how 17 those properties were being run and what was going 18 on with them, mostly Home Front Homes down in 19 Englewood. Yes, I was spending a lot of time. In 20 fact, probably, when you take into consideration 21 all of the outside that is still part of Scoop's 22 ownership of properties, I was spending a great 23 deal more time than the 25 to 30 hours a week in 24 the office in the last few years of Scoop because 25 I was -- as I said, I was very actively involved</p>	<p>1 A. Tradewind was simply a company, as I 2 recall, and so much as I know, that had the 3 ownership of the two aircraft, one of which was 4 purchased to be put out to charter and was 5 supposed to earn an income from that.</p> <p>6 Q. Your involvement with these businesses, 7 Home Front Homes, the North Carolina Laurel 8 Mountain Preserve property, and the Venice Jet 9 Center, do you recall in what time frame that you 10 became active working in connection with those 11 businesses?</p> <p>12 A. When they were acquired.</p> <p>13 Q. So as soon as they were acquired, you 14 became active --</p> <p>15 A. Yes.</p> <p>16 Q. -- in helping operate or manage or 17 organize the businesses?</p> <p>18 A. Absolutely. I mean, it was -- it was 19 something -- as far as Home Front Homes was 20 concerned, Arthur never wanted to buy into that 21 business, but he was persuaded through his 22 friendship with -- oh, names -- with one of the 23 partners. And John Shea -- John Shea was the 24 lawyer who handled the closing on that, and there 25 were a lot of problems from the very, very</p>
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<p>1 in the airport business. I was actively involved 2 with Home Front Homes.</p> <p>3 I was very actively involved in the 4 property in North Carolina, Laurel Mountain, that 5 is so dear to my heart. I was securing a 6 marketing and advertising person for Laurel 7 Mountain, spending a great deal of time in 8 creating materials for that.</p> <p>9 I would attend meetings, staff meetings, 10 at least once a week down at Home Front Homes. 11 Roger Jernigan, as you know, was very much 12 involved in managing those businesses. He has 13 also been up in Laurel Mountain, but very much so 14 in Home Front Homes. I was involved in some of 15 the hiring of the manager down there that we had, 16 the interview process.</p> <p>17 Yes. So if I was not physically in the 18 office at Scoop Management, I was most probably 19 working on something else for Scoop Management 20 outside of the office.</p> <p>21 Q. When you mentioned the airport business 22 before, were you referring to Tradewind and the 23 Venice Jet Center?</p> <p>24 A. Venice Jet Center.</p> <p>25 Q. You were not referring to Tradewind?</p>	<p>1 beginning. There were a lot of problems before, 2 but many of them didn't come to light until after 3 the purchase of that business. And there was a 4 lot that had to be done.</p> <p>5 Q. During the time that you spent time 6 working on those businesses, with respect to the 7 tasks and work that you had previously done in 8 terms of managing the Scoop Management office, did 9 you do less of that because you were dedicating 10 more time to the other businesses?</p> <p>11 A. True. It was a question of necessity. I 12 was managing the Scoop office business when it 13 became necessary to do so. When I felt we had to 14 call staff meetings and get things back on track, 15 I did that.</p> <p>16 Q. With respect to helping out on any tasks 17 that might be necessary to be performed at the 18 offices of Scoop Management, for example, having a 19 private placement memorandum printed or preparing 20 correspondence for the investors --</p> <p>21 A. I had not done any of that for a few 22 years.</p> <p>23 Q. At what point in time did you stop doing 24 that kind of work?</p> <p>25 A. Mr. Morallo, please understand that as far</p>

<p style="text-align: right;">Page 66</p> <p>1 as finding a printer was concerned, as far as 2 getting material to the printer to be copied, that 3 was as far as my duties went. When they came back 4 to the office, they were filed. There were boxes. 5 There were piles. 6 As the investor inquiries would come into 7 the office, sometimes I would help to put the 8 proper forms in an envelope and see that they were 9 sent. That was as far as I did, sometimes. 10 Because that was also handled by Andrew Martin 11 and -- who else was there that would have done 12 that? I think mostly by Andrew. 13 After that, after the first year or so of 14 that, they took care of it. If they needed more, 15 they were the ones who know what needed to be 16 replenished, as far as the documents were 17 concerned. So they would call the printer and 18 order what was necessary when they felt it was 19 necessary. 20 Q. So after the 2000 or 2001 time frame, is 21 it accurate to say you spent less -- 22 A. Or 2002, yes. 23 Q. Please let me finish my question. 24 A. I'm sorry. 25 Q. Is it accurate to say you spent less and</p>	<p style="text-align: right;">Page 68</p> <p>1 Q. Was the Venice Jet Center owned by Scoop 2 Real Estate? 3 A. No, I'm sorry. You are right. It was 4 not. 5 Q. Was Home Front Homes owned by Scoop Real 6 Estate? 7 A. No, it was not. 8 Q. Was the Laurel Preserve, Laurel Mountain 9 property, owned by -- 10 A. No, it was not. You are correct in that, 11 I'm sorry. To me, it was all the same. It was 12 the question -- it was part of us. 13 Q. It was part of Scoop Management is what 14 your understanding is? 15 A. Yes. And I didn't separate those. 16 Q. But those businesses were separate from 17 the business of the hedge funds? 18 A. Yes, they were. 19 Q. So over time is it fair to say that you 20 dedicated more of your time relating to those 21 businesses, like the airport, the Venice Jet 22 Center, the Home Front Homes, and the Laurel 23 Mountain property and less time to what you have 24 described as working on the administrative side of 25 the hedge fund business? Is that fair?</p>
<p style="text-align: right;">Page 67</p> <p>1 less time addressing or working on or dealing with 2 issues that arose within the office of Scoop 3 Management? 4 A. Mr. Moxello, I don't understand what 5 answer you want with these questions from me. I 6 don't understand where you are going with this 7 question. 8 Q. I'm simply trying to find out what type of 9 activities you were performing at the offices of 10 Scoop Management and whether those activities over 11 time decreased. 12 A. Mr. Moxello, I cannot define my every duty 13 that I performed every day, because they were 14 never the same. Some were the same, some were 15 different. Things were handled as it became 16 necessary to handle. I gave every time, every 17 minute, to some business that was related to or 18 concerning Scoop Management. 19 Q. Let's separate those businesses from the 20 hedge fund business. 21 A. Why? They were part of the hedge fund. 22 Most of them were. 23 Q. How were they part of the hedge fund? 24 A. The properties were part of the Scoop Real 25 Estate.</p>	<p style="text-align: right;">Page 69</p> <p>1 A. I suppose that would be fair. But that 2 happened only in the last one to two years. 3 Q. Meaning 2007-2008 time period? 4 A. Correct. 5 Q. Is it fair to say that Chris Moody and 6 Andrew Martin dedicated their time to the hedge 7 fund business, as opposed to the businesses that 8 we have been discussing like the Venice Jet 9 Center and Home Front Homes? 10 A. Yes. 11 Q. So now you understand what I'm trying to 12 differentiate between the hedge fund business and 13 the external businesses, such as the Venice Jet 14 Center -- 15 A. Yes. 16 Q. -- Home Front Homes and Laurel Mountain? 17 A. Yes. Chris also assisted in some of the 18 management problems at Scoop Management. 19 Q. In the latter years, let's say beginning 20 2007-2008, is it fair to say the majority of your 21 time spent on working on Scoop Management-related 22 matters was work on the businesses like the Venice 23 Jet Center, Home Front Homes? 24 A. Not the bulk. I dare say it would balance 25 out.</p>

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<p>1 Q. So you think --</p> <p>2 A. You are asking for an average? Because I</p> <p>3 can't give you one. I did what was necessary at</p> <p>4 the time it was necessary, and I never</p> <p>5 differentiated between the need of Scoop</p> <p>6 Management and the need of anything else. If the</p> <p>7 need was there, and it was something that I could</p> <p>8 deal with, I helped.</p> <p>9 Q. But it's accurate to say -- and I think you</p> <p>10 testified before -- that over time, the</p> <p>11 administrative side of the hedge fund business --</p> <p>12 A. That's correct.</p> <p>13 Q. -- became efficient and sort of was</p> <p>14 running without necessarily your input?</p> <p>15 A. That is correct.</p> <p>16 MR. MORELLO: Let me show you something.</p> <p>17 I think we're at Exhibit 6. Exhibit 6 is a</p> <p>18 one-page document that I will represent was</p> <p>19 retrieved from the Scoop Management office</p> <p>20 servers.</p> <p>21 (Exhibit 6 marked for identification.)</p> <p>22 BY MR. MORELLO:</p> <p>23 Q. Do you recognize the document that's been</p> <p>24 marked as Exhibit 6?</p> <p>25 A. Well, I know what it's about, and I think</p>	<p>1 Q. Do you have any recollection when</p> <p>2 Mr. Florist, A Victorian Garden, was acquired by</p> <p>3 you?</p> <p>4 A. I bought the Victorian Garden for a friend</p> <p>5 in 2000, and -- I don't remember. I don't</p> <p>6 remember. That operated as a florist for, what,</p> <p>7 two years, a year and a half, two years. And it</p> <p>8 was brought to my attention that Mr. Florist,</p> <p>9 which had the reputation of being the best florist</p> <p>10 in Sarasota, and it owned its own building, became</p> <p>11 available. I was advised that this would -- this</p> <p>12 was a good business.</p> <p>13 Q. Is it fair to say that this document</p> <p>14 describes your various time commitments to each of</p> <p>15 the businesses that are listed or organizations</p> <p>16 that are listed on this?</p> <p>17 A. Yes. But you also have to realize that</p> <p>18 these duties that are involved, that are mentioned</p> <p>19 here on this page, are duties that would take</p> <p>20 maybe a day or two to look for, decide, and then</p> <p>21 follow up. We're not talking about a huge amount</p> <p>22 of time. And a lot of this took place in the</p> <p>23 evening, because most of this, a lot of this, was</p> <p>24 done over the Internet. And I did a lot of this</p> <p>25 at home. And some of the meetings I had here were</p>
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<p>1 that this was something that I was asked to</p> <p>2 create.</p> <p>3 Q. Do you recall creating this document?</p> <p>4 A. I must have. What my duties were,</p> <p>5 Q. I know this document doesn't reflect any</p> <p>6 time frame, but do you have any recollection of</p> <p>7 what time frame you would have created this</p> <p>8 document?</p> <p>9 A. That would have been in 2006. I'm trying</p> <p>10 to think. Because of the chairmanship of the</p> <p>11 fund-raising luncheon for the opera.</p> <p>12 Q. Is this document a memorialization or a</p> <p>13 description of the matters that would take up your</p> <p>14 time during the course of 2006, I guess, is what</p> <p>15 you identified as the year relating to this</p> <p>16 document?</p> <p>17 A. No. I think that this is mostly -- I</p> <p>18 don't know. Does this document have a date on it?</p> <p>19 Q. No, it does not.</p> <p>20 A. When you got it out of the files or out of</p> <p>21 the computer or the hard drive, there had to have</p> <p>22 been a date on here somewhere, because I really</p> <p>23 can't tell you. And I can tell you that this was</p> <p>24 not done in 2006, because I don't think some of</p> <p>25 these things existed in 2006.</p>	<p>1 evening meetings. And if they weren't, most of</p> <p>2 them were during the lunch hour.</p> <p>3 The North Carolina, I did that at home.</p> <p>4 And I still have books of house plans and other</p> <p>5 things that I was looking at. The sales and</p> <p>6 marketing was when I engaged Mr. Ed Ogiba of EFO</p> <p>7 Group to create the material.</p> <p>8 I -- you know, the Venice Airport, as you</p> <p>9 said, as I said, Art does most of it. But when I</p> <p>10 say I'm involved with the building, city,</p> <p>11 engineers, and operations along with him, mental</p> <p>12 time, mental room, most of the time it was in the</p> <p>13 evening if we had to go down there and meet with</p> <p>14 anyone.</p> <p>15 Home Front Homes, usually the staff</p> <p>16 meetings that I was involved with there were early</p> <p>17 in the morning. It would start at 7:30 or eight</p> <p>18 o'clock in the morning. I would be there and I</p> <p>19 would be back in the office by ten o'clock, 10:30</p> <p>20 in the morning. I did find a web designer to</p> <p>21 create their website. I did the same thing with</p> <p>22 North Carolina. That did not take any time. It</p> <p>23 took an interview and that was it.</p> <p>24 Newman Airport, it was something that on</p> <p>25 our way up to North Carolina, we would stop and I</p>

<p style="text-align: right;">Page 74</p> <p>1 would -- that time I would -- there would be plans 2 and discussions that I would simply be in on and 3 making observations as I saw things. 4 The chairmanship of the opera, it had 5 already -- that was something that was an ongoing 6 luncheon that had taken place every year for the 7 past 10, 15 years. I had a lot of structure that 8 was already created and already done. The only 9 thing that I did, that didn't take up that much 10 time. 11 St. Jude, my meetings at St. Jude on the 12 finance committee -- Glen Rey, who was my 13 next-door neighbor and who was my banker at 14 Northern Trust, was on the finance committee with 15 us. That meeting would take place at eight 16 o'clock in the morning. I would be in the office 17 by 9:30, because everybody else had to be at their 18 place of business as well. Interviewing the 19 organists and working with the music director 20 there, I was a choir director at St. Jude. I was 21 the first choir director they had. And when I 22 said that, I just couldn't continue to do that. 23 It was just too much. I was looking for someone 24 else. Most of those interviews took place on a 25 Saturday and sometimes a Sunday afternoon.</p>	<p style="text-align: right;">Page 76</p> <p>1 Scoop Management -- 2 A. With respect to Scoop Management -- 3 Q. -- at the time of this document? 4 A. Yes. And as far as keeping up with the 5 funds, I was an investor too, also. I was 6 invested with the IRA, Victory IRA. So I too have 7 lost everything. I would get a report every 8 month, as did everybody else. And the keeping up 9 with the funds was in general. Was it a plus 10 month? Was it a minus month? You know, did the 11 funds do all right? That was about the extent of 12 my keeping up with the funds is concerned. The 13 personnel, you know what I said about that. 14 Q. Did you previously say that you were asked 15 to create this document? 16 A. I don't know that I was asked. I think 17 that at some point in time, I vaguely recall 18 that -- and I don't know what this would be in 19 reference to or why this would be asked of me, but 20 I do seem to recall that someone said it wouldn't 21 be a bad idea for you to just list out what you're 22 involved with and what your duties are. 23 Q. Do you have any recollection of who would 24 have asked you to create it? 25 A. I don't. I don't. I don't know if it</p>
<p style="text-align: right;">Page 75</p> <p>1 Because most of the organists that I interviewed 2 at the time also had other jobs that they had 3 during the daytime and could not meet during 4 regular office hours. Otherwise they wouldn't be 5 surviving. You don't survive working in music. 6 The florist, I'm not a florist, I have no 7 idea. I brought someone in at Victorian Gardens. 8 She came over to Mr. Florist. She was the office 9 manager. She is the one who managed the software. 10 And again, I would go there, and I would spend 11 maybe an hour to two hours. I would oversee. I 12 would bring things home with me, the reports, the 13 financial reports and everything, and I would look 14 them over at the house. And then I would get in 15 touch with Sandy. I would call a meeting. Most 16 of the meetings that would ever take place with 17 the florist and any of their staff was always 18 after business hours. It was always after 5:30 or 19 six o'clock. 20 Q. The second entry for Scoop Management, 21 Inc., it states, "Office pretty much runs itself, 22 but will still keep on top of what is going on 23 with the funds and personnel and settle any 24 differences." Is that an accurate description of 25 your commitment and work duties with respect to</p>	<p style="text-align: right;">Page 77</p> <p>1 was -- I don't. I really don't. I don't know if 2 it came from Art or if it came from Michael or 3 anyone else. 4 Q. When you say "Michael," do you mean 5 Michael Zuckery? 6 A. Yes. 7 Now, has this answered your questions, 8 Mr. Morello, to your satisfaction? 9 Q. I will just say I'm not sure and we will 10 proceed. 11 A. All right. 12 MR. MORELLO: I would like to mark this as 13 Exhibit 7. For the record, Exhibit 7 is a 14 two-page document. The title across the top 15 says "Business and Philanthropic Activities of 16 Art and Peg Nadel." 17 (Exhibit 7 marked for identification.) 18 BY MR. MORELLO: 19 Q. Do you recognize this document, 20 Mrs. Nadel? 21 A. Not offhand. 22 Q. The title of it is "Business and 23 Philanthropic Activities of Art and Peg Nadel." 24 Is it accurate to say that this document describes 25 what the title says, which is the business and</p>

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<p>1 philanthropic activities of you and Mr. Nadel?</p> <p>2 A. I don't know. Because I have to read it</p> <p>3 and find out what it does say.</p> <p>4 Q. Why don't you spend a few minutes reading</p> <p>5 it, please?</p> <p>6 A. Thank you. (Reviewing document.)</p> <p>7 Q. Just let me know when you've had a chance</p> <p>8 to review it. Have you had a chance to --</p> <p>9 A. Yes, I've just finished it.</p> <p>10 Q. First of all, as I asked before, do you</p> <p>11 believe this accurately describes your business</p> <p>12 and philanthropic activities of you and your</p> <p>13 husband at some point in time? Obviously, we</p> <p>14 don't have a date for this.</p> <p>15 A. Mostly, but there are some inaccuracies in</p> <p>16 here and some that I'm not aware of. I don't</p> <p>17 think this document was produced by me.</p> <p>18 Q. What leads you to believe that this wasn't</p> <p>19 produced by you?</p> <p>20 A. First of all, I would never produce any</p> <p>21 document that would have "confidential, not to be</p> <p>22 copied" underneath the title. I don't do that.</p> <p>23 And I don't know why -- there is an accurate</p> <p>24 description of everything under the "Development,</p> <p>25 Construction and Manufacturing" part of it, with</p>	<p>1 Commission where I did speak, but simply as a</p> <p>2 member there at the table. But I certainly was</p> <p>3 not a member, that I'm aware of. I would never</p> <p>4 have -- and as far as -- certainly not a steering</p> <p>5 committee member. So I mean, that's just -- I</p> <p>6 don't know.</p> <p>7 Yeah, I suppose the rest of it is</p> <p>8 accurate.</p> <p>9 Q. Are you familiar with an entity called</p> <p>10 Scoop Capital, LLC?</p> <p>11 A. Yes.</p> <p>12 Q. Is that one of Arthur Nadel's entities?</p> <p>13 A. Yes.</p> <p>14 Q. Did you have any title in connection with</p> <p>15 that company?</p> <p>16 A. Arthur Nadel, after we were married, made</p> <p>17 me 50 percent or 49 percent -- my name was on all</p> <p>18 of the documents, and that's as far as it went.</p> <p>19 Q. It sounded like you were about to say that</p> <p>20 you were 49 or 50 co-owner?</p> <p>21 A. Isn't that what it meant if you signed --</p> <p>22 if your name was on the document?</p> <p>23 Q. What documents are you referring to?</p> <p>24 A. The formation of the Scoop Capital, Scoop</p> <p>25 Management.</p>
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<p>1 the exception of the last one, I think.</p> <p>2 Under the "Philanthropic Activities and</p> <p>3 Awards" --</p> <p>4 Q. Let me stop you for a second. When you</p> <p>5 said the last entry under "Development,</p> <p>6 Construction and Manufacturing," I assume you are</p> <p>7 referring to the entry that says "Co-Founders of</p> <p>8 GTV Digital Home Integration."</p> <p>9 A. That's correct.</p> <p>10 Q. You are saying that is inaccurate, right?</p> <p>11 A. Well, I would not have described us as</p> <p>12 "co-founders."</p> <p>13 Q. Then you were saying under "Philanthropic</p> <p>14 Activities and Awards," there is some inaccuracies</p> <p>15 as well?</p> <p>16 A. The first one, "Donors and Recipients of</p> <p>17 Philanthropists of the Year Award 2007, Jewish</p> <p>18 Family and Children Services, Sarasota." We were</p> <p>19 simply recognized as a donor for their family,</p> <p>20 Building Strong Families Division of JFCS. So I</p> <p>21 think there is a bit of an exaggeration in there.</p> <p>22 The "Donors and steering committee members</p> <p>23 of the Florida House Institute for Sustainable</p> <p>24 Development, an affiliate of the Century</p> <p>25 Commission," I attended one meeting of the Century</p>	<p>1 Q. So your name was on the documents that</p> <p>2 formed --</p> <p>3 A. The way that it was set up, he was always</p> <p>4 the managing member and I was the co-member.</p> <p>5 Q. You don't recall if your co-member</p> <p>6 interest amounted to 49 or 50 percent of the</p> <p>7 entity?</p> <p>8 A. I don't know. I know it seems kind of</p> <p>9 incongruous that I should have so little precise</p> <p>10 knowledge of things that I put my name to, but he</p> <p>11 was my husband and I trusted him.</p> <p>12 Q. I think earlier you mentioned Jenny</p> <p>13 Walker.</p> <p>14 A. Yes.</p> <p>15 Q. You said that Jenny Walker had provided</p> <p>16 some bookkeeping services to Inside Scoop or Scoop</p> <p>17 Management?</p> <p>18 A. Right. Only to Inside Scoop.</p> <p>19 Q. To Inside Scoop. You say "only to Inside</p> <p>20 Scoop" because by the time Scoop Management was</p> <p>21 formed, she was no longer working for you?</p> <p>22 A. I don't know what the -- you know, the lap</p> <p>23 over time was. I don't know.</p> <p>24 Q. Did she overlap with Michelle Bell at all?</p> <p>25 A. Yes, she did. Because Michelle then took</p>

<p style="text-align: center;">Page 82</p> <p>1 over the bookkeeping. We used the NAIO's software 2 for -- which is a very complicated software, for 3 keeping track of the financial part of the clubs, 4 the investment clubs. And it was an entirely 5 different -- that had to be -- those figures all 6 had to be done, calculated, and then transferred 7 over to Michelle to take care of. But by that 8 time, the clubs were being dissolved and closed 9 down.</p> <p>10 Q. At what time are you referring to that the 11 clubs were being dissolved?</p> <p>12 A. They were all done at different times. I 13 think that the Harmony clubs and the Indigo club 14 was -- I believe, to the best of my memory, that 15 they must have been closed out some time in 2002.</p> <p>16 Q. Do you know why they were closed?</p> <p>17 A. Yeah. They were -- weren't going anyway. 18 The whole attention was now on the hedge funds, 19 and the clubs were -- he wasn't doing anything 20 with the clubs.</p> <p>21 Q. When you say "he wasn't doing anything," 22 are you referring to Arthur Nadel?</p> <p>23 A. Arthur Nadel.</p> <p>24 Q. He was dedicating his time to the hedge 25 funds?</p>	<p style="text-align: center;">Page 84</p> <p>1 A. Yes, I was an investor in the Harmony and 2 the Indigo club.</p> <p>3 Q. Were you -- actually, I'll get to that 4 later.</p> <p>5 Are you familiar with some sort of entity 6 referred to as A & G Partners?</p> <p>7 A. Yes.</p> <p>8 Q. What was A & G Partners?</p> <p>9 A. Andy and Geoff.</p> <p>10 Q. What was it? First of all, I'm sorry, 11 when you refer to "Andy and Geoff," you mean 12 Andrew Martin and Geoff Quisenberry?</p> <p>13 A. Yes.</p> <p>14 Q. What was the purpose of A & G Partners?</p> <p>15 A. They were forming a business and had 16 formed a relationship with a company that was 17 selling phone cards. That is what they were 18 doing. At that time that was very, very popular. 19 You were buying phone cards anywhere you went, you 20 know, 7-Eleven, anywhere you went. They were 21 marketing and doing that. And like a lot of small 22 people, the big companies that sold the wholesale 23 time -- I don't know. I can't remember the 24 details of it. But I know that A & G was Andrew 25 Martin and Geoff Quisenberry; that was their</p>
<p style="text-align: center;">Page 83</p> <p>1 A. Oh, yes.</p> <p>2 Q. When you say "he wasn't doing anything" 3 with the hedge funds, does that mean, as far as 4 you know, he stopped trading the money of the --</p> <p>5 A. The investment clubs.</p> <p>6 Q. I'm sorry. He wasn't doing anything with 7 respect to the investment club. Do you mean that, 8 as far as you know, he stopped trading the money 9 on the investment clubs and dissolved them?</p> <p>10 A. Yes.</p> <p>11 Q. Do you recall that being in the 2002 area 12 time frame?</p> <p>13 A. I think so. I think so.</p> <p>14 Q. Do you know how the investment club 15 members or the investors who had interest in the 16 investment clubs, how they were notified of the 17 fact that they were being dissolved?</p> <p>18 A. I believe they must have been sent letters 19 well in advance, because there was always a date 20 that, you know, financially you always had to have 21 a date that would coincide with your whatever. I 22 don't -- I imagine that that was how they would 23 have to be notified.</p> <p>24 Q. Were you an investor in any of the 25 investment clubs?</p>	<p style="text-align: center;">Page 85</p> <p>1 company they had formed. That was the purpose for 2 which they formed it.</p> <p>3 Q. Were you an investor in A & G Partners?</p> <p>4 A. I don't think so. I don't remember. That 5 was a long time ago.</p> <p>6 MR. MORELLO: Mark this as Exhibit 8, 7 please. For the record, Exhibit 8 is a 8 one-page document Bates numbered 9 NDL-014-000649. 10 (Exhibit 8 marked for identification.)</p> <p>11 BY MR. MORELLO:</p> <p>12 Q. Do you recognize the document that's been 13 marked as Exhibit 8, Mrs. Nadel?</p> <p>14 A. Yes, I guess I do.</p> <p>15 Q. What is it?</p> <p>16 A. It's a member status report. But, 17 Mr. Morello, I tell you, I don't remember any of 18 this. I don't know what -- I don't remember how 19 we did this. Elizabeth Guy is my mother. Vernon 20 Lee is an investor, as you all are very well aware 21 of, and was a dear, good friend of Art and me. 22 The rest -- Al Quisenberry is my daughter. And I 23 don't really -- I really don't remember, I'm 24 sorry. I'm drawing a total and complete blank on 25 this.</p>

<p style="text-align: right;">Page 86</p> <p>1 Q. Based on the information that's on this 2 document, does this look more like some sort of an 3 investment fund type enterprise instead of what 4 you described as a phone card business?</p> <p>5 A. It does.</p> <p>6 Q. This just doesn't trigger any recollection 7 about A & G Partners?</p> <p>8 A. No, Andrew and Geoffray did try to trade, 9 but they never traded, that I know of, with real 10 money, real funds. They paper traded. And they 11 were given a year to see what they could do. 12 Neither one of them did very well, although my -- 13 Geoff will --</p> <p>14 Q. Do you remember what time frame it was 15 that they were given the opportunity for a year to 16 trade fictitiously?</p> <p>17 A. I think it had to have been some time 18 around 2004, because it seems to me like this took 19 place after we had gone into our new quarters. 20 But I just -- all I can tell you is that there is 21 no possible way I would ever have invested 22 \$30,000. I just -- I just don't know. I have no 23 idea. I'm sorry, I'm drawing a total and complete 24 blank on this.</p> <p>25 Q. Fair enough, okay.</p>	<p style="text-align: right;">Page 88</p> <p>1 these back with me. This is Iberia and this is 2 Bank of Commerce.</p> <p>3 Q. So what you are handing to me are what 4 appear to be two sets of documents. One, just 5 from a cursory view, are statements relating to an 6 Iberia bank account, and then the second are 7 statements and some copies of checks of a Bank of 8 Commerce bank account. Is that accurate?</p> <p>9 A. Yes, correct.</p> <p>10 MR. MORELLO: We can go off the record. 11 (Recess from 11:54 a.m. until 1:01 p.m.) 12 (End of Volume I of II.) 13 14 15 16 17 18 19 20 21 22 23 24 25</p>
<p style="text-align: right;">Page 87</p> <p>1 I'm ready to move on to a different topic, 2 Should we break for lunch?</p> <p>3 A. Whatever you want to do.</p> <p>4 Q. Why don't we do that? That way we can 5 come back from lunch and we can start fresh. 6 Before we go off the record though, I 7 previously had asked you if you had brought some 8 documents in response to the subpoena that we 9 served upon you.</p> <p>10 A. Yes.</p> <p>11 Q. You said that you brought some documents, 12 right?</p> <p>13 A. I did.</p> <p>14 Q. Do you have the documents? I see 15 different sets of paper in front of you.</p> <p>16 A. The only documents that I have in my 17 possession are bank statements. Everything else 18 was taken out of the house. I have nothing.</p> <p>19 Q. Are those documents in front of you right 20 now?</p> <p>21 A. Yes.</p> <p>22 Q. Are they in the envelope that's to your 23 right?</p> <p>24 A. They are in this envelope. And I would 25 need to have them copied, because I need to take</p>	<p style="text-align: right;">Page 89</p> <p>1 CERTIFICATE OF OATH 2 3 STATE OF FLORIDA 4 COUNTY OF HILLSBOROUGH 5 I, Kerry Mercede, CSR, Notary Public, State 6 of Florida, certify that MARGUERITE NADEL 7 personally appeared before me on September 9, 8 2010, and was duly sworn. 9 10 Signed this 15th day of September, 2010. 11 12 13 14 15 16 Kerry Mercede 17 Notary Public - State of Florida 18 My commission No. DD 911319 19 Expires: July 27, 2013 20 21 22 23 24 25</p>

<p style="text-align: right;">Page 90</p> <p>1 CERTIFICATE OF REPORTER 2 STATE OF FLORIDA 3 COUNTY OF HILLSBOROUGH 4 I, KERRY MERCADE, CSR, Court Reporter and 5 Notary Public, HEREBY CERTIFY THAT I was 6 authorized to and did stenographically report the 7 deposition of MARGUERITE NADEL, that a review of 8 the transcript was waived, and that the foregoing 9 transcript, Pages 4 through 88, is a true and 10 accurate record of my stenographic notes 11 I FURTHER CERTIFY that I am not a 12 relative, or employee, or attorney, or counsel of 13 any of the parties, nor am I a relative or 14 employee of any of the parties' attorney or 15 counsel connected with the action, nor am I 16 financially interested in the action. 17 DATED this 15th day of September, 2010 18 19 20 21 <u>KERRY MERCADE, CSR, CRI, FFR</u> 22 CERTIFIED COURT REPORTER 23 24 25</p>	

1	UNITED STATES DISTRICT COURT
2	MIDDLE DISTRICT OF FLORIDA
	TAMPA DIVISION
3	SECURITIES AND
4	EXCHANGE COMMISSION,
5	Plaintiff,
6	vs. CASE NO: 8:09-cv-87-T-26TBM
7	ARTHUR NADEL; SCOOP
8	CAPITAL, LLC; SCOOP
9	MANAGEMENT, INC.,
	Defendants,
10	SCOOP REAL ESTATE, L.P.;
11	VALHALLA INVESTMENT PARTNERS, L.P.;
12	VALHALLA MANAGEMENT, INC.;
13	VICTORY IRA FUND, LTD; VICTORY
14	FUND, LTD; VIKING IRA FUND, LLC;
15	VIKING MANAGEMENT, LLC,
16	Relief Defendants.
17	* * * * *
18	(Volume II of II)
19	DEPOSITION OF: MARGUERITE NADEL
20	DATE TAKEN: September 9, 2010
21	TIME: 1:01 p.m. - 4:34 p.m.
22	PLACE: 3000 Bayport Drive
23	Suite 600
24	Tampa, Florida 33607
25	TAKEN BY: The Receiver
	REPORTED BY: Kerry Mercade, CSR, CRI, FPR
	Court Reporter and Notary Public

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14	15 2007 W-2, Zucker003133.....119	14	first of all, what were the components to your
15	16 2003 Valhalla Third Quarter Information, NDL-015-001100.....119	15	salary? Was there a base salary plus a bonus?
16	17 11/30/05 Check No. 4818, NDL-001-002530.....124	16	A. No. Yes, I'm sorry, let me refrain that.
17	18 Northern Trust Bank Documents (Composite).....128	17	There was.
18	19 Bank of Commerce Deposit Slip/Check, Bank of Commerce 000200 - 201.....134	18	Q. So there were two components, a base
19	20 08/17/10 Motion for Instructions and Ex Parte Hearing.....140	19	salary and then a bonus?
20	21 Bank of Commerce Deposit Slip/Check, Bank of Commerce 000145 - 146.....146	20	A. Correct.
21	22 Silverberg Jewelry Company Documents, 09/08/09 Check (Galeo/Nadel), Bank of Commerce 000158.....160	21	Q. With respect to the base salary, was there
22	23 07/16/10 Iberia Bank Statement, IB/Nadel 00007 - 00011.....162	22	a formula by which it was calculated based on the
23	24 06/15/10 Iberia Bank Statement, IB/Nadel 00004 - 00006.....169	23	performance of some -- based on some sort of
24	25 Checks (Orion Bank), IB/Nadel 00037.....170	24	performance?
25	03/26/10 Deposit Slip (Orion Bank), IB/Nadel 00019.....172		
	26 Bank of Commerce Checks (Composite).....176		
	27 Bank of Commerce Deposit Slip, Bank of Commerce 000019 - 000020.....179		
	28 Bank of Commerce Deposit Slip, Bank of Commerce 000023 - 000024.....184		
	29		
	30		

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<p>1 A. I don't believe so.</p> <p>2 Q. Do you recall -- and I can show you some</p> <p>3 documents afterwards, but do you recall -- let's</p> <p>4 start with 2008, do you recall what your base</p> <p>5 salary was in 2008?</p> <p>6 A. Exactly? No. I think it was something</p> <p>7 like \$220,000. I'm not certain.</p> <p>8 Q. As far as you recall, did your base salary</p> <p>9 increase every year that you were associated with</p> <p>10 Scoop Management?</p> <p>11 A. No.</p> <p>12 Q. How frequently would it increase?</p> <p>13 A. My base salary started at Inside Scoop,</p> <p>14 and I believe -- I'm not certain of my memory, but</p> <p>15 I believe that when I started to take some</p> <p>16 compensation from Inside Scoop, it was something</p> <p>17 like \$200 a week that I was paid biweekly or</p> <p>18 bimonthly. And that continued until Mr. Zucker</p> <p>19 brought attention to the fact that -- with</p> <p>20 everything that I was a part of, that my salary</p> <p>21 should increase, and he was the one that said how</p> <p>22 much it should be.</p> <p>23 Q. Do you recall when that happened that</p> <p>24 Mr. Zucker recommended a higher salary for you?</p> <p>25 A. I think some time around 2004-2005.</p>	<p>1 the hedge funds?</p> <p>2 A. It could have been, I don't really</p> <p>3 remember.</p> <p>4 Q. Do you know who was responsible for</p> <p>5 setting the parameters for that bonus? For</p> <p>6 example, the percentage of whatever number it was,</p> <p>7 who made that decision?</p> <p>8 A. Well, it was a bonus that was paid both by</p> <p>9 Neil Moody and Chris Moody, as well as Scoop</p> <p>10 Management.</p> <p>11 Q. When you say it was a bonus paid by Neil</p> <p>12 and Chris Moody, do you mean that part of the</p> <p>13 bonus was funded with money from Neil and Chris'</p> <p>14 entities? For example, Valhalla Investment.</p> <p>15 A. I don't know for sure, but I know that --</p> <p>16 any time the bonus was set, I know that there</p> <p>17 was -- they were very well aware of what the bonus</p> <p>18 was, and I think -- I don't know if they had</p> <p>19 contributed any figures, as far as what the bonus</p> <p>20 was, what the percentage was based on. I don't</p> <p>21 really know, Mr. Morello. I was not involved in</p> <p>22 that.</p> <p>23 Q. With respect to your base salary, I think</p> <p>24 you previously said that Mr. Zucker had</p> <p>25 recommended it be raised at some point. Who had</p>
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<p>1 Q. So the recommendation would have been at</p> <p>2 the time that you were a salaried employee of</p> <p>3 Scoop Management, Inc.?</p> <p>4 A. I was always a salaried employee, both at</p> <p>5 Inside Scoop and -- then when that simply did a</p> <p>6 name change, I continued to be a salaried employee</p> <p>7 of the company to which that name -- the name had</p> <p>8 changed, but it was the same company, essentially.</p> <p>9 Q. Then you mentioned before that there was a</p> <p>10 second component, which was a bonus?</p> <p>11 A. That's correct. Every employee of Scoop</p> <p>12 Management received a bonus, usually at the end of</p> <p>13 the year after the last quarter was over, based on</p> <p>14 the first three quarters, I believe, and maybe the</p> <p>15 last quarter of the prior year. I don't even</p> <p>16 remember anymore what that bonus -- but it was</p> <p>17 based on a percentage. It was never the same any</p> <p>18 year.</p> <p>19 Q. When you say the bonus was "based on a</p> <p>20 percentage," it was based on a percentage of what?</p> <p>21 A. It was based on a percentage of -- I don't</p> <p>22 remember. I really don't.</p> <p>23 Q. Was it based on some sort of percentage</p> <p>24 that -- was it based on a percentage of some</p> <p>25 number that was correlated to the performance of</p>	<p>1 the final pay on what your base salary should be?</p> <p>2 A. Well, I suppose I did, as I did have --</p> <p>3 well, let's just say an approval of what</p> <p>4 everybody's base salary was.</p> <p>5 Q. Was Arthur Nadel consulted on the level of</p> <p>6 what salaries should be, including your base</p> <p>7 salary?</p> <p>8 A. I don't think that was any part of his</p> <p>9 concern, really. I think he would have gone along</p> <p>10 with whatever was recommended, and this is what</p> <p>11 was recommended. It was also, so I was told, well</p> <p>12 within the industry standards.</p> <p>13 Q. During the time -- strike that,</p> <p>14 In 2004 or 2005, when Mr. Zucker</p> <p>15 recommended that your salary be raised, do you</p> <p>16 recall to what level he recommended that it be</p> <p>17 raised? We're talking about the base salary,</p> <p>18 A. I don't remember that. It happened so</p> <p>19 long ago. You would have to go back and look at</p> <p>20 the W-2s from all of those years. I don't</p> <p>21 remember. I really don't. I know that he raised</p> <p>22 it to, you know, what I considered, you know, a</p> <p>23 goodly amount.</p> <p>24 I had contributed financially to the</p> <p>25 beginning of the business, because there were</p>

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<p>1 times when I just felt that Arthur was funding it 2 and it was -- I know that it must have been tight, 3 I'm just -- from the reaction of -- his reaction. 4 So I had put some of my own money into the 5 business when it first began. And I took such a 6 minimal amount for the first years that when 7 Mr. Zucker said, you know, you really need to do 8 something about your salary -- because everybody 9 else was making so much more than I was at that 10 time. I know that I was a little taken aback 11 about what was recommended. I cannot remember 12 what the amount was. 13 Q. When you -- 14 A. It went straight into my bank account, as 15 did everybody's. I was more aware of what the 16 other staff were making than paying that much 17 attention to what I was making. 18 Q. When you say "went directly" into your 19 bank account, you mean there was some sort of -- 20 A. Direct deposit. 21 Q. -- automatic deposit? 22 A. Yeah. 23 Q. Was the base salary paid every two weeks 24 or -- 25 A. To me, it was every two weeks. To the</p>	<p>1 A. It wasn't over \$50,000, no, no, no, no. 2 Q. Do you know if it was over \$40,000? 3 A. I don't know. You know, it was on what I 4 felt was an as-needed basis. I really don't know 5 what the total amount of that was. It took place 6 over a period of time. That was a long time ago, 7 and I just don't remember. 8 Q. Did you have an ownership interest in 9 Inside Scoop, in the entity that was Inside Scoop, 10 that you know of? 11 A. Other than what I know -- did I feel I had 12 an ownership? No. 13 Q. So, as far as you are aware, Art Nadel was 14 100 percent owner of the entity that was called 15 Inside Scoop? 16 A. Yes. Unless in the formation papers -- 17 you know, I can't remember if my name was added to 18 that or put on there at all. I really don't know. 19 Q. Now, with respect to the bonus component 20 of your compensation, do you have any recollection 21 of the range of bonuses that you received on an 22 annual basis from the time you were with Scoop 23 Management? 24 A. What did they range? This is a guess. I 25 suppose I shouldn't be answering to guesses, but I</p>
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<p>1 other employees, it was paid every week. 2 Q. Before when you mentioned that you put 3 some of your own money into the business, were you 4 referring specifically to investing, contributing 5 money to Inside Scoop? 6 A. Yes. 7 Q. That would have been around its inception 8 in 1998 or so? 9 A. Yes. 1998, yeah. 10 Q. Do you have any recollection of the amount 11 of money that you invested in it? 12 A. No, I don't. 13 Q. Are we talking about six figures or five 14 figures? 15 A. Oh, no. It would have been five figures, 16 the total amount. Because there would be 17 different amounts at different times. 18 Q. Over the course of how much time did you 19 contribute money, for example, in the course of a 20 year? 21 A. I think the first year or so, first year, 22 year and a half. 23 Q. Do you have any recollection if the amount 24 was between zero and \$50,000 or between \$50,000 25 and \$100 --</p>	<p>1 would think that they ranged anywhere from \$25,000 2 up to maybe \$30,000 or \$40,000. 3 Q. Do you recall in 2008 what your bonus was? 4 A. No, I have no idea. 5 Q. Now, typically, was the bonus paid in the 6 following calendar year? So, for example, your 7 2007 bonus would have been paid in 2008? 8 A. Yes, correct. 9 Q. So you probably didn't receive a bonus 10 check for your 2008 year? 11 A. Probably not. 12 Q. Now, was there also a contribution to some 13 sort of retirement plan like a Simplified Employee 14 Pension plan -- 15 A. Yes. 16 Q. -- as part of your compensation package? 17 A. It was a SEP IRA that went first to 18 Schwab. And then from Schwab it went to 19 Millennium Trust, and then invested it in Victory 20 IRA. 21 Q. Was the amount contributed -- so the SEP 22 IRA received a contribution from Scoop Management 23 on behalf of you and the other employees? 24 A. I think that's how it was done. I'm not 25 certain.</p>

<p style="text-align: center;">Page 104</p> <p>1 Q. Do you know if the portion of money that</p> <p>2 was contributed to the SEP was something that was</p> <p>3 above your base, i.e., you received your base,</p> <p>4 your bonus, plus a SEP contribution or was the SEP</p> <p>5 contribution deducted from what you remember being</p> <p>6 your base and bonus salary?</p> <p>7 A. I don't know. I don't know. It was just</p> <p>8 done so automatic. I just don't know. I know</p> <p>9 that I had reached the age where I had to take an</p> <p>10 annual payout, and I think I only got one or two</p> <p>11 years of that. And I know that that was about</p> <p>12 somewhere in the range of \$7,000.</p> <p>13 Q. Just to clarify, you were of the age that</p> <p>14 you had received an annual payout from the SEP IRA</p> <p>15 under the tax laws?</p> <p>16 A. Correct, yes.</p> <p>17 Q. Over the course of the two years that you</p> <p>18 believe you received a payout, the total amount</p> <p>19 paid out was approximately \$7,000?</p> <p>20 A. Well, per year.</p> <p>21 Q. Per year.</p> <p>22 A. And I never received anything for my 2000.</p> <p>23 Q. Was the SEP IRA account invested in the</p> <p>24 hedge funds?</p> <p>25 A. Of course. Victory IRA.</p>	<p style="text-align: center;">Page 106</p> <p>1 had.</p> <p>2 Q. In any of the years that you received</p> <p>3 compensation from Scoop Management, Inc., did you</p> <p>4 receive compensation from any other source during</p> <p>5 those years?</p> <p>6 A. Nothing that -- that could be termed</p> <p>7 salary, no.</p> <p>8 Q. Did you receive any other income or money</p> <p>9 from other sources other than Scoop Management?</p> <p>10 A. Not during those years. In the years</p> <p>11 following the divorce from my husband, I received</p> <p>12 alimony.</p> <p>13 Q. Do you recall for how many years you</p> <p>14 received alimony?</p> <p>15 A. Almost two years.</p> <p>16 Q. I think earlier you said you were divorced</p> <p>17 in 1996. So you believe you collected alimony for</p> <p>18 a few years after that?</p> <p>19 A. Yes.</p> <p>20 Q. You didn't receive any compensation</p> <p>21 directly from Home Front Homes, Venice Jet Center</p> <p>22 or any of the other entities that were --</p> <p>23 A. None whatsoever.</p> <p>24 Q. -- controlled by Arthur Nadel?</p> <p>25 A. I was never any official capacity.</p>
<p style="text-align: center;">Page 105</p> <p>1 Q. Did you have any other investments in any</p> <p>2 of the hedge funds?</p> <p>3 A. No.</p> <p>4 Q. So your only investments in the hedge</p> <p>5 funds were through the SEP IRA account?</p> <p>6 A. Correct.</p> <p>7 Q. Was there a particular person at Scoop</p> <p>8 Management that was responsible for the</p> <p>9 calculation of salaries, bonuses, and -- let me</p> <p>10 strike that.</p> <p>11 Who of the Scoop Management employees</p> <p>12 would have information about how the salary bonus</p> <p>13 and SEP contributions were calculated?</p> <p>14 A. Probably Christopher Moody and Michelle</p> <p>15 Bell, because Michelle was the one that cut the</p> <p>16 checks based on the figures that were given to</p> <p>17 her.</p> <p>18 Q. Who would have provided the figures to</p> <p>19 her?</p> <p>20 A. I think that was calculated between Chris</p> <p>21 Moody, I know. And I don't know if Arthur had</p> <p>22 anything to do with that or not. And Andrew, I</p> <p>23 don't know -- I don't think Andrew had anything to</p> <p>24 do with it, but those were the two contributing</p> <p>25 entities was what Christopher had and what Arthur</p>	<p style="text-align: center;">Page 107</p> <p>1 MR. MORELLO: We are at Exhibit 9.</p> <p>2 Exhibit 9 is a document bearing Bates label</p> <p>3 NDL-015-000764.</p> <p>4 (Exhibit 9 marked for identification.)</p> <p>5 BY MR. MORELLO:</p> <p>6 Q. Mrs. Nadel, do you recognize the document</p> <p>7 that's been marked as Exhibit 9?</p> <p>8 A. Yes.</p> <p>9 Q. What is it?</p> <p>10 A. They are two W-2 forms, one made out to</p> <p>11 Marguerite Nadel and the other to Alexandra</p> <p>12 Quisenberry.</p> <p>13 Q. The top one is?</p> <p>14 A. Marguerite Nadel.</p> <p>15 Q. That is your W-2 form for tax year 2003?</p> <p>16 A. Yes, that's 2003.</p> <p>17 Q. According to that W-2 form, it says that</p> <p>18 you received wages, tips, and other compensation</p> <p>19 from Scoop Management, Inc. for 2003 of</p> <p>20 \$161,148.66, is that correct?</p> <p>21 A. Must be correct.</p> <p>22 Q. So you think that that is an accurate</p> <p>23 reflection of your compensation that year?</p> <p>24 A. Obviously, Mr. Morello.</p> <p>25 Q. Do you have any idea whether the SEP</p>

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<p>1 contribution would be reflected in that amount?</p> <p>2 A. I have no idea.</p> <p>3 Q. The W-2 that's beneath yours, that one is</p> <p>4 for Alexandra Quisenberry, is that your daughter?</p> <p>5 A. Yes, it is.</p> <p>6 Q. Did she work for Scoop Management, Inc.?</p> <p>7 A. She was hired by -- Scoop Management, Inc.</p> <p>8 paid her a salary to manage, to help manage, the</p> <p>9 property in North Carolina, Laurel Mountain</p> <p>10 Preserve.</p> <p>11 Q. Now, according to this document, she</p> <p>12 was -- I guess her mailing address at least -- was</p> <p>13 in Vermont?</p> <p>14 A. That was just before she moved down. She</p> <p>15 was also doing some other research work on her own</p> <p>16 up there.</p> <p>17 Q. In Vermont?</p> <p>18 A. In Vermont.</p> <p>19 Q. What kind of tasks was she performing in</p> <p>20 helping manage the Laurel Mountain property?</p> <p>21 A. She was working with the gentleman that we</p> <p>22 had inherited -- I like to say "inherited" as the</p> <p>23 property. He was the one who engineered the roads</p> <p>24 and prepared the lots, and Alexandra was working</p> <p>25 with him and the rest of the people that were out</p>	<p>1 and can generate a W-2 at the end of the year."</p> <p>2 Was Alexandra Quisenberry also working for</p> <p>3 the Guy-Nadel Foundation during this time period?</p> <p>4 A. The Guy-Nadel Foundation was a recipient</p> <p>5 of certain lots that were acquired in the Laurel</p> <p>6 Mountain Preserve, as you are aware. And it was</p> <p>7 through that -- plus the fact she was also doing</p> <p>8 research work for the Guy-Nadel Foundation to find</p> <p>9 worthy recipients of charitable donations that the</p> <p>10 Guy-Nadel Foundation could possibly make, with the</p> <p>11 primary focus on organizations that helped</p> <p>12 children and elderly people.</p> <p>13 Q. So, according to this letter, she was</p> <p>14 being compensated for those services by Scoop</p> <p>15 Management?</p> <p>16 A. Scoop Management saw fit to hire her in</p> <p>17 this capacity.</p> <p>18 MR. MORELLO: Exhibit 11. Exhibit 11 is a</p> <p>19 document Bates numbered ND1-019-00061B.</p> <p>20 (Exhibit 11 marked for identification.)</p> <p>21 BY MR. MORELLO:</p> <p>22 Q. Do you recognize, Mrs. Nadel, the document</p> <p>23 that's been marked as Exhibit 11?</p> <p>24 A. I do.</p> <p>25 Q. Is the bottom portion of the document a</p>
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<p>1 there. She was also living on the property that</p> <p>2 we had in Fairview and watching that and taking</p> <p>3 care and maintaining that property.</p> <p>4 Q. The Fairview property, is that the house</p> <p>5 on Garren Creek Road?</p> <p>6 A. Yes, that is correct.</p> <p>7 MR. MORELLO: I'd like to mark this</p> <p>8 Exhibit 10, please. Exhibit 10 is a document</p> <p>9 Bates numbered ND1-044-000422.</p> <p>10 (Exhibit 10 marked for identification.)</p> <p>11 BY MR. MORELLO:</p> <p>12 Q. If you could take a minute to review this</p> <p>13 document, Mrs. Nadel.</p> <p>14 A. All right.</p> <p>15 Q. Do you recognize the document that's been</p> <p>16 marked as Exhibit 10?</p> <p>17 A. I recognize it as a letter that I sent to</p> <p>18 Alex, I guess.</p> <p>19 Q. Is that a letter that you sent? Is that</p> <p>20 what you said?</p> <p>21 A. Yes.</p> <p>22 Q. In the first paragraph it notes, beginning</p> <p>23 with the second sentence, that, "The Guy-Nadel</p> <p>24 Foundation is running your salary through Scoop</p> <p>25 Management, Inc. so as to have the payroll set up</p>	<p>1 copy of a W-2 for you for 2004?</p> <p>2 A. It is.</p> <p>3 Q. That's a W-2 for compensation received</p> <p>4 from Scoop Management, Inc., correct?</p> <p>5 A. Correct.</p> <p>6 Q. In Box 1 where it identifies wages, tips,</p> <p>7 and other compensation in the amount of</p> <p>8 \$171,307.73, do you think that accurately reflects</p> <p>9 the compensation you received for 2004?</p> <p>10 A. Well, it must if it's a W-2.</p> <p>11 Q. But that amount is consistent with your</p> <p>12 recollection of the type of compensation you were</p> <p>13 receiving from Scoop Management?</p> <p>14 A. Yes, Mr. Morello. You have to understand</p> <p>15 that I never -- this may sound really ridiculous,</p> <p>16 but I never really paid that much attention to</p> <p>17 what I was being paid. I never asked for much,</p> <p>18 never needed much. And whatever I had, it was</p> <p>19 what was there. I -- yes, it is my recollection.</p> <p>20 And in looking at it today, it seems like a</p> <p>21 tremendous amount.</p> <p>22 Q. When were you and Mr. Nadel married? What</p> <p>23 year were you married?</p> <p>24 A. 2002.</p> <p>25 Q. 2002. Beginning after you were married,</p>

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<p>1 you mentioned that your compensation was being 2 directly deposited into a bank account, is that 3 correct?</p> <p>4 A. Yes, always had been,</p> <p>5 Q. Following your marriage in 2002, was that 6 money deposited into a joint account that you had 7 with Arthur, do you recall?</p> <p>8 A. I never opened a joint account with Arthur 9 Nadel. After we were married - and I thought this 10 is what all married people do - I put him on as a 11 signer to my account that I've had with Northern 12 Trust since 1993, '94. That's always been my 13 account. I've had the only checkbook on that 14 account in my possession at all times. Arthur 15 never knew what was in it. He never saw the 16 account statements, and I don't think -- if he 17 signed one check over the course of his being a 18 signer on the account, that was a lot. Yes, it 19 was deposited into that account.</p> <p>20 Q. The W-2 that is on the top part of the 21 page --</p> <p>22 A. Uh-huh.</p> <p>23 Q. -- it identifies the employee as Amy 24 Nadel. Do you see that?</p> <p>25 A. I do.</p>	<p>1 previously testified Mr. Zucker had recommended?</p> <p>2 A. Whatever the raises were on everybody's 3 salaries during the year, there was 4 recommendations that were made as to what they 5 should be. Those recommendations were made 6 between our accountant, Mr. Zucker, and 7 Christopher Moody, and Arthur Nadel, and obviously 8 myself. I can't recall on what basis they were 9 made. I don't know why they were made. They were 10 just done. I don't know.</p> <p>11 Q. Based on your recollection, the 12 compensation that's reflected in this W-2 of 13 \$223,076.96, is that an accurate representation of 14 your salary and compensation in '05?</p> <p>15 A. It must be. It's a W-2.</p> <p>16 MR. MORELLO: Exhibit 13, Exhibit 13 is a 17 document Bates numbered NDL-012-000287 through 18 288.</p> <p>19 (Exhibit 13 marked for identification.)</p> <p>20 BY MR. MORELLO:</p> <p>21 Q. I think you already know my question. 22 What is this document that's depicted --</p> <p>23 A. It's a W-2 form for Marguerite Nadel for 24 the year 2006 in the amount of \$225,961.56. And 25 yes, it's a W-2 form, so it must be an accurate</p>
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<p>1 Q. Who is Amy Nadel?</p> <p>2 A. Amy Nadel is my daughter-in-law. I 3 considered Chris Nadel as much my son as my own 4 son is.</p> <p>5 Q. Is Amy Nadel Chris' wife?</p> <p>6 A. She is.</p> <p>7 Q. If I'm not mistaken, this W-2 reflects 8 that in 2004, Amy Nadel received \$3,500 in 9 compensation from Scoop Management. Do you know 10 what services she was being compensated for?</p> <p>11 A. I do not.</p> <p>12 MR. MORELLO: This is Exhibit 12, please. 13 Exhibit 12 is a document Bates numbered 14 NDL-001-000261.</p> <p>15 (Exhibit 12 marked for identification.)</p> <p>16 BY MR. MORELLO:</p> <p>17 Q. On the bottom half of Exhibit 12, 18 Mrs. Nadel, what is --</p> <p>19 A. It's a W-2 form in my name for the year 20 2005 in the amount of \$223,076.96.</p> <p>21 Q. I note that in Exhibit 11, which is the 22 2004 W-2, the compensation was \$171,307, roughly.</p> <p>23 A. That has been mentioned before.</p> <p>24 Q. In 2005, it was raised by approximately 25 \$50,000. Is this raise the raise that you</p>	<p>1 reflection of the salary of that date.</p> <p>2 Q. Thank you.</p> <p>3 A. You are welcome.</p> <p>4 Q. You don't need me here.</p> <p>5 A. Well, I'm getting to the point where I 6 kind of know what the next question is when you 7 talk about the W-2 forms.</p> <p>8 Q. Unfortunately, there are certain things we 9 have got to do.</p> <p>10 A. I know.</p> <p>11 MR. MORELLO: Please mark this as 12 Exhibit 14. If you could take a minute to read 13 Exhibit 14, please. Exhibit 14 is a document 14 Bates numbered NDL-044-001505 through 1507.</p> <p>15 (Exhibit 14 marked for identification.)</p> <p>16 BY MR. MORELLO:</p> <p>17 Q. Have you had a chance to review 18 Exhibit 14, Mrs. Nadel?</p> <p>19 A. Yes.</p> <p>20 Q. Do you recognize this document?</p> <p>21 A. Yes.</p> <p>22 Q. Tell me what it is.</p> <p>23 A. It is a memorandum from Michael Zucker 24 concerning proposed increases in salary, profit 25 sharing bonuses.</p>

<p style="text-align: right;">Page 116</p> <p>1 Q. Now, before I believe you testified that 2 Mr. Zucker would make recommendations and 3 otherwise review people's salaries, is this a 4 document that reflects that process? 5 A. I would think it is, yes. 6 Q. About halfway through the first page, 7 there is a paragraph that says to begin with -- 8 sorry. This a memorandum from Michael Zucker to 9 you, Peg Nadel, is that correct? 10 A. Yes. And it's dated April the 3rd, 2007. 11 Q. Halfway through the first page it says, "I 12 put all of your salary and bonus into the salary 13 bracket this year, i.e., \$225,000 will now be 14 salary instead of \$25,000 salary and \$200,000 15 bonus. This way you are still covered for your 16 SEP IRA contribution of \$44,000." 17 Do you have any idea what he is conveying 18 in that paragraph? 19 A. Well, other than exactly what he says. 20 Q. Is it accurate to say what he is saying is 21 that your salary calculation will essentially 22 eliminate a bonus component and the full sum will 23 be considered a salary? 24 A. That is what the paragraph says. 25 Q. Do you have any recollection of why he</p>	<p style="text-align: right;">Page 118</p> <p>1 something that had been suggested. The bonuses 2 prior to that had all been paid on an annual 3 basis. Then all of a sudden, I think it was 4 mostly Chris' idea that it be paid on a quarterly 5 basis. That did not last. Nobody liked that. 6 The rest of the staff did not care for that at 7 all. So that didn't last very long. The bonuses 8 that were based on a quarterly performance, that 9 was something that was -- as I said before, that 10 was totally ascertained by the figures that were 11 presented at the end of the quarter. Chris had 12 more to do with that. 13 At this point it was whatever you say, 14 because I had no precise knowledge of how this 15 reflected with the tax situation, how it reflected 16 with anything else that was involved between 17 salary and bonus. It was whatever system was 18 recommended was fine with me. 19 Q. Okay. 20 A. Because I trusted the judgment of everyone 21 that was concerned in the decision-making process. 22 Yes, it was always run by me, yes. 23 Q. Meaning that you reviewed the numbers or 24 the system? 25 A. No. I just didn't -- it was a matter of</p>
<p style="text-align: right;">Page 117</p> <p>1 made that recommendation? 2 A. No. That's got to have something to do 3 with accounting and taxes, and I -- you would have 4 to ask someone with accounting experience as to 5 why they would do that. I don't know. I just 6 know that whatever Michael suggested was usually 7 for the benefit of his client in some way or other 8 concerning taxes. 9 Q. On the second page of that document, about 10 halfway through the text, there is a line that 11 says, "Payment of the bonus." 12 A. Uh-huh. 13 Q. Then the second paragraph after that 14 states, "The major question is what parameters 15 will you set up to decide whether a quarter is 16 profitable or not. That is the question." 17 A. Uh-huh. 18 Q. Do you know what Mr. Zucker is talking 19 about in that statement? 20 A. Well, I think the "you" that is used in 21 that paragraph is a collective "you," because 22 it -- if a quarter is profitable, it wasn't up to 23 me to decide. It was whatever the figures that 24 were presented to everyone reflected. And Chris 25 Moody had a great deal to do with that. This was</p>	<p style="text-align: right;">Page 119</p> <p>1 courtesy. After all, I'm the one -- and so 2 whatever was decided was told to me just as you 3 would inform anyone else of whatever business 4 decisions you were making if they had a concern in 5 the business. That doesn't necessarily mean it 6 was an expertise in their particular area. 7 MR. MORELLO: Mark this as Exhibit 15. 8 The document that's been marked as Exhibit 15 9 is a one-page document bearing the Bates number 10 Zucker 003133. 11 (Exhibit 15 marked for identification.) 12 BY MR. MORELLO: 13 Q. Do you recognize, Mrs. Nadel, the document 14 that's been marked as Exhibit 15? 15 A. It is a W-2 form for the year 2007 made 16 out to Marguerite Nadel for the sum of 17 \$163,461.62. 18 Q. Does that sum accurately reflect the 19 wages, tips, and compensation for the year 2007? 20 A. It must. It is a W-2 form. 21 MR. MORELLO: Exhibit 16, please. Exhibit 22 16 is a document Bates numbered NDL-015-001100. 23 (Exhibit 16 marked for identification.) 24 BY MR. MORELLO: 25 Q. Do you recognize this document,</p>

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<p>1 Mr. Nadel?</p> <p>2 A. No.</p> <p>3 Q. In looking at this document, would you</p> <p>4 have any idea who would have created this</p> <p>5 document?</p> <p>6 A. I would imagine Shelly Bell, Michelle Bell</p> <p>7 would have created this document. She is the one</p> <p>8 who did all of the calculations for the hedge</p> <p>9 funds, I think.</p> <p>10 Q. Based on your experiences with Scoop</p> <p>11 Management, does this appear to you to be some</p> <p>12 sort of spreadsheet that calculates fees and I</p> <p>13 guess -- does it look like something that</p> <p>14 calculates fees that are earned from the business</p> <p>15 of Valhalla for the third quarter of 2003?</p> <p>16 A. It would appear to be so.</p> <p>17 Q. Do you see in the second half of the</p> <p>18 document there is a tabulation that starts with</p> <p>19 "breakdown for checks?"</p> <p>20 A. Uh-huh.</p> <p>21 Q. Then it says "Rowe, Neil, Art, Office" and</p> <p>22 then "SEP" and then it totals.</p> <p>23 A. Uh-huh.</p> <p>24 Q. Then beneath that it lists check</p> <p>25 disbursements to be made.</p>	<p>1 you received was connected to the performance of</p> <p>2 any of the hedge funds?</p> <p>3 A. Well, what paid our salary was the fees</p> <p>4 paid to Scoop Management for whatever, and I would</p> <p>5 imagine -- I mean, is that a rhetorical question?</p> <p>6 Because you are asking if I know that or is this</p> <p>7 apparent from the figures in the documents that</p> <p>8 you have in your possession?</p> <p>9 Q. Do you know if the bonus component of the</p> <p>10 compensation that was received by you and the</p> <p>11 other employees was based on the performance of</p> <p>12 the hedge funds?</p> <p>13 A. I don't know that as knowledge, but I</p> <p>14 would imagine so. You know, common sense would</p> <p>15 tell you. You know, with all the documents that</p> <p>16 have gone through here so far, obviously speaking</p> <p>17 of the quarterly performance having something to</p> <p>18 do with the bonuses, I think that intelligence</p> <p>19 would have to answer in the affirmative.</p> <p>20 Q. Then as part of the SEP contribution, was</p> <p>21 a payment forwarded to the SEP IRA custodian on a</p> <p>22 periodic basis that you know of?</p> <p>23 A. Any time that a contribution to the IRA</p> <p>24 part of any salary earned by any employee, that</p> <p>25 money to their IRA account was forwarded to the</p>
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<p>1 A. Uh-huh.</p> <p>2 Q. At the bottom of that list it has one that</p> <p>3 is identified as Scoop Management and then in</p> <p>4 parentheses it says "office and SEP," and then</p> <p>5 it's followed by 16,432, what appear to be</p> <p>6 dollars, and then 49 cents.</p> <p>7 Then beneath that there is another little</p> <p>8 breakdown that is labeled "office breakdown,"</p> <p>9 A. Uh-huh.</p> <p>10 Q. The first is the name "Pag," the first</p> <p>11 line.</p> <p>12 A. Uh-huh.</p> <p>13 Q. Then moving across it, it has some sums</p> <p>14 that appear to have some correlation to a title of</p> <p>15 M-G-T.</p> <p>16 A. Uh-huh.</p> <p>17 Q. Then a title of M-V-P-I-F. Do you know</p> <p>18 what M-G-T and P-I-F refer to?</p> <p>19 A. I imagine M-G-T is management. I don't</p> <p>20 know what P-I-F is.</p> <p>21 Q. Could it be performance incentive fee?</p> <p>22 A. Yes, probably that is what it is.</p> <p>23 Q. After looking at this document, does this</p> <p>24 in any way refresh your recollection of whether</p> <p>25 the bonus or any other part of the compensation</p>	<p>1 custodian.</p> <p>2 Q. Do you know if that occurred on a</p> <p>3 quarterly basis or once a year or some other</p> <p>4 periodic basis?</p> <p>5 A. I don't know how often. I think -- I</p> <p>6 don't know how often. I don't know if that was</p> <p>7 done regularly according to salary or if that was</p> <p>8 just tied to only once a year. I don't know.</p> <p>9 Q. The money that was deposited into your SEP</p> <p>10 IRA account, which was invested with Victory IRA,</p> <p>11 was that all money that was paid as a contribution</p> <p>12 by Scoop Management or did you have an opportunity</p> <p>13 to invest any independent money into that account?</p> <p>14 A. I never wrote a check to my IRA account.</p> <p>15 So whatever was deducted from my salary, I don't</p> <p>16 know.</p> <p>17 Q. Do you recall when the custodian on your</p> <p>18 SEP IRA account was changed from Charles Schwab to</p> <p>19 Millennium Trust?</p> <p>20 A. I don't know that it was changed. I think</p> <p>21 it's usually -- I thought that it went to Charles</p> <p>22 Schwab and from Schwab was then to Millennium. If</p> <p>23 it didn't, I don't know.</p> <p>24 Q. So it's your understanding that -- between</p> <p>25 Charles Schwab and Millennium Trust, who was the</p>

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<p style="text-align: right;">Page 124</p> <p>1 custodian of your SEP IRA account?</p> <p>2 A. Millennium Trust.</p> <p>3 Q. What role did Charles Schwab have in</p> <p>4 connection with that account?</p> <p>5 A. They were just the receiving brokerage. I</p> <p>6 don't even recall how Charles Schwab was chosen in</p> <p>7 the beginning to receive that. I don't know if it</p> <p>8 was because they had the setup for an SEP IRA. I</p> <p>9 don't know.</p> <p>10 MR. MORELLO: We have marked a document as</p> <p>11 Exhibit 17. Exhibit 17 bears Bates number</p> <p>12 NDL-001-002530.</p> <p>13 (Exhibit 17 marked for identification.)</p> <p>14 BY MR. MORELLO:</p> <p>15 Q. If you don't mind taking a look at what's</p> <p>16 been marked as Exhibit 17, please.</p> <p>17 A. (Witness complied.)</p> <p>18 Q. Exhibit 17 appears to be a copy of a Scoop</p> <p>19 Management check paid to the order of Peg Nadel in</p> <p>20 the amount of \$50,000 dated November 30, 2005, is</p> <p>21 that correct, Mrs. Nadel?</p> <p>22 A. That is correct.</p> <p>23 Q. In the memo line it says "2004 1040," Do</p> <p>24 you see that?</p> <p>25 A. Yes, I do.</p>	<p style="text-align: right;">Page 126</p> <p>1 only joint account we had, that were addressed to</p> <p>2 the IRA -- IRS was for an amount that was</p> <p>3 deposited either the day before or the same day,</p> <p>4 and the check for the equal amount went to the IRS</p> <p>5 the same day or the following day.</p> <p>6 Q. So, just to be clear, what you are saying</p> <p>7 is a check would be written from Scoop Management</p> <p>8 into your joint account --</p> <p>9 A. I don't know where --</p> <p>10 Q. -- and then the same day or the following</p> <p>11 day a check would be written for the same sum from</p> <p>12 your joint account to the IRS?</p> <p>13 A. Correct.</p> <p>14 Q. So the IRS was essentially receiving</p> <p>15 payments of money from Scoop Management, Inc, to</p> <p>16 cover your tax burden?</p> <p>17 A. I don't know where the money came from</p> <p>18 that was paid into my account. I don't remember</p> <p>19 that. It may have come from Scoop Capital. I</p> <p>20 just -- I really don't remember.</p> <p>21 Q. But it also may have come from Scoop</p> <p>22 Management?</p> <p>23 A. I doubt it.</p> <p>24 Q. Why do you say you "doubt" it?</p> <p>25 A. Because I can't think of any reason why</p>
<p style="text-align: right;">Page 125</p> <p>1 Q. Do you have any idea what that means?</p> <p>2 A. Absolutely none. I don't remember</p> <p>3 anything from -- and I don't remember why it would</p> <p>4 be -- I have no idea.</p> <p>5 Q. Is that your signature on the check?</p> <p>6 A. It is.</p> <p>7 Q. When it came time to pay taxes, personal</p> <p>8 taxes, Mrs. Nadel, did you make payments on those</p> <p>9 taxes with funds forwarded to you from Scoop</p> <p>10 Management?</p> <p>11 A. I don't believe so. Art -- Arthur was the</p> <p>12 one who took care of all tax payments. We filed</p> <p>13 jointly. And I can't imagine that -- even though</p> <p>14 that memo on there says "2004 1040," I can't</p> <p>15 imagine -- I have no knowledge. I don't have any</p> <p>16 recollection of this whatsoever. If there is a</p> <p>17 memo or if there is some corresponding document</p> <p>18 that shows where this was -- where it went to</p> <p>19 other than me, I really don't know.</p> <p>20 But I can tell you -- look at my bank</p> <p>21 accounts. You have got them all. No, I would</p> <p>22 never have written a check to the IRA -- IRS for</p> <p>23 me personally. The only checks that I ever wrote</p> <p>24 that went through my bank account, that</p> <p>25 unfortunately was a joint account, but it was the</p>	<p style="text-align: right;">Page 127</p> <p>1 Scoop Management would have paid that amount of</p> <p>2 income tax. I don't know. I really don't know,</p> <p>3 and I can't -- as I said, I cannot remember from</p> <p>4 what account the checks were written to pay the</p> <p>5 federal income tax.</p> <p>6 Q. But the federal income tax that was paid</p> <p>7 by you and Mr. Nadel was paid with money that was</p> <p>8 transferred into your joint account from some</p> <p>9 source?</p> <p>10 A. Yes. I mean, do you know anyone who keeps</p> <p>11 the amount of money in their checking account that</p> <p>12 they have to pay taxes with? Does it usually not</p> <p>13 get transferred in from another source somewhere,</p> <p>14 either an investment or money market account?</p> <p>15 Q. Unfortunately, I'm the one asking the</p> <p>16 questions today. I'm not under an obligation to</p> <p>17 respond.</p> <p>18 A. Of course not.</p> <p>19 MR. MORELLO: Can we mark this as</p> <p>20 Exhibit 18, please? What's been marked as</p> <p>21 Exhibit 18, for the record, is a composite</p> <p>22 exhibit. The documents all begin with the</p> <p>23 Bates prefix TN, as in Nancy, TFL and the Bates</p> <p>24 numbers of the documents are 002353, 2362,</p> <p>25 2367, 2380, 2382, 2388, 2391, 2392, 2393, 2399,</p>

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<p>1 2403, and 2407, 2 (Exhibit 18 marked for identification.) 3 BY MR. MORELLO; 4 Q. After you've had a chance to flip through 5 it, let me know and I'll direct your attention to 6 a particular check. 7 A. Well, just -- okay. 8 Q. The Bates -- the second -- actually, it's 9 not second. It's the third page in the sequence, 10 and at the bottom the Bates numbers end with 2367. 11 A. Right. 12 Q. Do you see at the top of that page there 13 appears to be a copy of a check from Scoop 14 Management, Inc. made out to Art and Peg Nadel 15 dated January 10, 2006 in the amount of 16 \$3,790,000? 17 A. Right. 18 Q. Do you see that check? 19 A. I do see it. 20 Q. Does that appear to be your signature on 21 the check? 22 A. I signed almost all of the checks at Scoop 23 Management. Arthur and I would sign 20 to 30 24 checks at a time that resided with Ms. Ball. And 25 as the checks needed to be written to the various</p>	<p>1 Where that came from, I don't know. I imagine 2 Scoop Capital, because that was the only other 3 entity that he controlled. Because Scoop 4 Management never carried that kind of a balance on 5 a continuing basis. I know that Scoop 6 Management's balance would fluctuate and that many 7 times we were down to \$50,000 and were waiting 8 anxiously for the \$5,000 fee that each of the 9 funds were contributing to the management. 10 Q. On the page following the one we were just 11 looking at, which bears the numbers 2360 on the 12 bottom part of the page, there is a copy of a 13 check. It appears to be a Scoop Management check, 14 again made out to Art and Peg Nadel in the amount 15 of \$1 million dated April 17, 2006. Do you see 16 that? 17 A. I do. 18 Q. Then in the memo line there is a statement 19 that says "2005 taxes." 20 A. Yes. 21 Q. Is that consistent with the previous 22 check? Does that appear to be an amount that was 23 transferred from the Scoop Management bank account 24 to your and Art's account? 25 A. That is correct.</p>
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<p>1 companies and entities that were receiving payment 2 from us, she would just automatically do this. 3 She always had a supply of pre-signed checks. 4 Q. So you were signing blank checks and 5 leaving them in the office for future use? 6 A. Yes. 7 Q. Do you see the memo on the check that we 8 are discussing right now, do you see that it 9 says -- 10 A. 2005 taxes. 11 Q. -- "2005 taxes?" Do you see that? 12 A. Yes, I do. 13 Q. Based on that does it appear that 14 \$3,790,000 was transferred from the Scoop 15 Management account to an account in the name of 16 Art and Peg Nadel for payment of taxes? 17 A. Yes. And there should be a corresponding 18 check written out of Art and Peg Nadel's account 19 for the same amount to the IRS. 20 Q. So the money that would have been paid to 21 the IRS was essentially money that was paid out of 22 the Scoop Management account? 23 A. I imagine it was then. But I also would 24 think there was money that was transferred into 25 the Scoop Management account to cover that amount,</p>	<p>1 Q. In order to pay taxes? 2 A. We paid quarterly tax, and so -- I haven't 3 looked at the dates, but I think that would 4 reflect the dates that a quarterly amount was to 5 be received from us for our mutual -- our joint 6 tax return. 7 Q. As far as you know, Art Nadel, did he draw 8 a salary from Scoop Management? 9 A. No, no. 10 Q. How would he essentially obtain money? 11 A. His management fees. 12 Q. Those management fees, would he transfer 13 them into an account in his name or to your joint 14 account or would he just keep them in Scoop 15 Management? 16 A. A lot of the times he would -- I don't 17 know what he did with them. I know that some of 18 the moneys he put into Scoop Management, and I 19 imagine some of the money he put somewhere else. 20 I was never aware of how much he got as far as 21 management fees were concerned or what he did with 22 it. 23 Q. On the page a few pages after what we were 24 looking at, there's a page that ends with the 25 Bates numbers 2392 in the bottom right corner. Do</p>

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<p>1 you see that page?</p> <p>2 A. No. But what is the check you are looking</p> <p>3 at?</p> <p>4 Q. On the top part of the page, there is a</p> <p>5 check, a Scoop Management check, Number 5304, made</p> <p>6 out to Peg Nadel for \$500,000. If you look at the</p> <p>7 bottom right corner of the page, it should have</p> <p>8 the Bates number with the digits 2392.</p> <p>9 A. Yes, I see that.</p> <p>10 Q. At the top of the page, there is a copy --</p> <p>11 A. I see it. I have got the check.</p> <p>12 Q. Do you have any idea what that check was</p> <p>13 for?</p> <p>14 A. Taxes. It's the only reason any amount</p> <p>15 such as that was paid into my account. And since</p> <p>16 the date on that check is 11/01, I imagine that</p> <p>17 was for the October quarterly payment or whatever.</p> <p>18 Q. What taxes were you paying with that</p> <p>19 money?</p> <p>20 A. Income tax.</p> <p>21 Q. Personal income tax?</p> <p>22 A. The way things were structured, everything</p> <p>23 went through us personally, so I understand. Yes,</p> <p>24 it was reflected on our personal income tax</p> <p>25 returns. Look at the check -- right underneath</p>	<p>1 201.</p> <p>2 (Exhibit 19 marked for identification.)</p> <p>3 BY MR. MORELLO:</p> <p>4 Q. Mrs. Nadel, do you recognize the document</p> <p>5 that's been --</p> <p>6 A. I do.</p> <p>7 Q. -- marked? Could you tell me what that</p> <p>8 is?</p> <p>9 A. It is a deposit slip.</p> <p>10 Q. That's the first page of the document?</p> <p>11 A. That is the first page of the document.</p> <p>12 Q. Then the second page?</p> <p>13 A. The second page is a copy of the IRS</p> <p>14 refund check that was issued to me in 2009,</p> <p>15 December 14 of 2009, in the sum of \$27,932.</p> <p>16 Q. And that -- based on the check and the</p> <p>17 first page which was a deposit slip, that check</p> <p>18 was deposited into a Bank of Commerce account?</p> <p>19 A. That's correct.</p> <p>20 Q. That is held in your name?</p> <p>21 A. That's correct.</p> <p>22 Q. Do you know in connection with which tax</p> <p>23 year that IRS check was sent to you?</p> <p>24 A. 2008.</p> <p>25 Q. So that check was a refund of taxes paid</p>
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<p>1 there is a check made out to Scoop Capital that</p> <p>2 reflects his third quarter fees adjustment. Some</p> <p>3 of that, as you know, went to him.</p> <p>4 Q. So that check reflects the fact that some</p> <p>5 of the fees that Arthur Nadel was earning based on</p> <p>6 his management of hedge funds would then be</p> <p>7 transferred to Scoop Capital?</p> <p>8 A. Correct.</p> <p>9 Q. But you don't know if that was something</p> <p>10 he did?</p> <p>11 A. I have no idea. He kept his own</p> <p>12 checkbook. I never saw it. There were a lot of</p> <p>13 drawers that were kept locked.</p> <p>14 Q. Where were the drawers that were kept</p> <p>15 locked? In the office or at home?</p> <p>16 A. Both.</p> <p>17 Q. Did you ever ask him why he locked his</p> <p>18 drawers?</p> <p>19 A. No. No, I didn't. It was -- as I said,</p> <p>20 he was a very private person. He had a past life,</p> <p>21 and I -- what I knew of it, I just didn't -- I</p> <p>22 trusted him.</p> <p>23 MR. MORELLO: This is Exhibit 19.</p> <p>24 Exhibit 19 is a two-page document bearing the</p> <p>25 Bates numbers Bank of Commerce 000200 through</p>	<p>1 in 2008?</p> <p>2 A. Withholding Taxes. And I have here in my</p> <p>3 possession copies from the IRS itself reflecting</p> <p>4 the fact that this is a refund of withholding</p> <p>5 taxes based on salary earned.</p> <p>6 Q. For 2008?</p> <p>7 A. For 2008.</p> <p>8 Q. That was salary earned and paid by Scoop</p> <p>9 Management, Inc.?</p> <p>10 A. That was salary earned, yes. That is the</p> <p>11 only place that ever gave me a salary.</p> <p>12 Q. I believe that we have asked you to return</p> <p>13 that money to the receiver, is that correct?</p> <p>14 A. I was sent a letter requesting this be</p> <p>15 returned to the receiver on Friday, the 27th of</p> <p>16 August. And on Monday afternoon, I was served a</p> <p>17 subpoena.</p> <p>18 Q. Are you willing to voluntarily return that</p> <p>19 money to us?</p> <p>20 A. No, I am not.</p> <p>21 Q. Where did Scoop Management obtain the</p> <p>22 money to pay yours and everyone else's salaries?</p> <p>23 A. Mr. Morello, we all know the answer to</p> <p>24 that question. I don't know any more than you</p> <p>25 know.</p>

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<p>1 Q. Is it accurate to say that the money comes 2 from fees collected from the hedge funds? 3 A. I would think so. 4 Q. You think so or do you know? 5 A. I would think so. 6 Q. Do you know whether Scoop Management had 7 any other source of income or revenue, other than 8 the fees collected from the hedge funds? 9 A. I don't think so. 10 Q. Now, at one time, and I'm not sure if they 11 are still both active, but were you the trustee of 12 a trust named the Marguerite J. Nadel Revocable 13 Trust, dated November 3, 2004? 14 A. Yes. 15 Q. Was there a second trust bearing the same 16 name except that second trust was dated 17 August 2, 2007? 18 A. Not to my knowledge. 19 Q. So to your knowledge, there was only one 20 trust -- 21 A. Only one trust. 22 Q. -- from November 3, 2004? 23 A. Right. 24 Q. Are you currently employed, Mrs. Nadel? 25 A. No, I'm not.</p>	<p>1 half, I will be 75. I'm not exactly qualified or 2 employable material unless someone has a very big 3 heart. I really don't know what I can do. So I 4 opened an account at Charles Schwab with \$5,000, 5 because I had to have something that I could begin 6 to make -- hopefully make something for myself. I 7 didn't know what else to do. Then I have to 8 report that it's not very successful right now, so 9 that will probably not continue. 10 Q. When did you open that account? 11 A. I don't know, three months ago. 12 Q. I don't believe that was included among 13 the documentation you provided to us, is that 14 accurate? 15 A. If it was not, it was because I totally 16 didn't think about it. 17 Q. Where did the \$5,000 come from to open the 18 Charles Schwab account? 19 A. Part of it came from the moneys that had 20 been provided in the refund check and part of it 21 was also moneys that I had obtained when I sold my 22 car back to the dealership. 23 Q. Other than the Charles Schwab and the 24 Iberia Bank account, do you have any other 25 financial account that is either in your name or</p>
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<p>1 Q. What are your only sources of income right 2 now? 3 A. The refund check that I'm now living off 4 of, my unemployment, which is just finished, and 5 my \$754 a month Social Security. 6 Q. In terms of financial accounts that are in 7 your name or in which you have an interest, you 8 have a bank account at Iberia Bank, is that 9 accurate? 10 A. That is correct. 11 Q. Do you still have a bank account at Bank 12 of Commerce? 13 A. No, I do not. When that account was 14 closed, I opened the account at Iberia Bank. That 15 happened in April of this year. 16 Q. Do you have an account at Charles Schwab? 17 A. I have a very small account at Charles 18 Schwab. They kept an account open. There was 19 nothing in it. 20 Q. Was that a remnant of the SEP? 21 A. That was a remnant of the SEP. 22 Q. There is no money in that account? 23 A. No, there is none. I did open an 24 investment account at Charles Schwab. 25 You see, Mr. Moxallo, in a month and a</p>	<p>1 in an entity or other organization that is under 2 your control? 3 A. No. 4 Q. The house that you live in on Country View 5 Road -- is that accurate? 6 A. Country View Drive. 7 Q. That is in the name of the Lynn trust? 8 A. It is. 9 Q. Are you the beneficiary of that Lynn 10 trust? 11 A. I am. 12 Q. Are you the beneficiary or do you have any 13 other interest, either current or future interest, 14 in any other asset? 15 A. Other than the ones that are not held by 16 the receiver? 17 Q. Correct. 18 A. No. 19 Q. Are you familiar with property in Vermont 20 on which I think Mr. Nadel's son, while he was 21 still alive, lived on? 22 A. I'm familiar with it. 23 Q. Do you have any interest in that property? 24 A. No. That was something he did for his 25 son. I didn't know -- other than what came out of</p>

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<p>1 our mutual -- I have no interest in that,</p> <p>2 Q. So you have no interest or have not</p> <p>3 attempted to obtain any interest in any other home</p> <p>4 since 2009?</p> <p>5 A. No. Besides that, Vermont would be the</p> <p>6 last thing I would want.</p> <p>7 Q. Do you have any knowledge of any other</p> <p>8 asset that should be taken over by the receiver</p> <p>9 that is at this point not in the receiver's</p> <p>10 control?</p> <p>11 A. No. What do you want? I don't know.</p> <p>12 Q. Let's get to this section. Are you</p> <p>13 familiar with the firm Norton, Hammersley, Lopez &</p> <p>14 Skokos?</p> <p>15 A. Yes.</p> <p>16 MR. MORELLO: Let's mark this as</p> <p>17 Exhibit 20.</p> <p>18 (Exhibit 20 marked for identification.)</p> <p>19 BY MR. MORELLO:</p> <p>20 Q. I am going to preface this with: Before</p> <p>21 you say anything, certain of this information may</p> <p>22 be privileged. I don't want access to any</p> <p>23 privileged information. So I want you to listen</p> <p>24 to my question carefully. If you could spend a</p> <p>25 minute or two looking at this document, please.</p>	<p>1 A. I do have an attorney-client relationship</p> <p>2 with him.</p> <p>3 Q. Are you aware that subsequent to the</p> <p>4 hearing that we held before Judge Lazzara, where</p> <p>5 you also appeared and Mr. Zucker appeared,</p> <p>6 relating to the IRS checks, that there was a</p> <p>7 subsequent hearing in connection with this</p> <p>8 document that I am showing you which is marked</p> <p>9 Exhibit 20?</p> <p>10 A. I wasn't aware that there was a hearing.</p> <p>11 I know that one was, of course, requested because</p> <p>12 John Lopez wasn't certain that any content of the</p> <p>13 email that I had sent to him should not have been</p> <p>14 shared with the Court. He wanted -- in his</p> <p>15 message to me or in here --</p> <p>16 Q. Just so you know, the content of that</p> <p>17 email or any information about that email has</p> <p>18 never been --</p> <p>19 A. There was nothing in the email, for</p> <p>20 goodness sakes. I've shared it with everybody.</p> <p>21 Q. You are free to disclose the information</p> <p>22 in the email if you understand your rights.</p> <p>23 A. I don't need to do that. But I know that</p> <p>24 his intent was to get the Court to rule on this in</p> <p>25 chambers. That's all I know about it. I have no</p>
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<p>1 A. He sent me a copy of this, of course.</p> <p>2 Q. Right. There is an indication at the end</p> <p>3 that you were copied on this document.</p> <p>4 A. Yes. This concerns an email that I sent</p> <p>5 to John Lopez.</p> <p>6 Q. Since 2009, have you sought legal advice</p> <p>7 from John Lopez or anyone else at Norton,</p> <p>8 Hammersley?</p> <p>9 A. Let me be very clear about this,</p> <p>10 Mr. Morello, and I think I --</p> <p>11 Q. I want to be -- let me --</p> <p>12 A. Wait a minute.</p> <p>13 Q. -- start, I want to be clear, I don't</p> <p>14 want you to divulge any privileged information.</p> <p>15 A. I'm not going to.</p> <p>16 Q. I want you to be careful of what you say,</p> <p>17 and I want to make sure you understand.</p> <p>18 A. What I said, and what I'm about to say</p> <p>19 here, was said in Judge Lazzara's courtroom. John</p> <p>20 Lopez is a friend, and any -- I can't say that</p> <p>21 he's ever really given me any advice, but it has</p> <p>22 been ex officio. Have I paid John Lopez for any</p> <p>23 of his services? No.</p> <p>24 Q. Just to stop you, does that mean that you</p> <p>25 haven't created an attorney-client relationship?</p>	<p>1 idea what had happened or what the results of it</p> <p>2 were.</p> <p>3 Q. Well, the result is that we were</p> <p>4 instructed by Judge Lazzara to make sure we depose</p> <p>5 you and ask you very specific and detailed and</p> <p>6 expansive questions about your assets and whether</p> <p>7 you have come into any new assets, whether there</p> <p>8 are assets being hidden, anything of that nature.</p> <p>9 That is one of the purposes for which we are here</p> <p>10 today.</p> <p>11 A. I wish.</p> <p>12 Q. One of the questions I want to ask you is</p> <p>13 whether there is any information you have that you</p> <p>14 want to disclose to us about any potential asset</p> <p>15 which is being kept from the receiver which</p> <p>16 rightfully belongs to the receiver.</p> <p>17 A. There is nothing. You all have taken</p> <p>18 everything from me already and are still trying to</p> <p>19 take more. I know that. And so if the intent is</p> <p>20 to leave me destitute and homeless, you are</p> <p>21 succeeding. I don't know the wife of any other</p> <p>22 person that has never been accused and has ever</p> <p>23 been in a situation like this. I owned my own</p> <p>24 house before I married Arthur Nadel. I owned my</p> <p>25 own automobile with nothing owed on it. It was</p>

<p style="text-align: right;">Page 144</p> <p>1 free and clear before I married Arthur Nadel. I 2 was a person. I had worked in my previous 3 marriage and accumulated -- and I worked very 4 hard. These are not the hands of a pampered lady, 5 These hands have wrapped many a chain saw and an 6 ax and a hoe and a shovel, and still do. 7 What do you want from me? I have given 8 and you have taken everything, I don't have 9 anything anymore. I have the home that I live in 10 that I have worked hard for. 11 Q. I think you are aware of the orders that 12 have appointed Burt Nield and what he is 13 instructed to do and his fiduciary obligations. 14 A. I understand that. 15 Q. I understand -- 16 A. I understand. 17 Q. I understand your side of the equation, 18 but I think it's pretty clear the instructions 19 under which the receiver has to operate and has an 20 obligation to the receivership estate and to the 21 investors who were involved in this mess. We have 22 been instructed by Judge Lazzara to question you 23 about certain items and that's why we're here 24 today. 25 A. Mr. Morello, you know, I'm so dumb about</p>	<p style="text-align: right;">Page 146</p> <p>1 and that is to live my life as honestly and as 2 honorably as I can. I'm a practicing Catholic. I 3 actually believe in everything that this says, 4 And I try to live my life accordingly. 5 You still have personal property that 6 belongs to me. 7 MR. MORELLO: We will get to that today. 8 Why don't we take a five-minute break, if 9 you don't mind? 10 THE WITNESS: That's fine, I'm sorry, I 11 didn't mean to do this today. 12 MR. MORELLO: We can go off the record. 13 (Recess from 2:21 p.m. until 2:36 p.m.) 14 MR. MORELLO: Let's mark this as 15 Exhibit 21, I believe. Exhibit 21, for the 16 record, is a two-page document bearing Bates 17 numbers Bank of Commerce 000145 through 146. 18 (Exhibit 21 marked for identification.) 19 BY MR. MORELLO: 20 Q. Do you recognize the document that has 21 been marked as Exhibit 21, Mrs. Nadel? 22 A. Yes, I do. It is a deposit slip for 23 \$23,500. 24 Q. On the second page -- 25 A. It is from Gattel Imports, reflecting the</p>
<p style="text-align: right;">Page 145</p> <p>1 certain things. When I received the news on 2 January 14 of 2009 that I no longer had a husband 3 and I no longer had -- the bottom had dropped out 4 of everybody's world, my next-door neighbor, Glen 5 Rey, who has recently retired as senior vice 6 president from Northern Trust, knew something was 7 wrong when all of the police and sheriff's cars 8 showed up in front of the house. Roger Jernigan 9 was there. And I asked what could I do, what 10 should I do. 11 I guess at that time I could have gone and 12 closed out my bank account and that would have 13 been perfectly fine. I didn't do it. I couldn't 14 imagine it ever being suspect in anything. I was 15 told there was going to be a search warrant and 16 that the house -- but I didn't know when. I guess 17 I could have emptied the house of anything that I 18 thought might have been pertinent, and I didn't do 19 it because I didn't have anything in there that 20 I -- I don't think that way. I have never been 21 that kind of person. I didn't raise my children 22 to be that way. My mind doesn't go in that 23 direction. I have always tried to reflect the 24 wonderful and fantastic example that was set by 25 mother and my father and the rest of my family,</p>	<p style="text-align: right;">Page 147</p> <p>1 amount of money that they paid me for my -- when 2 they bought back my automobile. 3 Q. What kind of car was that, Mrs. Nadel? 4 A. It was an Acura. 5 Q. In whose name was the registration? 6 A. In my name. 7 Q. Was it ever in Arthur Nadel's name? 8 A. No. 9 Q. What year did you purchase that car? 10 A. The year in -- I think 2008. I'm not -- I 11 don't know. I can't remember when it was. I 12 don't know. 13 Q. Do you recall from which account the money 14 that was used to purchase the car came from? 15 A. My account. 16 Q. Is this the account that Arthur Nadel 17 still had a signature on? 18 A. Yes. It was the only account I ever had. 19 Q. Besides your salary -- let me take a step 20 back. 21 If you recall, before we were looking at 22 some checks that I believe you testified were 23 transferring money from Scoop Management into an 24 account in your and Art Nadel's name and the money 25 was then flipped to you to pay taxes. Was the</p>

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<p>1 account in which that money was deposited the same</p> <p>2 account that you are testifying now was your</p> <p>3 account on which Art had a signature?</p> <p>4 A. No. The account on which Art had a</p> <p>5 signature was at Northern Trust. This account is</p> <p>6 at Bank of Commerce.</p> <p>7 Q. I think you misunderstood my question.</p> <p>8 Let me start from square one. At Northern Trust</p> <p>9 you had an account which was formerly in your</p> <p>10 name. And then following your marriage to Art</p> <p>11 Nadel, you added Art Nadel as a signatory --</p> <p>12 A. Correct.</p> <p>13 Q. -- to that account.</p> <p>14 Was that the same account from which you</p> <p>15 and Art paid taxes?</p> <p>16 A. Yes.</p> <p>17 Q. So the checks that we looked at, for</p> <p>18 example, at Exhibit 18, which were evidencing</p> <p>19 deposits of money into that account from Scoop</p> <p>20 Management, and subsequently you testified that</p> <p>21 the same day or the next day a check for the same</p> <p>22 amount would have been sent to the IRS, that is</p> <p>23 the same account you have testified was in your</p> <p>24 name and then subsequently Art Nadel's name was</p> <p>25 added to that?</p>	<p>1 A. I believe there was -- and I'm</p> <p>2 approximating this, but I believe there was about</p> <p>3 \$28,000 from one club, which I think was Indigo;</p> <p>4 and about \$32,000 from Harmony or I have got them</p> <p>5 visa versa. I can't remember.</p> <p>6 Q. When you just referred to the sale of your</p> <p>7 house, what house are you referring to?</p> <p>8 A. The house that I owned before I married</p> <p>9 Arthur Nadel.</p> <p>10 Q. Where was that house located?</p> <p>11 A. In Sarasota.</p> <p>12 Q. What year did you sell that house?</p> <p>13 A. 2002.</p> <p>14 Q. Do you recall how much the house sold for?</p> <p>15 A. \$152,000.</p> <p>16 Q. At the time of the sale, did you have an</p> <p>17 outstanding loan or mortgage balance on that</p> <p>18 house?</p> <p>19 A. There was.</p> <p>20 Q. Do you know approximately the value of</p> <p>21 that loan?</p> <p>22 A. About somewhere in the neighborhood of</p> <p>23 \$70,000, 60-something.</p> <p>24 Q. I assume that loan was paid off at the</p> <p>25 closing on the sale?</p>
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<p>1 A. That is correct.</p> <p>2 Q. Is that the same account in which your --</p> <p>3 I'll refer to that account as your joint account.</p> <p>4 Was that joint account the same account into which</p> <p>5 your salary was directly deposited during the time</p> <p>6 you worked for Scoop Management?</p> <p>7 A. That is correct.</p> <p>8 Q. Was there any other source of income or</p> <p>9 revenue that would have been deposited into that</p> <p>10 account?</p> <p>11 A. Only from the investment clubs when they</p> <p>12 were closed out and from the sale of my house and</p> <p>13 from -- yes, anything that was left over from my</p> <p>14 business.</p> <p>15 Q. First of all, when you said "from the</p> <p>16 investment clubs," you were an investor in one or</p> <p>17 more of the investment clubs that were run by Art</p> <p>18 Nadel?</p> <p>19 A. Yes, I was.</p> <p>20 Q. You were invested in those in your</p> <p>21 personal capacity, not through a trust or an IRA</p> <p>22 account?</p> <p>23 A. No. My personal capacity.</p> <p>24 Q. Do you recall, when those clubs ended, how</p> <p>25 much was distributed to you from those clubs?</p>	<p>1 A. It was.</p> <p>2 Q. The balance of the proceeds from the sale</p> <p>3 were deposited into the joint account?</p> <p>4 A. That is correct. Well, at that time it</p> <p>5 was not a joint account. It was my account for</p> <p>6 which I have never been given credit.</p> <p>7 MR. MORELLO: We'll mark this as</p> <p>8 Exhibit 22, please. Exhibit 22 is a composite</p> <p>9 exhibit, for the record. I'll just make sure</p> <p>10 the Bates numbers are in sequence. If you</p> <p>11 don't mind reviewing these series of documents</p> <p>12 while I put this on the record.</p> <p>13 THE WITNESS: Right.</p> <p>14 MR. MORELLO: Bates numbered beginning</p> <p>15 with NSR-00031972 through 31983.</p> <p>16 THE WITNESS: I'm sorry, what is the</p> <p>17 Herald-Tribune carrier in there for? He was</p> <p>18 usually given a \$20 bill around Christmastime.</p> <p>19 (Exhibit 22 marked for identification.)</p> <p>20 BY MR. MORELLO:</p> <p>21 Q. Are you familiar with Silverberg Jewelry</p> <p>22 Company?</p> <p>23 A. I have only been in there one time.</p> <p>24 Q. Do you know whether Arthur Nadel purchased</p> <p>25 items from there?</p>

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<p>1 A. Obviously he did.</p> <p>2 Q. If you could go to the third page of the</p> <p>3 document,</p> <p>4 A. Uh-huh.</p> <p>5 Q. What appears to be some sort of receipt</p> <p>6 with the name Arthur Nadel on it and the date of</p> <p>7 11/04/06. It's a receipt, if I'm not mistaken,</p> <p>8 totaling \$1,605, is that correct?</p> <p>9 A. That is correct.</p> <p>10 Q. It seems to be a receipt for two items of</p> <p>11 jewelry involving some sort of pearls?</p> <p>12 A. Uh-huh.</p> <p>13 Q. Are you familiar with those two pieces of</p> <p>14 jewelry?</p> <p>15 A. Yes, I am.</p> <p>16 Q. Were those two pieces of jewelry that were</p> <p>17 gifted to you by Arthur Nadel?</p> <p>18 A. It was a birthday present.</p> <p>19 Q. Was it two pieces of jewelry?</p> <p>20 A. It was a necklace and earrings.</p> <p>21 Q. Are you still in possession of that</p> <p>22 jewelry?</p> <p>23 A. I am.</p> <p>24 Q. Then if you flip to the page following</p> <p>25 what you described as the Herald-Tribune, we can</p>	<p>1 A. It was. Again, it was a birthday present.</p> <p>2 Q. On the following page, it looks like it is</p> <p>3 another receipt dated November 7, '08.</p> <p>4 A. Three rings and one pair of earrings.</p> <p>5 Q. It looks like it is \$1,900. It's not</p> <p>6 entirely clear. Are you familiar with that</p> <p>7 jewelry?</p> <p>8 A. I am. This was an exchange, Arthur would</p> <p>9 gift me with jewelry, and it was not always to my</p> <p>10 taste. And so this was one time that I took, with</p> <p>11 his acquisition -- with his acquiescence to -- I</p> <p>12 went back and I exchanged what he had given me on</p> <p>13 the prior page for something that I would wear.</p> <p>14 And so that's what it was.</p> <p>15 Q. So you returned the pink sapphire piece of</p> <p>16 jewelry --</p> <p>17 A. I did.</p> <p>18 Q. -- on the previous page. So you returned</p> <p>19 that piece of jewelry and exchanged it for three</p> <p>20 rings and a pair of earrings?</p> <p>21 A. Yeah.</p> <p>22 Q. Are you still in possession of the three</p> <p>23 rings and the pair of earrings?</p> <p>24 A. Yes, I am. I believe that is what I did.</p> <p>25 I have to remember, because I think I remember</p>
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<p>1 thank the Department of Justice for including that</p> <p>2 in the photocopy. But there seems to be another</p> <p>3 receipt dated 11/6/08. Do you see that?</p> <p>4 A. I do.</p> <p>5 Q. In the amount of the \$2,200, if I'm not</p> <p>6 mistaken?</p> <p>7 A. Correct.</p> <p>8 Q. It refers to some sort of item of jewelry</p> <p>9 with a pink sapphire.</p> <p>10 A. Yes.</p> <p>11 Q. Are you familiar with that item of --</p> <p>12 A. I am.</p> <p>13 Q. What is that item of jewelry?</p> <p>14 A. I have never worn it. It is a little</p> <p>15 pendant on a chain.</p> <p>16 Q. Are you still in possession of that</p> <p>17 article of jewelry?</p> <p>18 A. I am.</p> <p>19 Q. Do you have a safety deposit box,</p> <p>20 Mrs. Nadel?</p> <p>21 A. No.</p> <p>22 Q. If you flip to the next page -- I'm sorry.</p> <p>23 Again, the jewelry that you were just describing</p> <p>24 with the sapphire, was that gifted to you by</p> <p>25 Mr. Nadel?</p>	<p>1 that being blue and pink, if I still have it.</p> <p>2 I'll look and see if I still have it. As I said,</p> <p>3 I've never worn it.</p> <p>4 Q. Just to be clear --</p> <p>5 A. I'm not certain that it was an exchange.</p> <p>6 If it was not an exchange, then these were</p> <p>7 something that, even though Art's name is on it,</p> <p>8 that I bought for myself.</p> <p>9 Q. Then on the page after the one we were</p> <p>10 just looking at that contains the receipt for the</p> <p>11 three rings and the pair of earrings, there is a</p> <p>12 certificate of guarantee. Do you see that?</p> <p>13 A. Yes.</p> <p>14 Q. The piece of jewelry described in that</p> <p>15 certificate, which has a natural pink sapphire, if</p> <p>16 I'm not mistaken, pendant with 32 natural</p> <p>17 gemstones, are you familiar with that piece of</p> <p>18 jewelry?</p> <p>19 A. I think so. I don't think I have ever</p> <p>20 worn it.</p> <p>21 Q. That seems to be -- the certificate is</p> <p>22 dated February 13, 2008, is that correct?</p> <p>23 A. Yes.</p> <p>24 Q. Do you think you still have possession of</p> <p>25 that piece of jewelry?</p>

<p style="text-align: right;">Page 156</p> <p>1 A. I believe so, unless I gave it to someone.</p> <p>2 Q. We're going to have to restate that page</p> <p>3 when you're done, so just remind me,</p> <p>4 A. What, his business card?</p> <p>5 Q. Yes. It's part of the exhibit that we</p> <p>6 have marked.</p> <p>7 A. Sorry about that.</p> <p>8 Q. That's okay. We'll restate when you're</p> <p>9 done,</p> <p>10 A. The receipt for that is on the two pages</p> <p>11 after.</p> <p>12 Q. At this point you can't recall whether you</p> <p>13 still have that piece of jewelry?</p> <p>14 A. I'm probably sure I do.</p> <p>15 Q. Was that a gift from Mr. Nadel to you?</p> <p>16 A. Well, it would have been, yeah.</p> <p>17 Q. Then on the page following the receipt for</p> <p>18 it -- actually, two pages later there appears to</p> <p>19 be another receipt. This would be at now your</p> <p>20 last page.</p> <p>21 A. Yes.</p> <p>22 Q. For a piece of jewelry and the receipt</p> <p>23 date appears to be February 14, 2007 for an</p> <p>24 article that cost \$2,134.65.</p> <p>25 A. Right.</p>	<p style="text-align: right;">Page 158</p> <p>1 from someone who thought himself to be in</p> <p>2 possession of millions of dollars,</p> <p>3 Q. Who did you give the jewelry to?</p> <p>4 A. I gave one to Casey Humpert, who was a</p> <p>5 dear and valued friend. She is also an investor</p> <p>6 here who has lost everything that she had</p> <p>7 invested.</p> <p>8 Q. What was her first name?</p> <p>9 A. You know --</p> <p>10 Q. Did you say Casey or Kathy?</p> <p>11 A. Probably Katherine, Kathy. We always have</p> <p>12 known her as Casey. So it would Casey --</p> <p>13 Katherine something Humpert.</p> <p>14 Q. The other piece of jewelry, do you know</p> <p>15 who you gave that to?</p> <p>16 A. I don't even remember if I gave another</p> <p>17 piece of jewelry away. Maybe I gave two to Casey.</p> <p>18 I just felt that with everything that she had</p> <p>19 done, and is still doing as a friend, that I can't</p> <p>20 give anything else. So they were small pieces. I</p> <p>21 didn't have any large pieces of jewelry. The only</p> <p>22 person that -- the only time there was anything</p> <p>23 that was purchased that had some value to it, the</p> <p>24 receiver already has in his possession.</p> <p>25 Q. Did Casey Humpert ever provide any</p>
<p style="text-align: right;">Page 157</p> <p>1 Q. Are you familiar with the piece of jewelry</p> <p>2 that is described in that receipt?</p> <p>3 A. I'm trying to read Patrick's handwriting.</p> <p>4 It looks like "diamonds." I don't know what the</p> <p>5 rest of it is. It's a pendant. I think that's</p> <p>6 what the last word is. I don't know what that</p> <p>7 would be. I can't remember. I mean, you know,</p> <p>8 I'm not -- it's not coming to mind.</p> <p>9 Q. Would that --</p> <p>10 A. I don't know. It's not amethyst. I don't</p> <p>11 know what the third word is. I don't know. But</p> <p>12 I'm sure I have got everything that -- I have</p> <p>13 given a couple of pieces away.</p> <p>14 Q. Would that have been a gift from</p> <p>15 Mr. Nadel?</p> <p>16 A. Yes.</p> <p>17 Q. When you said you had given a few pieces</p> <p>18 away, when would you have done that?</p> <p>19 A. Some time this past year.</p> <p>20 Q. In 2009?</p> <p>21 A. Probably, yes.</p> <p>22 Q. I'm going to ask you not to give anymore</p> <p>23 of this jewelry away, please.</p> <p>24 A. Yes. I'd also like to reflect that the</p> <p>25 amounts shown are very small pieces of jewelry</p>	<p style="text-align: right;">Page 159</p> <p>1 services to Sucoop Management, the hedge funds or</p> <p>2 any of the other entities associated with Arthur</p> <p>3 Nadel?</p> <p>4 A. No.</p> <p>5 Q. So, as far as you know, she never received</p> <p>6 any sort of compensation?</p> <p>7 A. No.</p> <p>8 Q. I think earlier you testified that you no</p> <p>9 longer have the Bank of Commerce account, is that</p> <p>10 correct?</p> <p>11 A. That's correct.</p> <p>12 Q. Do you know why that account was closed?</p> <p>13 A. The only thing that I can tell you that --</p> <p>14 I have no knowledge of that. I just surmise that</p> <p>15 the Bank of Commerce is in financial difficulty</p> <p>16 and that they were clearing house of all</p> <p>17 nonproductive accounts.</p> <p>18 Geoff Quisenberry had an account there at</p> <p>19 the Bank of Commerce, and he was asked to move his</p> <p>20 account elsewhere at the same time and that was</p> <p>21 probably another reason. I have no other idea.</p> <p>22 Q. Do you recall when you opened that</p> <p>23 account?</p> <p>24 A. I opened it in February of 2009. I had to</p> <p>25 have a place to -- from which I could pay my</p>

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<p>1 bills.</p> <p>2 MR. MORELLO: Let's mark this as</p> <p>3 Exhibit 23, please.</p> <p>4 Before I forget, let me staple that page.</p> <p>5 THE WITNESS: Sorry.</p> <p>6 MR. MORELLO: Exhibit 23 is a one-page</p> <p>7 document Bates numbered Bank of Commerce</p> <p>8 000158,</p> <p>9 (Exhibit 23 marked for identification.)</p> <p>10 BY MR. MORELLO:</p> <p>11 Q. Do you recognize the document, Mrs. Nadel?</p> <p>12 A. Yes. It's a check from GEICO.</p> <p>13 Q. GEICO is an insurance company?</p> <p>14 A. Yes, it is.</p> <p>15 Q. What insurance were they providing that</p> <p>16 they sent you this check?</p> <p>17 A. Automobile insurance on the automobile</p> <p>18 that I sold back to the dealership.</p> <p>19 Q. The check was made out to Marguerite J.</p> <p>20 Nadel and Arthur G. Nadel. Do you see that?</p> <p>21 A. I do.</p> <p>22 Q. On the back of the check, is that your</p> <p>23 signature - Marguerite Nadel?</p> <p>24 A. Yes, it is.</p> <p>25 Q. The signature below that, is that Arthur</p>	<p>1 is Kevin Drake?</p> <p>2 A. Kevin Drake is an attorney in Sarasota who</p> <p>3 owned the building where the office was first</p> <p>4 located. The only relationship is he's a</p> <p>5 landlord.</p> <p>6 Q. You were paying rent or Scoop Management</p> <p>7 was paying rent on that office?</p> <p>8 A. Uh-huh.</p> <p>9 MR. MORELLO: Let's mark this as</p> <p>10 Exhibit 24, please. Exhibit 24, for the</p> <p>11 record, is a document Bates numbered IB/Nadel</p> <p>12 00007 through 00011.</p> <p>13 (Exhibit 24 marked for identification.)</p> <p>14 BY MR. MORELLO:</p> <p>15 Q. Mrs. Nadel, do you recognize the documents</p> <p>16 that have been marked as Exhibit --</p> <p>17 A. I do.</p> <p>18 Q. -- 24?</p> <p>19 What is the first page of that exhibit?</p> <p>20 A. It is a checking -- it is an account on --</p> <p>21 it's a statement on an account at Iberia Bank.</p> <p>22 Q. Is this the account you opened after the</p> <p>23 Bank of Commerce account was closed?</p> <p>24 A. This is an account that I opened, what, in</p> <p>25 July of this year. No, in June of this year.</p>
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<p>1 Nadel?</p> <p>2 A. It's my signature.</p> <p>3 Q. You signed on his behalf?</p> <p>4 A. I did.</p> <p>5 Q. Are you familiar with any other insurance</p> <p>6 policy of any nature that relates in any way to</p> <p>7 Arthur Nadel?</p> <p>8 A. No.</p> <p>9 Q. He did not have any life insurance?</p> <p>10 A. No.</p> <p>11 Q. Did he purchase any life insurance for</p> <p>12 you?</p> <p>13 A. No.</p> <p>14 Q. Did he purchase any life insurance for any</p> <p>15 relatives, children or any other --</p> <p>16 A. No, not that I'm aware of.</p> <p>17 Q. So, as far as you are aware, you are not a</p> <p>18 beneficiary or he is not a beneficiary on any</p> <p>19 insurance policy?</p> <p>20 A. Correct.</p> <p>21 Q. There is also, as far as you are aware, no</p> <p>22 insurance policy funded by him covering anyone</p> <p>23 else?</p> <p>24 A. Not that I'm aware of.</p> <p>25 Q. Are you familiar with someone whose name</p>	<p>1 It's an account that is different from a checking.</p> <p>2 account in that it actually pays interest, 0.0</p> <p>3 whatever. Because I was finally feeling confident</p> <p>4 enough to deposit some money.</p> <p>5 Q. The second and third pages of the document</p> <p>6 appear to relate to a cash deposit on or about</p> <p>7 June 25, 2010 --</p> <p>8 A. That is correct.</p> <p>9 Q. -- of \$6,000?</p> <p>10 A. That's correct.</p> <p>11 Q. What was the source of that cash deposit?</p> <p>12 A. The sale of my automobile, the refund</p> <p>13 check from the IRS.</p> <p>14 You see, when this first happened, and</p> <p>15 after the flower shop was seized and all of the</p> <p>16 assets with the flower shop, I was left with all</p> <p>17 of the liabilities for which there was money in</p> <p>18 the bank to pay. But because -- even though they</p> <p>19 were in the name of the business, they had my name</p> <p>20 on them, of course. And so I didn't have any time</p> <p>21 at that time. I didn't know how I was going to</p> <p>22 pay them.</p> <p>23 I went to see a bankruptcy attorney, and I</p> <p>24 was told that I did not qualify for bankruptcy. I</p> <p>25 didn't know -- I didn't know what else to do or</p>

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<p>1 where else to turn. And so she told me that any 2 creditor could come after me, and if they got a 3 judgment, that they could just go in and take it 4 out of my bank account. So when I found that out, 5 I took it out of my bank account and I just kept 6 it in cash. 7 When I began to feel confident that I 8 could actually live like a free human being again, 9 I put it back into the bank, and I was doing it a 10 little bit at a time. 11 Q. When you said you took it out of your 12 account in cash, what account did the money come 13 from? 14 A. Bank of Commerce. 15 Q. So that was the money that was in the Bank 16 of Commerce account? 17 A. That's correct. 18 Q. Do you recall what the total value of that 19 account was when you took the cash out? 20 A. I think you have bank statements that will 21 reflect the amount on the account. When I was 22 looking at them again, I note that with the 23 deposits that I had made from different sources 24 because I was forced to close my account at 25 Scottrade, that all of that came to a total of</p>	<p>1 A. That's correct. 2 Q. Did they give you a reason why it had to 3 be closed? 4 A. No. I just assumed that it was the SEC 5 that said close it. I don't know. 6 Q. Was that an account in your name? 7 A. Yes. 8 Q. And only your name? 9 A. Correct. 10 Q. The money that was in that account, where 11 did that money come from? 12 A. From me, from the very beginning, my 13 money. 14 Q. From the very beginning? What do you mean 15 by "from the very beginning?" 16 A. Mr. Morello, I had money before I married 17 Arthur Nadel that I have never been given credit 18 for. I can't prove it. It's all been blended 19 over the years, but that was -- yes. 20 Q. So the Scottrade account had money in it 21 that you had deposited before -- 22 A. From me, yes. 23 Q. -- you had met Mr. Nadel? 24 A. No, not before I met Mr. Nadel. Because I 25 didn't open it until after I had met Mr. Nadel.</p>
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<p>1 somewhere around \$40,000. 2 Q. When you say "all of that," you are saying 3 the money that was in the Scottrade account or the 4 money that was in the Bank of Commerce account? 5 A. The money in the Scottrade account, I was 6 forced to cash out. The money from my car, I had. 7 I sold -- I sold a diamond watch that has been in 8 my possession since 1960, and the proceeds from 9 that I added also. 10 Q. Do you remember what the proceeds of that 11 sale were? 12 A. \$5,000. 13 Q. Then you also said there was a refund 14 check, is that correct? 15 A. The refund check, the sale of the 16 automobile, and my Scottrade account, which had 17 approximately \$17,000 in it. 18 Q. The Scottrade account, when did you close 19 that account? 20 A. I didn't close it. I was informed that it 21 had to be closed. And I can't remember exactly 22 when, but it was, I guess, within a few months of 23 January '09. 24 Q. Was it Scottrade that informed you it had 25 to be closed?</p>	<p>1 Scottrade was right next door. It was when the 2 whole thing was started. I thought, oh, okay, 3 well, I'll do this, too, for me. 4 Q. Do you remember approximately what year 5 that account was opened? 6 A. No, I don't remember. 7 Q. Was Scottrade next to the last office that 8 Scoop had or the first office? 9 A. First office. 10 Q. The first office was also on Main Street? 11 A. Uh-huh. 12 Q. Over the years did you over time deposit 13 more money into this Scottrade account? 14 A. If it was necessary. I'm not a great 15 trader either so -- apparently, I don't think I 16 can make a living at it. 17 Q. From January of 2009, your sources of 18 money have been approximately \$17,000 that was in 19 the Scottrade account, from the sale of the car, 20 from the sale of a diamond watch, the \$23,000 or 21 \$27,000 tax refund that we addressed before, plus 22 unemployment that you have collected, and Social 23 Security -- 24 A. Correct. 25 Q. -- that you have collected,</p>

<p style="text-align: right;">Page 168</p> <p>1 A. And I have also had friends that have 2 helped out, including my parish priest out of his 3 own pocket. 4 Q. From the time that you took money out of 5 the Bank of Commerce account and kept it as cash 6 before you then subsequently began depositing it 7 into the Iberia Bank account, how long of a period 8 was that? 9 A. A few months, I would think. I opened -- 10 I mean, you know, the account was closed at Bank 11 of Commerce and then opened at Iberia within a 12 week. Obviously, I had to have a bank account 13 and -- but when I withdrew the money from the Bank 14 of Commerce after I was told that it was 15 vulnerable from creditors, I kept it in cash. 16 Q. Did you keep the cash in the house? 17 A. I kept it somewhere. 18 Q. Did you keep the cash in the house? 19 A. I kept it somewhere close by. 20 Q. Where did you keep the cash? 21 A. I kept it in a bag, in a bank bag from the 22 Bank of Commerce, and I just kept it close and 23 around the house. Yes, I kept it in the house. 24 Q. The last two pages of what's been marked 25 as Exhibit 24, does that also represent another</p>	<p style="text-align: right;">Page 170</p> <p>1 with July the 16th, 2010. 2 Q. The second and third pages of Exhibit 25, 3 do those reflect a cash deposit of \$8,000 into 4 that account? 5 A. Yes, they do. 6 Q. Was the source of that cash the same -- 7 A. Exactly the same. 8 Q. -- sum of money that you were talking 9 about before? 10 A. Yes. 11 MR. MORELLO: Exhibit 26, please. 12 Exhibit 26 is a document Bates numbered 13 IB/Nadel 00037. 14 (Exhibit 26 marked for identification.) 15 BY MR. MORELLO: 16 Q. Exhibit 26, does that depict four checks 17 and one deposit slip associated with your account 18 at Iberia Bank? 19 A. It does. 20 Q. When you first started banking there was 21 it called Orion Bank? 22 A. It was. 23 Q. The second check from the top on the left 24 side -- 25 A. Yes,</p>
<p style="text-align: right;">Page 169</p> <p>1 cash deposit into the Iberia Bank account? 2 A. Yes. From that same source. That is the 3 only source I have. 4 Q. Do you still hold any cash today or has 5 all the cash been deposited into your account? 6 A. No. It hasn't all been deposited. There 7 is still a little bit left over. 8 Q. How much cash do you currently possess? 9 A. I don't know, \$8,000 to \$10,000. I have 10 been living off of some of it already. So I don't 11 know exactly, but somewhere in that neighborhood. 12 Q. What was the name of the bankruptcy 13 attorney that you consulted? 14 A. Melody Genson. 15 MR. MORELLO: Let's mark this as 16 Exhibit 25. Exhibit 25 is a document of 17 multiple pages bearing Bates numbers IB/Nadel 18 00004 through 00006. 19 (Exhibit 25 marked for identification.) 20 BY MR. MORELLO: 21 Q. Is the first page of Exhibit 25 also a 22 copy of a bank statement for your account at 23 Iberia Bank? 24 A. Yes. It is the first statement. It is 25 dated June the 15th of 2010. And Exhibit 24 deals</p>	<p style="text-align: right;">Page 171</p> <p>1 Q. -- that seems to be a check for \$5,000 2 dating from May 28, 2010 written out to Charles 3 Schwab? 4 A. Yes. That reflects the amount that I told 5 you about, the account that I had opened at 6 Charles Schwab. I told you for how much. 7 Q. Just so -- 8 A. It's a trading account. 9 Q. You subsequently closed that account or is 10 that account still open? 11 A. It's still open. I'm not going to close 12 it until it comes back up. Otherwise, I can't 13 afford to lose the money. 14 Q. Have you made any other deposits into that 15 account -- 16 A. No. 17 Q. -- since the initial \$5,000? 18 A. None. 19 Q. Then below that check, is that a deposit 20 slip for \$5,000? 21 A. It is. 22 Q. Dated May 25, 2010? 23 A. Yes. It is dated the same date that the 24 check was made to Charles Schwab. 25 Q. Is that a slip for another cash deposit?</p>

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<p>1 A Yes</p> <p>2 Q. Was the source of that cash the same sum</p> <p>3 that we have been discussing?</p> <p>4 A It was</p> <p>5 MR MORELLO Let's mark this as</p> <p>6 Exhibit 27 Exhibit 27 bears Bates number</p> <p>7 IB/Nadel 00019</p> <p>8 (Exhibit 27 marked for identification)</p> <p>9 BY MR MORELLO</p> <p>10 Q Does the slip on the bottom of Exhibit 27</p> <p>11 depict a cash deposit of \$1,000 into your Orion/</p> <p>12 Iberia Bank account?</p> <p>13 A It does</p> <p>14 Q. Dated March 26, 2010?</p> <p>15 A Yes</p> <p>16 Q. Previously, I believe you testified that</p> <p>17 you thought the account had been opened in June of</p> <p>18 2010.</p> <p>19 A No, not this account The initial account</p> <p>20 I opened at Orion, now known as Iberia Bank, was</p> <p>21 opened in April Well, it was opened when</p> <p>22 did -- it wasn't opened until after I had closed</p> <p>23 the Bank of Commerce account And I just looked</p> <p>24 briefly at the statements that I brought in today,</p> <p>25 and I thought it had happened in April, but I</p>	<p>1 Scottrade liquidation, the car sale --</p> <p>2 A Mr Morello let's go on record right now</p> <p>3 Q Let me just finish, please</p> <p>4 A Okay</p> <p>5 Q -- the diamond watch sale, the tax refund,</p> <p>6 then Social Security, and unemployment?</p> <p>7 A That's correct</p> <p>8 Q Off the top of your head, do you know</p> <p>9 approximately how much your Social Security</p> <p>10 payments, the amount of your Social Security</p> <p>11 payment is?</p> <p>12 A Yes, \$754 a month It is down from \$799 a</p> <p>13 month that I was receiving</p> <p>14 Q. How many bank accounts do you have at</p> <p>15 Iberia Bank right now?</p> <p>16 A Well, I have two The most recent one is</p> <p>17 the one that reflected the different cash</p> <p>18 payments One is a kind of a money market</p> <p>19 account, and the other is just a plain checking</p> <p>20 account</p> <p>21 Q. I'd have to look at the documents, but do</p> <p>22 you receive separate statements for each of those</p> <p>23 accounts or are those reflected on a single</p> <p>24 statement?</p> <p>25 A No They are separate statements, and I</p>
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<p>1 guess it happened earlier than that obviously I</p> <p>2 don't know, but I think the \$1,000 was a cash out</p> <p>3 of the account at Commerce, Bank of Commerce, I</p> <p>4 think And that this was used to open the</p> <p>5 checking account</p> <p>6 Q. So you believe you took the balance of the</p> <p>7 Bank of Commerce account in cash and that amounted</p> <p>8 to \$1,000, and then deposited it into an Orion</p> <p>9 Bank account?</p> <p>10 A I can't remember just exactly what the</p> <p>11 balance was when I closed out that account, but it</p> <p>12 wasn't very much The Bank of Commerce was left</p> <p>13 open the manager there was very, very helpful</p> <p>14 just in case the Social Security check didn't have</p> <p>15 a chance to change over</p> <p>16 But within the week of having closed the</p> <p>17 Bank of Commerce account, I opened a bank of an</p> <p>18 account with Orion/Iberia I just don't remember</p> <p>19 what the date was exactly You have it somewhere</p> <p>20 in the records that I brought up</p> <p>21 Q Do you --</p> <p>22 A And \$1,000 is an odd amount, so I am</p> <p>23 guessing that that's what it is</p> <p>24 Q The source of that money would also have</p> <p>25 been what we were discussing before, which was the</p>	<p>1 receive them electronically</p> <p>2 You are also going to see different</p> <p>3 account numbers in my checking account because I</p> <p>4 had to close one account I had misplaced the</p> <p>5 debit card which was tied to the account, and so</p> <p>6 we just opened -- closed that account and opened a</p> <p>7 separate one But that was the only reason It</p> <p>8 just changed account numbers, but nothing else had</p> <p>9 changed</p> <p>10 Q I think the documents that were brought up</p> <p>11 today all relate to only one of the Iberia Bank</p> <p>12 accounts</p> <p>13 A Really? I'm sorry, I thought I kept them</p> <p>14 all in the same folder</p> <p>15 Q The Iberia Bank documents relate to the</p> <p>16 account ending with 8565, which is described as a</p> <p>17 classic checking account</p> <p>18 A Yes That is the current account</p> <p>19 Q The cash deposits were being made in the</p> <p>20 checking account or in the other account?</p> <p>21 A No Into the account ending in the</p> <p>22 numbers 2309 If I did not include those</p> <p>23 statements, it was an oversight I thought that I</p> <p>24 had them all in the same in the same folder</p> <p>25 And those are two different account numbers and</p>

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<p>1 the reason why I have just told you,</p> <p>2 Q. So the one that you closed was a checking</p> <p>3 account?</p> <p>4 A. That's correct.</p> <p>5 Q. Then you opened another checking account,</p> <p>6 And then in the meantime, you also had a money</p> <p>7 market type of account?</p> <p>8 A. As you will see, the money market account</p> <p>9 wasn't opened until June.</p> <p>10 Q. We will need those documents.</p> <p>11 A. Well, you have them right here. That's</p> <p>12 what Exhibit 24 and 25 is.</p> <p>13 Q. I'll have to see what time range we</p> <p>14 received straight from the bank.</p> <p>15 MR. LAMONT: We don't have August.</p> <p>16 THE WITNESS: I will fax you August, if</p> <p>17 you like.</p> <p>18 MR. MORELLO: Mark Exhibit 28, please.</p> <p>19 Exhibit 28 bears Bates numbers -- it's a</p> <p>20 composite exhibit. The Bates numbers jump</p> <p>21 around. It's Bank of Commerce -- they all</p> <p>22 start with Bank of Commerce 000150, 220, and</p> <p>23 262.</p> <p>24 (Exhibit 28 marked for identification.)</p> <p>25 BY MR. MORELLO:</p>	<p>1 A. I did.</p> <p>2 Q. Then the third page of that exhibit, a</p> <p>3 check dated March 26, 2010 for \$1,800 made out to</p> <p>4 cash, was that part of the same process of</p> <p>5 removing money from the account --</p> <p>6 A. It is.</p> <p>7 Q. -- so you could store it as cash?</p> <p>8 A. It is, as -- I guess it was a check</p> <p>9 written to close out the account, leaving a</p> <p>10 minimal balance in there until that account was</p> <p>11 closed in its entirety.</p> <p>12 Q. So this \$1,800 is what's reflected --</p> <p>13 A. In the opening balance of the --</p> <p>14 Q. -- in the previous exhibit, which we</p> <p>15 marked as Exhibit 27, as a deposit of \$1,000 in</p> <p>16 the Orion Bank account?</p> <p>17 A. Correct.</p> <p>18 Q. Did you previously testify that Glen Rey</p> <p>19 was your neighbor?</p> <p>20 A. Yes, he is my neighbor.</p> <p>21 Q. At some point last year, did they</p> <p>22 reimburse you for some work connected to a well</p> <p>23 pump?</p> <p>24 A. Yes, they did. I asked for it.</p> <p>25 Q. Kathleen Rey is his wife, is Glen Rey's</p>
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<p>1 Q. The first page of what's been marked as</p> <p>2 Exhibit 28, is that a September 4, 2009 check</p> <p>3 written by you made out to cash for \$30,000 --</p> <p>4 A. That is correct.</p> <p>5 Q. -- for the Bank of Commerce?</p> <p>6 A. That is correct.</p> <p>7 Q. Is that transaction part of the process</p> <p>8 you have described before whereby you were pulling</p> <p>9 money out of the accounts and holding it as cash?</p> <p>10 A. That's correct.</p> <p>11 Q. If you look at the subsequent page, it's a</p> <p>12 check dated December 18, 2009 for \$26,000 made out</p> <p>13 to Peg Nadel.</p> <p>14 A. That's correct. That reflects the refund</p> <p>15 check. I had to leave some money in to live off</p> <p>16 of.</p> <p>17 Q. What do you mean that reflects the refund</p> <p>18 check?</p> <p>19 A. December of '09 is when I received the</p> <p>20 refund check from the IRS that was deposited into</p> <p>21 the bank. And then as soon as it was deposited, I</p> <p>22 pulled it out in cash because I couldn't leave it</p> <p>23 in there.</p> <p>24 Q. So even though this is payable in your</p> <p>25 name, you pulled this money out as cash?</p>	<p>1 wife?</p> <p>2 A. She is.</p> <p>3 Q. Besides the sources of money that we were</p> <p>4 just talking about before, since January of 2009,</p> <p>5 did you receive some money from your daughter</p> <p>6 Alexandra Quisenberry?</p> <p>7 A. In this past year?</p> <p>8 Q. In 2009.</p> <p>9 A. No. I am sorry, my mind is going.</p> <p>10 MR. MORELLO: Before you proceed, let's</p> <p>11 mark this as Exhibit 29, please. Exhibit 29 is</p> <p>12 a two-page document bearing Bates numbers Bank</p> <p>13 of Commerce 000019 and 20.</p> <p>14 THE WITNESS: For \$1,500? I don't</p> <p>15 remember that.</p> <p>16 (Exhibit 29 marked for identification.)</p> <p>17 BY MR. MORELLO:</p> <p>18 Q. The second page of this document, of</p> <p>19 what's been marked as Exhibit 29, does that appear</p> <p>20 to be a check for \$1,500, some sort of bank check,</p> <p>21 cashier's check --</p> <p>22 A. From Alex.</p> <p>23 Q. -- from Alex Quisenberry made payable to</p> <p>24 you?</p> <p>25 A. Yes, yes. I guess maybe she did. I guess</p>

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<p>1 I must have needed that. I'm sorry, I didn't 2 remember.</p> <p>3 Q. That's fine. You don't have any 4 recollection of the circumstances surrounding her 5 writing you a check for \$1,500?</p> <p>6 A. No. All I can tell you is this took place 7 the month after -- after the world fell in. And I 8 don't remember why. Oh, I do. Probably because I 9 was bereft. I had no access to any moneys I had 10 whatsoever. And she gave me this money to -- so I 11 could pay the mortgage on the house and whatever 12 else I needed to pay. I had no access to my bank 13 account, and I had nothing anywhere else.</p> <p>14 Q. Are you current on the mortgage on the 15 house?</p> <p>16 A. Yes, absolutely. It is my home.</p> <p>17 Q. Have you taken any other loans out 18 guaranteed by the home?</p> <p>19 A. Who would even look at me? Are you 20 kidding? I'm sorry, I had to laugh at that one.</p> <p>21 Q. Have you received any other loans?</p> <p>22 A. I have not. I do not believe in debt and 23 I don't incur any, if I can possibly avoid it.</p> <p>24 Q. Do you know Lisa McCloud?</p> <p>25 A. Yes,</p>	<p>1 the paper it was written on, as it turned out, and 2 I finally evicted them after three years and 3 having collected about 18 months worth of rent. I 4 didn't want to, but I had no choice.</p> <p>5 And the property stayed vacant for some 6 months and I found -- or Lisa McCloud found me. 7 The word was out. I rented the property to her 8 and she is still there. Roger Jernigan now 9 collects the rent from her and anything else that 10 has to do with that property. But I bought that 11 property and, of course, like everything else, it 12 has Arthur's name on it.</p> <p>13 Q. The person you were mentioning, Merilee 14 Mueller, is that her last name?</p> <p>15 A. Uh-huh.</p> <p>16 Q. Did she work for the --</p> <p>17 A. She did briefly.</p> <p>18 Q. For Scoop Management?</p> <p>19 A. She worked when it was Inside Scoop.</p> <p>20 Q. What was her role?</p> <p>21 A. Well, she was ostensibly supposed to be 22 the office manager, and it did not work out at 23 all.</p> <p>24 Q. How long was she employed at Inside Scoop?</p> <p>25 A. I don't know, maybe a year. I really</p>
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<p>1 Q. Who is she?</p> <p>2 A. She is a lady that I found to rent the 3 house on Fruitville that I purchased for some 4 friends of mine when they had no place to live. 5 They had lost their property. I housed them in 6 the house that I owned on Main Street, and I 7 helped them find a piece of property and I bought 8 it for them.</p> <p>9 Q. That's the house on Fruitville Road?</p> <p>10 A. That is the house on Fruitville Road.</p> <p>11 Q. One of those people is Lisa McCloud?</p> <p>12 A. No. That couple is named Merilee and Alan 13 Mueller (ph). I had known them for many, many 14 years. A very dear friend of mine, who also 15 happens to be an attorney back in Fort Lauderdale, 16 said no good deed ever goes unpunished. He is 17 correct. So I bought the place for them. I 18 certainly didn't need to have a piece of property 19 out there on five acres. I bought it for them so 20 they would have a place to go with all of their 21 animals. And the agreement was that they were 22 going to work on getting their credit 23 reestablished, and they would purchase it from me. 24 There was a time frame involved.</p> <p>25 Well, the agreement really wasn't worth</p>	<p>1 don't remember the length of time.</p> <p>2 Q. For some part of early 2009, did you 3 collect the rent from the Fruitville Road house?</p> <p>4 A. I did.</p> <p>5 Q. Is there a Paul Manganella who also 6 resides at the Fruitville Road house or has 7 resided at the Fruitville Road house?</p> <p>8 A. I think he was there for a time. They 9 were a couple.</p> <p>10 Q. They were a couple?</p> <p>11 A. Didn't last.</p> <p>12 Q. In early 2009, did you receive money from 13 Chris Nadel?</p> <p>14 A. I did.</p> <p>15 Q. Do you recall what the sum of that money 16 was? Was it \$14,000?</p> <p>17 A. It was.</p> <p>18 Q. What happened to that money?</p> <p>19 A. It was paid to Barry Cohen and Todd 20 Foster.</p> <p>21 Q. Those were Arthur Nadel's lawyers for a 22 while?</p> <p>23 A. Yes.</p> <p>24 MR. MORELLO: Mark this as Exhibit 30, 25 please. Exhibit 30 bears Bates numbers Bank of</p>

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<p>1 Commerce 000023 through 24. 2 (Exhibit 30 marked for identification.) 3 BY MR. MORELLO: 4 Q. Are the documents in Exhibit 30 a 5 reflection of the liquidation of the Scottrade 6 account that you were testifying about before? 7 A. Yes. 8 Q. The final sum that came out of that 9 account was \$17,665.88? 10 A. Yes, I believe that's the same as the 11 deposit slip. 12 Q. That was deposited in the Bank of Commerce 13 account? 14 A. Yes, it was. 15 Q. Did Arthur Nadel ever do any trading in 16 that Scottrade account? 17 A. No, he did not. 18 Q. Do you recall who the contact person was 19 at the Scottrade office where the account was 20 opened or where the account was maintained? 21 A. No, I don't. He was later transferred to, 22 I think, a Scottrade up here somewhere. I don't 23 know. 24 Q. Do you recall the name of anyone 25 associated with Scottrade with which you or Arthur</p>	<p>1 written down underneath the numbers. It's hard -- 2 so obviously this is tied to -- oh, I know what 3 this is. This is paying off of one of the 4 creditors, probably two American Express, that was 5 left over from the flower shop. 6 Q. On the following page is a check made out 7 to Ray Trantham. 8 A. Yes. 9 Q. Who is Ray Trantham? 10 A. Ray Trantham & Sons Grading is the man who 11 did all of the work on Laurel Mountain Preserve. 12 And at the time this happened, he was owed about 13 \$17,000 that was never paid. He was going through 14 some really, really bad times up there because 15 everything had fallen out. He had no work and 16 lost all of his equipment. His son worked with 17 him and his son had a new baby and another one on 18 the way. And he's family. That's how we feel 19 about each other. And I just -- even though my 20 own circumstances and everything, I had to do that 21 for him. 22 Q. So this represented a gift that you made 23 of \$2,000? Or was it a repayment of part of the 24 sum owed to him? 25 A. It was done as a gift. It's hard to stop</p>
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<p>1 Nadel dealt with? 2 A. No, I don't. It has been so long since I 3 had any contact with Scottrade in a local 4 capacity, I have no idea. 5 Q. Are you familiar with an entity or 6 organization called GC Services, LP? 7 A. I don't -- it doesn't ring a bell. GC 8 Services? I don't -- I don't remember. I don't 9 have a memory of that. 10 MR. MORELLO: Let's mark this as 11 Exhibit 31. Exhibit 31 is an exhibit with two 12 pages. The first page is Bank of Commerce 13 000213, and the second page is Bank of Commerce 14 000222. It's a composite exhibit. 15 (Exhibit 31 marked for identification.) 16 BY MR. MORELLO: 17 Q. Do you see the first page of the exhibit, 18 a check made out to GC Services, LP, dated 19 November 26, 2009 for \$2,501 and what appears to 20 be 85 cents? 21 A. Yes. 22 Q. Does that in any way refresh your 23 recollection of what GC Services is? 24 A. No. But there is an account number that 25 is written down underneath. I don't know what is</p>	<p>1 giving when you have given all your life. 2 Q. In 2009, did you give each of your 3 children, Geoff and Alexandra, a gift of \$12,000 4 each? 5 A. I did. 6 Q. What was the source of that money? 7 A. The same as the other source. 8 Q. In February of this year, did you give 9 Geoff Quisenberry \$1,500? 10 A. In February of this year? 11 Q. Yes. 12 A. That was a loan. 13 MR. MORELLO: Let's mark this as 14 Exhibit 32, please. Exhibit 32 is a composite 15 exhibit of three pages. Bank of Commerce is 16 the prefix on the Bates number 000149, 000159, 17 and 000238. 18 (Exhibit 32 marked for identification.) 19 BY MR. MORELLO: 20 Q. If you turn to the last page. 21 A. Yes, I see that. The only thing that I 22 can say about that check is that he was going 23 through a terribly, terribly rough time about 24 paying his bills. And the only thing I can say 25 about that is that it was a loan, because he knows</p>

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<p>1 that I didn't -- I was going to need that back, 2 MR. MORELLO: Let's mark this as 3 Exhibit 33, please. Exhibit 33 is a document 4 bearing Bates numbers Bank of Commerce 000191 5 through 192. 6 (Exhibit 33 marked for identification.) 7 BY MR. MORELLO: 8 Q. Does the document that's been designated 9 Exhibit 33 reflect a cash deposit of \$3,000 dated 10 November 30, 2009 into the Bank of Commerce 11 account? 12 A. Yes, it does. 13 Q. What was the source of that cash deposit 14 into the Bank of Commerce -- 15 A. The money that I had taken out of the bank 16 in cash, and then obviously I had to put back in 17 to pay bills to keep an account balance, 18 After I withdrew the money from the 19 checking account, the only moneys that went back 20 into the checking account was to maintain the 21 balance necessary to pay my financial obligations, 22 that I can remember. 23 Q. Do you recall roughly when it is that you 24 started taking money out of the Bank of Commerce 25 account in the form of cash?</p>	<p>1 A. Yes, it is. 2 Q. That first page deposit ticket also 3 reflects that, as part of that deposit, you 4 withdrew \$2,000 of it in cash? 5 A. That's correct. 6 Q. And deposited the rest? 7 A. That is correct. 8 Q. The cash withdrawal was part of your plan 9 to take money out of the account and hold it as 10 cash? 11 A. That is correct. Never in my wildest 12 imagination did I ever imagine myself living like 13 this. 14 MR. MORELLO: Exhibit 35, please. 15 Exhibit 35 is a two-page exhibit bearing Bates 16 numbers Bank of Commerce 000248 through 249. 17 (Exhibit 35 marked for identification.) 18 BY MR. MORELLO: 19 Q. Does Exhibit 35 reflect a \$2,000 cash 20 deposit -- 21 A. Yes, it does. 22 Q. -- into your Bank of Commerce account? 23 A. Yes, it does. 24 Q. What was the source of that cash? 25 A. The same.</p>
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<p>1 A. No. I have to look back on my bank 2 accounts, on my statements, to find -- to figure 3 that out. I can't really remember. I know it 4 happened shortly after I found out that my 5 accounts were vulnerable. 6 Q. So it was your practice to deposit money 7 back into the Bank of Commerce account as you 8 needed it to cover checks? 9 A. Absolutely. 10 MR. MORELLO: Let's mark this as 11 Exhibit 34, please. Exhibit 34 is a document 12 bearing Bates numbers Bank of Commerce 000197 13 through 199. 14 (Exhibit 34 marked for identification.) 15 BY MR. MORELLO: 16 Q. If you'll first turn to the last page of 17 the exhibit, does that reflect a check from 18 Milan's Jewelry for \$5,000 made payable to you? 19 A. Yes, it does. 20 Q. Do you know what that payment was for? 21 A. The sale of my watch. 22 Q. Was that check deposited into your Bank of 23 Commerce account? 24 A. As it so reflects. 25 Q. That is reflected in the first page?</p>	<p>1 Q. The same that you have been testifying 2 about, the proceeds of the sale of the items that 3 we talked about before -- 4 A. Yes, I did. 5 Q. -- and the Scottrade account? 6 A. That was three months after I had taken 7 out \$2,000 in cash; \$2,000 had to go back in. I 8 could exist about three months on what I was 9 doing. I had had -- yeah. 10 Q. You recall, obviously, the recent IRS 11 checks that were being held by you? 12 A. I do. 13 Q. One in your name and one in Arthur Nadel's 14 name? 15 A. I do. 16 Q. Was Arthur Nadel aware that you had 17 possession of those checks? 18 A. No. He was aware that refund checks had 19 been issued. He never knew what the amount was. 20 Q. But he was aware that they had been issued 21 and sent to you? 22 A. I think so. I don't think I told him 23 about the first one, which was the one that was 24 made out to me. 25 Q. So he was aware that there was a check</p>

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<p>1 made out to him and that it was in your 2 possession?</p> <p>3 A. Yes.</p> <p>4 Q. Did he give you any instructions of what 5 to do with that check?</p> <p>6 A. No. There were no details ever discussed 7 on that. As you are aware, all conversations are 8 recorded and all communication is examined, and I 9 would never go into details about that. He didn't 10 have anything to do with it.</p> <p>11 We knew that those checks had to go, as 12 you -- as I said in the hearing, there were 13 three -- efforts on three different occasions to 14 return them back to the IRS. That was the only 15 intention that I ever had with those checks.</p> <p>16 Q. Do you know someone by the name of Mike 17 Murray from Shoreline Trading?</p> <p>18 A. Yes, I know Michael Murray.</p> <p>19 Q. Did you ever have discussions with Michael 20 Murray?</p> <p>21 A. No. We saw Mike Murray and Matt Ventura 22 when -- Matthew was the one that would usually 23 come down, and we would all have dinner together. 24 When Matthew was down, he was talking with Art 25 Nadel mostly, always, and he was friends with</p>	<p>1 Shoreline ever received Don Rowe's solicitations 2 or newsletters?</p> <p>3 A. I have absolutely no idea.</p> <p>4 Q. With respect to real property that has not 5 been seized by the receiver in which you have an 6 interest as a beneficiary or a direct interest, 7 you said that you have such an interest in the 8 Country View Drive home, correct?</p> <p>9 A. It is my home.</p> <p>10 Q. Is there any other real estate in which 11 you have any interest?</p> <p>12 A. (Shakes head.)</p> <p>13 Q. Is there any other real estate that has 14 been encumbered with a loan and the proceeds have 15 been directed to you?</p> <p>16 A. No.</p> <p>17 Q. Other than the cash that we have discussed 18 during the course of this deposition this 19 afternoon, do you have access to any other cash?</p> <p>20 A. No.</p> <p>21 Q. Other than the Charles Schwab account, the 22 two accounts at bank of Iberia, do you have an 23 interest or control of any other financial 24 account, whether it is a checking account, a 25 savings account, a brokerage account?</p>
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<p>1 everyone in the office.</p> <p>2 Q. When you say "he," are you referring to 3 Matt Ventura?</p> <p>4 A. Yes. Both of them were.</p> <p>5 Q. Matt and Mike?</p> <p>6 A. Yes. We had known Matt before he ended up 7 with Shoreline, when he was with a firm over on 8 the east coast of Florida, I think. And when he 9 would come down for all of us, it was purely a 10 social occasion. And they would invite the whole 11 staff out for dinner. And that's the only 12 conversation I ever had.</p> <p>13 Q. At those dinners or any other time that 14 you may have been in a setting with Mike Murray or 15 Matt Ventura, was there ever any discussion that 16 you recall about the performance of the hedge 17 funds?</p> <p>18 A. No, absolutely not. It was purely social, 19 and there was never any discussion.</p> <p>20 Q. So there was never even, for example, a 21 toast from someone from the hedge fund saying 22 "here's to a good year?"</p> <p>23 A. No.</p> <p>24 Q. Do you have any information on whether 25 Mike Murray or Matt Ventura or anyone else at</p>	<p>1 A. No.</p> <p>2 Q. Certificates of deposits?</p> <p>3 A. No.</p> <p>4 Q. Any interest in any securities?</p> <p>5 A. No.</p> <p>6 Q. As far as you are aware -- and I may have 7 asked this before, and I apologize for repeating 8 the question, are any trusts that you are the 9 trustee of still active?</p> <p>10 A. No.</p> <p>11 Q. Have those trusts been terminated?</p> <p>12 A. No. They have been seized.</p> <p>13 Q. Are you the beneficiary or trustee of any 14 other trust?</p> <p>15 A. No. But if you know anyone who doesn't 16 seem to have a beneficiary handy, I'll -- they can 17 write me into their will if they'd like. That was 18 a joke, son, a poor one at that.</p> <p>19 Q. Is there any item within the house or in 20 storage or anywhere else, any household good or 21 furnishing of any significant value?</p> <p>22 A. The receiver is aware of the Yamaha grand 23 piano that has been mentioned. When they realized 24 how much it was going to cost to move it out of 25 the house, and they also realized that there is a</p>

<p style="text-align: right;">Page 196</p> <p>1 very poor market for pianos at this point, I 2 offered to let it stay there, advertise it, which 3 I believe Roger Jernigan has done, and I would be 4 delighted to show it to any interested party. I 5 have always offered to help in any way that I 6 could.</p> <p>7 We never lived very expensively. We never 8 indulged in things. We didn't pay very much. As 9 you are aware, the house has appraised for 10 something like \$289,000. That's hardly a mansion. 11 The jewelry that has been itemized is not what I 12 would call high-priced items. It's not my style. 13 I never have lived that way, and I have no 14 possessions as such.</p> <p>15 Q. Do you have any control or interest in any 16 books, pictures or other art objects, antiques, 17 stamps or coins of any value?</p> <p>18 A. Other than what I owned before and what 19 was -- you know, no.</p> <p>20 Q. Do you have any furs or jewelry other than 21 what we have itemized here that was gifted to you 22 by Arthur Nadel?</p> <p>23 A. No. I have one piece of fur. It's funny, 24 when we were in New York I could have had anything 25 I wanted. And this is a very inexpensive wrap. I</p>	<p style="text-align: right;">Page 198</p> <p>1 her name is Abricot, which is French for apricot. 2 Q. As far as you know, I assume other than 3 the IRS checks that were in the six figures, one 4 made out to you and one made out to Art, and then 5 the \$27,000 or so IRS refund check that we 6 discussed today, there is no other tax refunds 7 that you have received?</p> <p>8 A. No.</p> <p>9 Q. I asked before, but any other asset or 10 anything of value in which you have an interest or 11 that hasn't been disclosed to us?</p> <p>12 A. No.</p> <p>13 MR. MORELLO: Let's take two minutes, and 14 then we'll talk about the prints.</p> <p>15 THE WITNESS: Okay.</p> <p>16 MR. MORELLO: Let's take a break. 17 (Recess from 4:03 p.m. until 4:27 p.m.)</p> <p>18 MR. MORELLO: Just for the purpose of the 19 record, the next item we're going to do is I'm 20 going to question Mrs. Nadel concerning eight 21 prints that were recovered by the receiver at 22 the Scoop Management offices to establish the 23 custody of those photos of those prints. 24 In connection with that, we have taken a 25 photograph of each print and the prints have</p>
<p style="text-align: right;">Page 197</p> <p>1 don't remember how much it was. I think it was 2 under \$1,000.</p> <p>3 Q. When you said you were "in New York," you 4 were in New York visiting?</p> <p>5 A. Yes.</p> <p>6 Q. As far as you know, did Arthur Nadel fund 7 any education or other type of account for any 8 children or grandkids?</p> <p>9 A. Well, his son he put through flight 10 school, flight safety.</p> <p>11 Q. Chris Nadel?</p> <p>12 A. Yes. That was a few years ago.</p> <p>13 Q. Any accounts receivable in which you have 14 an interest?</p> <p>15 A. No.</p> <p>16 Q. Any animals in which you have an interest?</p> <p>17 A. Well, I inherited a nice little poodle 18 from Art's first wife with whom I became very, 19 very fond, and she died of melanoma. When we were 20 discussing that, upon a visit, she was very 21 concerned about what was going to happen with her 22 little dog, and I told her that I would be 23 delighted and honored to have her, and I have. I 24 don't know what the current value of that little 25 poodle is, but she weighs about nine pounds and</p>	<p style="text-align: right;">Page 199</p> <p>1 been designated Exhibits 36 through 43. Each 2 print has been photographed, and we will 3 forward the photograph to the court reporter 4 for inclusion as exhibits as part of the 5 transcript.</p> <p>6 (Exhibits 36 through 44 marked for 7 identification.)</p> <p>8 BY MR. MORELLO:</p> <p>9 Q. Mrs. Nadel, do you recognize the pieces of 10 art that have been designated as Exhibits 36 11 through 43?</p> <p>12 A. Yes, I do.</p> <p>13 Q. Could you tell me what each of the 14 exhibits is?</p> <p>15 A. Well, Exhibit 36 and 37 are prints that 16 belonged to my mother and were brought over to 17 this country by her in 1935.</p> <p>18 The other six prints are gifts from my 19 Dutch family, and they depict different scenes of 20 different places in Holland with different times 21 in history. Two are in black and white and four 22 of them are in color.</p> <p>23 Is that sufficient?</p> <p>24 Q. With respect to the two prints from your 25 mother, which are marked as Exhibits 36 and 37, do</p>

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<p>1 you recall when they were given to you?</p> <p>2 A. When my mother died.</p> <p>3 Q. With respect to the other six prints, I</p> <p>4 believe you testified that they were gifts from</p> <p>5 your Dutch family?</p> <p>6 A. They came back from my last visit in</p> <p>7 Holland.</p> <p>8 Q. Do you recall when that was?</p> <p>9 A. 2003? I don't know, within a year or two.</p> <p>10 Q. They were given to you as gifts by --</p> <p>11 A. Mementos.</p> <p>12 Q. So you did not pay any --</p> <p>13 A. I didn't, no.</p> <p>14 Q. Art Nadel didn't pay for any of these</p> <p>15 prints?</p> <p>16 A. I don't know. I have no idea. They were</p> <p>17 given to me and presented to me as gifts and that</p> <p>18 they were from my Dutch family.</p> <p>19 Q. When you say your "Dutch family," what do</p> <p>20 you mean by your "Dutch family?"</p> <p>21 A. I had 65 first cousins in Holland. I have</p> <p>22 a few less right now. But through -- I'm the</p> <p>23 youngest of my generation. But I have a lot of</p> <p>24 family in Holland, in different parts of Holland,</p> <p>25 and we visited them all. And they are very close</p>	<p>1 A. Mr. Morello, I don't have the slightest</p> <p>2 idea what the value of these prints are. All I</p> <p>3 know is that when I took these prints or when</p> <p>4 these prints were taken to Bill Hartman in</p> <p>5 Sarasota to be rematted and framed, that the only</p> <p>6 comments that he had were -- is about my mother's</p> <p>7 prints. And the others he just said they were</p> <p>8 very nice prints and that was it.</p> <p>9 But as to value, I haven't got the</p> <p>10 slightest idea. I mean, there was never a figure</p> <p>11 that was put onto any of them that I'm aware of.</p> <p>12 I don't know.</p> <p>13 Q. When you said the six prints identified as</p> <p>14 Exhibits 30 through 43, they were presented to</p> <p>15 you -- they were physically given to you in</p> <p>16 Holland?</p> <p>17 A. Yes.</p> <p>18 Q. You brought them back to the United</p> <p>19 States?</p> <p>20 A. Yes. The only thing I can do about my</p> <p>21 mother's prints, if you want to accept a letter</p> <p>22 from my children of having remembered seeing them</p> <p>23 hanging on the walls in her house. That's all I</p> <p>24 can do.</p> <p>25 MR. MORELLO: I don't think I have any</p>
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<p>1 and very near and dear to me.</p> <p>2 Q. So these were from relatives?</p> <p>3 A. These were from close relatives.</p> <p>4 Q. The six prints labeled 38 through 43 were</p> <p>5 prints given to you by members of this family in</p> <p>6 Holland?</p> <p>7 A. Yes. They got -- together, when my mother</p> <p>8 was still alive, we would go and have family</p> <p>9 reunions and --</p> <p>10 Q. To your knowledge, I just want to clarify,</p> <p>11 Arthur Nadel did not purchase these for you?</p> <p>12 A. I don't believe so, because they were</p> <p>13 always presented to me as gifts from my family.</p> <p>14 Q. They were presented to you directly by</p> <p>15 your family?</p> <p>16 A. Yes. They were presented -- I know that</p> <p>17 when we came back here with the packages, they</p> <p>18 were rolled up, of course, in a round thing</p> <p>19 because that's how they came back. That is what I</p> <p>20 was told.</p> <p>21 Q. As far as you are aware, do any of these</p> <p>22 eight prints have a financial value of -- strike</p> <p>23 that.</p> <p>24 To your knowledge, what is the value of</p> <p>25 these prints?</p>	<p>1 further questions at this time.</p> <p>2 (Proceedings concluded at 4:34 p.m.)</p> <p>3 (End of Volume II of II.)</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25	<p style="text-align: right;">Page 204</p> <p style="text-align: center;">CERTIFICATE OF OATH</p> <p>STATE OF FLORIDA</p> <p>COUNTY OF HILLSBOROUGH</p> <p>I, Kerry Mercade, CSR, Notary Public, State of Florida, certify that MARGUERITE NADEL personally appeared before me on September 9, 2010, and was duly sworn.</p> <p>Signed this 16th day of September, 2010.</p> <p style="text-align: right;">Kerry Mercade Notary Public - State of Florida My commission No. DD 911319 Expires: July 27, 2013</p>	
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25	<p style="text-align: right;">Page 205</p> <p style="text-align: center;">CERTIFICATE OF REPORTER</p> <p>STATE OF FLORIDA</p> <p>COUNTY OF HILLSBOROUGH</p> <p>I, KERRY MERCADE, CSR, Court Reporter and Notary Public, HEREBY CERTIFY THAT I was authorized to and did stenographically report the deposition of MARGUERITE NADEL, that a review of the transcript was waived; and that the foregoing transcript, Pages 91 through 203, is a true and accurate record of my stenographic notes.</p> <p>I FURTHER CERTIFY that I am not a relative, or employee, or attorney, or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.</p> <p>DATED this 16th day of September, 2010.</p> <p style="text-align: right;">KERRY MERCADE, CSR, CRI, FPR CERTIFIED COURT REPORTER</p>	