

# EXHIBIT A

THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY

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Civil Action No.:  
2:10-cv-00921-PGS-ES

RICHARD FORMICA, MARILYNN  
FORMICA, AMI MARIE FORMICA,  
MATTHEW FRANCIS FORMICA, AND  
KEVIN FRANCIS FORMICA,

AMENDED COMPLAINT

Plaintiffs,

JURY TRIAL DEMANDED

-against-

DONALD H. ROWE, THE WALL STREET  
DIGEST INC., a Delaware corporation, and  
CARNEGIE ASSET MANAGEMENT, INC.,  
a Delaware corporation,

Defendants.

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Plaintiffs, by their attorneys, Sadis & Goldberg LLP (“Sadis & Goldberg”), for their complaint, allege upon information and belief as follows:

NATURE OF THE ACTION

1. Plaintiffs are and/or were at all relevant times investors in the following hedge funds: Scoop Real Estate, L.P.; Valhalla Investment Partners, L.P.; Victory IRA Fund, Ltd.; Victory Fund, Ltd.; Viking IRA Fund, LLC; and Viking Fund LLC (collectively, the “Nadel Funds”), which were managed by Arthur Nadel, Neil V. Moody, and Christopher D. Moody, (collectively, “Nadel-Moody”). Plaintiffs were also investors in the following hedge funds: Draseena Three Oaks Currency Fund, LLC; Draseena Three Oaks Senior Strength Fund, LLC;

Draseena Three Oaks Senior Strength Q Fund, LLC; Draseena Arrow Fund, LLC; Draseena Arrow Fund II, LLC (collectively, the “Draseena Group”); High Street Futures Fund, LP; High Street Global Futures Fund, LTD (collectively, the “High Street Funds”); The Carnegie Fund, LP (“The Carnegie Fund”); and The Wall Street Digest Fund, LP (“The Wall Street Digest Fund”). All of the funds mentioned in this paragraph collectively will hereinafter be referred to as the “Recommended Hedge Funds”.

2. The Recommended Hedge Funds, through Defendant Donald Rowe (“Defendant Rowe”) and entities under his control (described more fully below), solicited investors located throughout the United States, including the State of New Jersey.

3. This action stems from, *inter alia*, a common plan, scheme, and unlawful course of conduct, pursuant to which Defendants knowingly or recklessly engaged in acts, transactions, practices, and courses of business which operated as a fraud and deceit upon Plaintiffs. Defendant Rowe: (1) made various deceptive and untrue statements of material fact as a representative of Defendant Carnegie Asset Management, Inc. (“Defendant Carnegie”), and in *The Wall Street Digest*, an investment newsletter he edited and published; and/or (2) omitted material facts as to the purported merits of investing in the Recommended Hedge Funds and that he was receiving compensation in the form of referral fees from the Recommended Hedge Funds.

4. The purpose and effect of said scheme, plan, and unlawful course of conduct was, among other things, to receive undisclosed referral fees by inducing Plaintiffs to invest in the Recommended Hedge Funds, most of which are now defunct, causing Plaintiffs millions of dollars of damages.

**JURISDICTION AND VENUE**

5. The claims asserted herein arise, in part, pursuant to Sections 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. §78j(b), 78(r) and 78t(a) and the rules and regulations promulgated thereunder by the Securities and Exchange Commission ("SEC"), including Rule 10b-5, 17 C.F.R. §240.10b-5, and the common law.

6. This Court has jurisdiction over the subject matter of this action pursuant to Section 27 of the Exchange Act, 15 U.S.C. §78aa, and 28 U.S.C. §1331. The amount in question in this matter exceeds \$75,000.00.

7. This Court also has jurisdiction over the subject matter of this action pursuant to diversity of citizenship under 28 U.S.C 1332, as Plaintiffs are residents of this District, and none of the Defendants are residents of the State of New Jersey, but reside in one or more states.

8. This Court has personal jurisdiction over the Defendants in this action since: (a) service was proper, as Defendants agreed to waive service, and authorized nationwide service under Section 27 of the Exchange Act; and (b) Defendants reside and conduct business in the United States.

9. Venue is proper in this District pursuant to Section 27 of the Exchange Act, as Plaintiffs are residents in this District and many of the acts and practices complained of herein occurred and continue to occur in substantial part in this District.

10. Furthermore, venue is proper in this District, as Plaintiffs are residents in this District and many of the acts and practices complained of herein occurred in substantial part in this District.

11. In connection with the acts, transactions and conduct alleged herein, Defendants, directly and indirectly, used the means and instrumentalities of interstate commerce, including the United States mails and interstate telephone communications.

12. Mr. and Mrs. Formica maintain a small, family-owned psychiatric practice and, as a result of the monetary losses incurred by investing in the Recommended Hedge Funds, have been forced to come out of retirement to support themselves and pay for their children's college educations. As explained in greater detail below, the Formica's business, and indeed the Formicas themselves, would needlessly be burdened with further undue personal and economic hardship and suffering if this Court does not exercise personal jurisdiction over the Defendants.

#### PARTIES

13. Plaintiff Richard Formica is an individual who, at all times relevant to this proceeding, has resided in Haworth, New Jersey. Mr. Formica is the individual family member who primarily dealt with Defendant Rowe. Mr. Formica is approaching 70 years of age and was recently diagnosed with atrial fibrulation, a potentially life threatening condition that recently caused him to suffer a heart attack and to be twice hospitalized.

14. Plaintiff Marilyn Formica is an individual who, at all times relevant to this proceeding, has resided in Haworth, New Jersey.

15. Plaintiff Ami Marie Formica is an individual who, at all times relevant to this proceeding, has resided in Haworth, New Jersey.

16. Plaintiff Matthew Francis Formica is an individual who, at all times relevant to this proceeding, has resided in Haworth, New Jersey.

17. Plaintiff Kevin Francis Formica is an individual who, at all times relevant to this proceeding, has resided in Haworth, New Jersey.

18. Defendant Rowe is an individual who, to the best of Plaintiffs' knowledge, at all times relevant to this proceeding, has resided in Sarasota County, Florida, and who founded The Wall Street Digest, Inc. ("Defendant WSD"), as well as Defendant Carnegie and was, at all times relevant to this proceeding, the president, a principal shareholder and controlling principal of Defendant WSD and Defendant Carnegie. Defendant Rowe also was, at all times relevant to this proceeding, the controlling principal of The Carnegie Fund and The Wall Street Digest Fund. Despite the fact that Defendant Rowe referred to himself as "Wall Street's Most Widely Read Investment Advisor [sic]", he was not a registered representative with a licensed broker-dealer, nor was he ever registered as an investment adviser, as required under Federal and State securities laws. Moreover, as alleged in more detail below, Defendant Rowe and/or other Defendants received, but never disclosed to Plaintiffs, referral fees from at least one of the Recommended Hedge Funds in exchange for the Defendant Rowe's recommendations that Plaintiffs invest therein, again in violation of Federal and State law.

19. Defendant WSD, a Delaware corporation controlled by Defendant Rowe, maintains principal offices in Sarasota, Florida. At all times relevant to this proceeding, it has published an investment newsletter known as *The Wall Street Digest*, which touts itself as "Wall Street's most widely read investment newsletter" and "Wall Street's Most Widely Read Investment Advisor [sic]". Upon information and belief, *The Wall Street Digest* had more than 2600 subscribers, approximately 100 of whom reside in the State of New Jersey. As alleged in more detail below, touting of the Recommended Hedge Funds appeared in this newsletter and in various marketing pieces prepared and distributed by Defendants on multiple occasions from approximately 2000 until sometime in 2008. Moreover, as alleged in more detail below, Defendant WSD and/or other Defendants received, but never disclosed to Plaintiffs, referral fees

from at least one of the Recommended Hedge Funds in exchange for the Defendant Rowe's recommendations that Plaintiffs invest therein, again in violation of Federal and State law.

20. Defendant Carnegie, a Delaware corporation controlled by Defendant Rowe, maintains principal offices in Sarasota, Florida. At all times relevant to this proceeding, Defendant Carnegie held itself out as an investment management company, which, upon information and belief, served as manager of The Carnegie Fund and The Wall Street Digest Fund. As alleged in more detail below, Defendant Carnegie and/or other Defendants received, but never disclosed to Plaintiffs, referral fees from at least one of the Recommended Hedge Funds in exchange for the Defendant Rowe's recommendations that Plaintiffs invest therein, again in violation of Federal and State law.

21. All representations made to Plaintiffs by Defendant Rowe, as detailed below, were made by him while he was acting on behalf of, and/or within the scope of his employment by Defendant WSD and Defendant Carnegie and, as such, are properly chargeable to Defendant WSD and Defendant Carnegie under principal/agency theory, the doctrine of *respondeat superior*, and applicable securities laws and regulations. Defendant Rowe, Defendant WSD, and Defendant Carnegie are referred to collectively herein as "Defendants".

22. Defendants are each an "investment adviser" pursuant to the Investment Advisers Act of 1940, 15 U.S.C. § 80b-2 (the "Advisers Act"), section (a)(11).

### **BACKGROUND FACTS**

#### **Over a Fifteen-Year Relationship, Defendant Rowe Became a Trusted Adviser to Plaintiffs**

23. In or around 1994, Plaintiff Richard Formica subscribed to Defendant Rowe's investment newsletter *The Wall Street Digest*. Plaintiff Richard Formica and Defendant Rowe developed a close, adviser-advisee relationship over the next 15 years, frequently speaking over

the telephone regarding investing. These calls were initiated by both parties with Defendant Rowe frequently calling Plaintiff Richard Formica and advising him on investments in the Recommended Hedge Funds. Plaintiff Richard Formica recalls several instances wherein Defendant Rowe called him directly in the State of New Jersey and Plaintiffs frequently received from Defendant Rowe, his employees and/or Defendants personally addressed correspondence and other materials relating to, *inter alia*, their investments in The Carnegie Fund and The Wall Street Digest Fund, which are investment funds controlled and managed by Defendant Rowe. See Exhibit A.

24. As discussed more fully below, Plaintiffs, through their father Richard, came to rely on Defendant Rowe's guidance and advice, as demonstrated by Plaintiffs investing millions of dollars with multiple investment managers in reliance upon Defendant Rowe's recommendations. Plaintiffs' trust and reliance is further demonstrated by the fact that upon Defendant Rowe's urging, they purchased securities in two limited partnerships that were directly controlled by Defendant Rowe, namely The Carnegie Fund and The Wall Street Digest Fund.

25. Plaintiffs' clear reliance on Defendant Rowe's advice, coupled with Defendant Rowe holding himself out as an expert, providing investment advice, and receiving compensation, albeit undisclosed, for his referrals, established Defendant Rowe as a fiduciary to Plaintiffs.

#### **The Draseena Group (1996 – 2010)**

26. Beginning in 1996, Defendant Rowe recommended to Plaintiffs that they invest in the Draseena Group. For the next 14 years, until September 1, 2008, Plaintiffs relied on Defendant Rowe's recommendations as to which money managers they should invest with and,

as a result, invested a total of approximately \$5,849,121.00 in the five Draseena Group funds mentioned above. A complete list of the amounts and dates of each investment made by Plaintiffs in the Draseena Group funds is attached hereto as **Exhibit B** and is incorporated by reference herein.

27. To date, despite numerous attempts and extreme mental anguish, Plaintiffs still are attempting to recover in excess of \$1,740,000.00 owed to them by the Draseena Group.

28. The Draseena Group currently is under investigation by the SEC and the United States Treasury Department. Furthermore, at least one, if not all, of the Draseena Group funds currently are in liquidation and possibly receivership.

29. In violation of his fiduciary duties, relevant Advisers Act rules, and certain Federal and State securities laws, Defendant Rowe failed to perform adequate due diligence with regard to the Draseena Group. Had he performed any honest and adequate due diligence, Defendant Rowe would have discovered that: (1) no independent audit was ever performed on the Draseena Group; (2) its managing members were being investigated by the SEC; and (3) Daniel Spitzer, a managing member of the Draseena Group, had been required to surrender his license to the National Futures Association in 1992. In the alternative, if Defendant Rowe discovered these facts and failed to disclose them, he also would be in violation of his fiduciary duties, relevant Advisers Act rules, and certain Federal and State securities laws.

30. In addition, Defendant Rowe never disclosed, either verbally or in writing as required under numerous laws, to Plaintiffs that he was receiving referral fees from the Draseena Group.

**The Nadel Funds (2001 – 2009)**

31. Beginning in 2001, Defendant Rowe recommended to Plaintiffs that they invest in the Nadel Funds. For the next 8 years, Plaintiffs relied on Defendant Rowe's recommendations as to which money managers they should invest with and, as a result, lost approximately \$3,893,535.00 in the Nadel Funds. A complete list of the amounts and dates of each investment made by Plaintiffs in the Nadel Funds is attached hereto as **Exhibit C** and is incorporated by reference herein.

32. The Nadel Funds raised more than \$350,000,000.00 from investors, including Plaintiffs herein, between approximately 2000 and 2009.

33. Between approximately 2000 and 2006, Nadel-Moody formed the Nadel Funds, which were investment pools, targeted to investors located throughout the United States, including New Jersey.

34. Defendant Rowe promoted Nadel-Moody in various publications as "America's Top Ranked Money Manager" and also used other similarly positive descriptions from approximately 2000 through sometime in 2004. **Exhibits D, E and F** are examples of three such publications and are incorporated by reference herein.

35. From approximately 2000 through sometime in 2004 and specifically in the second quarter of 2003, Defendant Rowe represented in *The Wall Street Digest*, and in other materials, that he had personally conducted a "due diligence visit to the offices of Nadel & Moody," and stated in relevant part as follows (emphasis added):

Did Your Money Manager Return

21.7% in 2002

19.8% in 2001

55.1% in 2000

After last year's market disaster (S&P 500 -23:3%), would you be happy with a

21.7% return in 2002, a 19.8% return in 2001 (S&P 500 -13%), or a 55.1% return on your equity investments for the year 2000 (S&P 500 40.1%)? Would you be happy with a 90.7% return in 1998 and 87.8% in 1999?

**These are the actual results achieved by an effective team of managers in Sarasota, Florida.** After 39 years on Wall Street, Neil Moody left the Street to *form an association* with Arthur Nadel and his group to *manage equity* funds. The Nadel Group had enjoyed unusual success with private investment groups, testing a technical trading system that interacts with fundamentals to produce results that consistently outperform the market averages.

**My curiosity about Nadel's computerized trading program eventually led to a due diligence visit to the offices of Nadel & Moody.** Understandably, I did not learn the various mathematical formulas in Nadel's "black box" computer program.

**What I did learn is very important for the individual investor.** After 26 years of reviewing the track records of over 11,000 mutual funds, 6,000 money managers and 5,800 hedge funds, Nadel's computerized investment program has produced the best track record and most consistent returns I have ever seen.

**His proprietary program, combined with screening for stock fundamentals, has consistently produced a profit month after month in both up and down markets. The highly technical program used by the group is proprietary, but I was given an opportunity to see it in action during a due diligence visit to their office.**

A large group of computer monitors display market data continuously, reviewing and digesting current market movements and comparing them to previous data. Immediate newswire flashes are intermingled with muted "talking heads" on CNBC. Equity positions are adjusted, long and short, by means of instant-response trading programs.

Nadel & Moody offer private investment programs for pension plans and wealthy individuals, which are organized and administered by Moody. **Not surprisingly, they do not advertise.** Each investment program is set up as a limited partnership which is limited to only 99 investors. Each program is currently accepting only accredited investors.

36. The statements above are misleading because if Defendant Rowe performed any meaningful or adequate due diligence, he would have discovered that the Nadel Funds' purported track record was a complete fraud. Defendant Rowe clearly never verified his statement that Nadel-Moody were using "a computerized investment program to produce the best track record and most consistent returns he had ever seen" because had he performed adequate due diligence, he would have uncovered that Nadel-Moody were not trading any securities whatsoever.

37. Furthermore, Defendant Rowe's statements are misleading because an adequate amount of honest due diligence would have uncovered that Arthur Nadel had been disbarred in 1980s, the Nadel's Funds had never been audited, and the Nadel Funds' accountant had lost his license to practice as a Certified Public Accountant ("CPA").

38. Plaintiffs either received the representations contained in Paragraphs 29 – 30 herein or representations to that effect in writing, such as those in and **Exhibits D, E and F** attached hereto, and, in many instances, verbal communications from Defendant Rowe, and Plaintiffs reasonably relied on recommendations made by "Wall Street's most widely read investment advisor [sic]".

39. Plaintiffs paid monthly subscription fees to receive *The Wall Street Digest*.

40. Unbeknownst to the Plaintiffs, Defendant Rowe was paid referral fees by the Nadel Funds in exchange for acting as an intermediary and for referring investors, including Plaintiffs, to those hedge funds and for advertising Nadel-Moody in *The Wall Street Digest* as "America's Top-Ranked Money Manager".

41. Despite being investment advisers under the Advisers Act and stating as much, none of Defendants were ever registered as such.

42. As a direct result of recommendations made by Defendant Rowe, Plaintiffs bought limited partnership interests (the "LP Interests") in the Nadel Funds. The LP Interests constitute a "Security" under the Advisers Act, section (a)(18) and other applicable Federal and State statutes.

#### **Nadel-Moody is Exposed as a Fraud in 2009**

43. In mid-January 2009, Arthur Nadel fled the State of Florida. Shortly thereafter, his business partners, Neil Moody and Christopher Moody, advised investors, including

Plaintiffs herein, that not only had Arthur Nadel abandoned the Nadel Funds under highly suspicious circumstances, but also that essentially all of the investors' money was gone.

44. On January 21, 2009, the SEC filed a lawsuit in the district court for the Middle District of Florida, styled *Securities and Exchange Commission v. Arthur Nadel, Scoop Capital, LLC and Scoop Management, Inc.*, Case No. 8:09-cv-87-T-26TBM (the "SEC Proceeding").

45. As a result of the SEC Proceeding, a federal judge froze Arthur Nadel's assets and appointed a receiver to examine the books and records of the Nadel Funds. The receiver's examination revealed that the alleged investment returns of the Nadel Funds had been "massively overstated" for several years, including the time period when Defendant Rowe was promoting the Nadel Funds, and confirmed that there was virtually no money remaining in the various hedge fund accounts.

46. At or about the time the receivership was established, the following facts were uncovered:

- Arthur Nadel had been disbarred as an attorney in the State of New York in the early 1980s for improper use of clients' escrow funds;
- none of the Nadel Funds had audited financial statements;
- the accountant for the Nadel Funds had lost his license to practice as a CPA in Florida; and
- investors in the Nadel Funds had paid Nadel-Moody extraordinary fees, which totaled more than \$90,000,000.00 by the time this fraud was discovered.

47. None of these material facts, each of which could have been easily discovered by any reasonable and competent "due diligence" examination, were disclosed by Defendant Rowe at the time he was recommending that Plaintiffs invest in the Nadel Funds.

48. Defendant Rowe never advised any of the investors, including Plaintiffs herein, that he was no longer recommending the Nadel Funds, and that he was withdrawing his own investments from the Nadel Funds.

#### **The Relationship Between Defendant Rowe and Nadel-Moody and the Nadel Funds**

49. According to Arthur Nadel, Nadel-Moody and Defendant Rowe had a verbal, handshake agreement that entitled Defendant Rowe to a certain percentage of the management and success fees that the Nadel Funds charged Plaintiffs for managing their money. According to Arthur Nadel, this arrangement resulted in Defendant Rowe earning approximately \$10,000,000.00 for referring Plaintiffs to the Nadel Funds.

50. According to Arthur Nadel, sometime in late 2007 to early 2008, the relationship between Defendant Rowe and Nadel-Moody soured because Nadel-Moody ceased paying Defendant Rowe referral fees per their verbal, handshake agreement.

51. In late 2007 to early 2008, at the same time that Nadel-Moody ceased paying Defendant Rowe referral fees, Defendant Rowe began to speak negatively about Arthur Nadel to Plaintiffs and started touting the Carnegie Fund (discussed more fully below).

#### **High Street Capital Management (2006 – 2008)**

52. In April of 2006, Defendant Rowe, through *The Wall Street Digest* and on personal telephone calls that were initiated by both Plaintiffs and Defendants, began touting High Street Capital Management, LLC (“High Street”), which was located in Tampa, Florida, not 45 miles from Defendant Rowe’s hometown, and which was run by John Bartoletta (“Bartoletta”). In the April 2006 edition of *The Wall Street Digest*, Defendant Rowe stated, in relevant part, as follows:

**High Street™ Capital Management - Up 105% in 2005**  
*Up 23% in January 2006; Up 18% in February 2006;*  
*And Up 7.5% in March 2006*

Dear Investor:

These are the actual results achieved by a skillful group of traders led by John Bartoletta, owner and founder of High Street Capital Management.

In the past 30 years, I have only found two money managers who could make money during both bull markets and bear markets. Both are successful because they are traders who manage the risk, as opposed to money managers who manage the money.

They are very skillful traders, with enormous technical skills and the ability to go long or short in any market by utilizing equities, options, futures and commodities.

By using enormous technical skills and the ability to go long or short simultaneously in any market, Bartoletta and his group of traders were able to capture a 105 percent return for clients in 2005, compared to the S&P 500, which was up only 5 percent at year-end, and the CRB Commodities Index, which was up only 10 percent for all of 2005.

After years of research, Bartoletta launched his Dynamic Style Rotation® approach to trading on October 1, 2004, and captured an 18.95 percent profit for clients in the fourth quarter of 2004. A profit of 105 percent followed in 2005. January 2006 was up 23.3 percent; February was up 18 percent; and March was up 7.5 percent. All figures are gross of fees.

At 42, Bartoletta and his team of five traders have consistently produced solid returns. On most days, the team at High Street is in an all-cash position by the closing bell, reducing risk and avoiding unforeseen market and geo-political events. The team is completely focused on protecting client assets at all times.

Any movement, up or down, in any market presents a profit opportunity for John Bartoletta's quantitative investment approach on a short-term and long-term basis.

During a bull market, Bartoletta's Dynamic Style Rotation® trading program generates a larger weighting in long positions from the best "upside" opportunities, and a smaller weighting in short positions from the best "downside" opportunities.

During a bear market, the process is reversed by overweighting short positions, while underweighting long positions. Keep in mind that the stock market, the bond market, the futures markets and the commodities markets are all moving in different directions every day.

Consequently, Bartoletta's group of traders are able to simultaneously take advantage of opportunities in both long positions and short positions in virtually any market that is moving either up or down.

I have been tracking the performance of 8,000 money managers and 7,000 hedge fund managers for almost 30 years. Year-after-year, over 95 percent of all money managers either lose money or they consistently underperform the market.

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Sadly, most will watch their bull market gains disappear. Bartoletta's Dynamic Style Rotation® trading approach to all four investment markets simultaneously has convinced me that you can avoid that disaster and continue to increase your profits.

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Sadly, over 95 percent of the money managers do not have any shorting skills and will, unfortunately, give back their bull market gains.

John Bartoletta's ability to short the weakest markets, while simultaneously going long in the strongest markets produced a 105 percent gain in 2005, while the stock market (up only 5 percent) churned continuously up and down as the Federal Reserve raised interest rates.

There is an enormous investment opportunity directly ahead. Subscribers of *The Wall Street Digest* are aware of the 2006-2010 bull market ahead. This will not be just another bull market!

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I have highlighted High Street because it is frustrating to see such great opportunities and know that many of you are not hearing about such managers. Everyday, I am asked by subscribers and clients, "What should I do with my money?"

Over the next five years, I will be offering my clients a variety of programs to help them build the kind of wealth they will need to see them through what could be a long, difficult economic contraction beginning in 2010.

An investment fund that would allow you to simultaneously take advantage of the daily long and short oscillations of the stock market, the bond market, the currency market and the commodities market would be the ideal investment.

Anywhere on Wall Street, you would have to invest in four different investment funds—an equities fund, a bond fund, a currency fund and a commodities fund—and then hope that you are in the right fund at the right time.

John Bartoletta's investment philosophy is: "There is always a bull market somewhere. Let's take advantage of it. There is always a bear market somewhere. Let's short it."

Bartoletta formed two companies, High Street Capital Management and High Street Financial Management, which enables his firm to offer clients a complete menu of varied investment programs.

Investment programs are open to pension funds, 401K and IRA funds. Private investment programs are available for wealthy individuals. Investment programs can also be tailored to meet your special needs. At High Street, you are both the client and the CEO of your money.

While past performance is no guarantee of future results, keep in mind that a consistent annual return of 26 percent will double your money every three years.

53. On May 18, 2006, in reliance upon Defendant Rowe's recommendation, Plaintiffs invested \$250,000.00 in the High Street Futures Fund, LP ("High Street Futures Fund").

54. Then for several months, until October 1, 2006, in reliance upon Defendant Rowe's recommendation, Plaintiffs periodically committed an additional \$1,200,000.00 in the High Street Futures Fund, for an aggregate investment of \$1,450,000.00.

55. Upon information and belief, Defendant Rowe and High Street had a verbal, handshake agreement that entitled Defendant Rowe to a certain percentage of the management and success fees that the High Street Funds charged Plaintiffs for managing their money (described more fully below).

56. Upon information and belief, sometime in late 2007, the relationship between Defendant Rowe and High Street soured because High Street ceased paying Defendant Rowe referral fees per their verbal, handshake agreement.

57. In late 2007, at the same time that High Street ceased paying Defendant Rowe referral fees, Defendant Rowe began to speak negatively about High Street and Bartoletta.

58. On August 31, 2007 and December 31, 2007, in reliance upon Defendant Rowe's recommendation and Defendant Rowe's verbal statements to Plaintiffs that he had "lost all faith in Bartoletta's competence", Plaintiffs redeemed \$711,239.00 from the High Street Futures Fund and invested that sum in the Nadel-Moody ponzi scheme for a total loss (discussed more fully above). The remaining \$488,761.00 was completely lost by High Street.

59. Upon information and belief, Defendant Rowe recommended that Plaintiffs invest these redeemed monies in the Nadel Funds, even though the relationship between Defendant Rowe and Nadel-Moody was souring, so that Nadel-Moody would allow Defendant Rowe to withdraw his own capital from the Nadel Funds.

60. On July 1, 2006 and August 1, 2006, in reliance upon Defendant Rowe's recommendation, Plaintiffs invested a total of \$500,000.00 in the High Street Global Futures Fund, LTD ("High Street Global Futures Fund").

61. On October 31, 2007, in reliance upon Defendant Rowe's recommendation, Plaintiffs redeemed \$100,000.00 from the High Street Global Futures Fund and invested that sum in the Draseena Group. As previously stated, Plaintiffs are still attempting to recover in excess of \$1,740,000.00 owed to them by the Draseena Group.

62. Toward the end of 2007, Plaintiffs were able to redeem and retain approximately \$222,862.00 before losing the entire remainder of their invested capital, or \$815,899.00 in the

aggregate, in a money manager touted by Defendant Rowe “who could make money during both bull markets and bear markets”, namely John Bartoletta.

63. Defendant Rowe repeatedly contended that he had spent an “entire week performing due diligence on Mr. Bartoletta, auditing his returns, observing and questioning his methodologies, and examining his 21<sup>st</sup> century, highly sophisticated trading room with a team of experienced traders surrounded by live feeds providing data and analysis on every imaginable market”.

64. In violation of his fiduciary duties, relevant Advisers Act rules, and certain Federal and State securities laws, Defendant Rowe failed to perform honest and adequate due diligence and never disclosed, either verbally or in writing as required under numerous laws, to Plaintiffs that he was receiving referral fees from High Street. Had he performed any honest and adequate due diligence, Defendant Rowe would have discovered that no independent audit was ever performed on the High Street Funds and that the High Street Funds traded in a manner that completely belied and contradicted written representations regarding its investment strategy. If Rowe discovered these facts and failed to disclose them, he also would be in violation of his fiduciary duties, relevant Advisers Act rules, and certain Federal and State securities laws.

#### **The Relationship Between Defendant Rowe and High Street**

65. Upon information and belief, Defendant Rowe and High Street had a verbal, handshake agreement that entitled Defendant Rowe to a certain percentage of the management and success fees that the High Street Funds charged Plaintiffs for managing their money. This arrangement resulted in Defendant Rowe earning millions for referring Plaintiffs to the High Street Funds.

66. Upon information and belief, sometime in late 2007, the relationship between Defendant Rowe and High Street soured because High Street ceased paying Defendant Rowe referral fees per their verbal, handshake agreement.

67. In late 2007, at the same time that High Street ceased paying Defendant Rowe referral fees, Defendant Rowe began to speak negatively about High Street and Bartoletta, and began touting the Carnegie Fund (discussed more fully below).

### **The Feeder Funds**

68. Following the falling out with Nadel-Moody and Bartoletta, Defendant Rowe ceased relying on verbal, handshake agreements with money managers and began touting legally formed structures called “feeder funds”. A feeder fund is a hedge fund which invests solely through another fund, known as the master fund. Shares are sold to investors through the feeder fund, but the capital is invested through the master fund. This structure afforded Defendant Rowe a mechanism to guarantee that he would receive referral fees from the money managers with whom he invested because legally binding contracts and banking relationships existed between the feeder funds and the master funds.

69. The feeder funds Defendant Rowe touted were The Carnegie Fund and The Wall Street Digest Fund (Collectively, “The Feeder Funds”), both of which are controlled by Defendants. Under the New Jersey Uniform Securities Law, and relevant SEC and FINRA rules, The Feeder Funds, The Feeder Funds’ LP Interests, and Defendant Rowe should have been, but were not, registered with the New Jersey Bureau of Securities.

70. Upon information and belief, Defendant Rowe sold LP Interests in The Feeder Funds and served as investment adviser to numerous residents of New Jersey in relation to The Feeder Funds.

71. The act of selling securities to residents of the State of New Jersey, including Plaintiffs, demonstrates that Defendant Rowe purposefully availed himself of the benefits and protections of the securities laws of New Jersey, thereby establishing sufficient minimum contacts for this Court to exercise personal jurisdiction over Defendants.

72. Moreover, Defendant Rowe's contacts with New Jersey have been continuous, systematic and substantial, as he served as a self-admitted "investment advisor [sic]", albeit unregistered, to Plaintiffs for in excess of 15 years and sold securities in the form of LP Interests to Plaintiffs in The Feeder Funds. This business partnership continues to this day (as described more fully below).

73. Since Defendant Rowe served as an investment adviser to Plaintiffs, received undisclosed referral fees and directly sold them securities in entities under his express control, Defendant Rowe should reasonably anticipate being haled into this Court.

74. By exercising jurisdiction over Defendants, this Court will fulfill its fundamental, substantive social policy of protecting the monetary and other interests of Plaintiffs.

#### **The Carnegie Fund (Late 2007 – 2009)**

75. Following his fallouts with Nadel and Bartoletta and during mid-to-late 2007, Defendant Rowe began touting to Plaintiffs The Carnegie Fund both in *The Wall Street Digest* and verbally, stating, in relevant part, as follows:

DIVERSIFICATION AMONG THE TOP 100 MONEY MANAGER'S  
WITH NO PORTFOLIO LOSSES CAN BUILD YOUR WEALTH AND  
PEACE OF MIND

Over 100 money managers with no portfolio losses are ready to manage your money. But I wouldn't hire just two or three. Hiring all of them is the best strategy to reduce risk and it will be remarkably simple and cost effective to you...

The source of these money managers is multiple databases of over

16,000 U.S. money managers which I downloaded into my database. I rank them monthly from best to worst and focus on money managers in the top one percentile with no portfolio losses...

\*\*\*\*\*

Sophisticated strategies that are able to capture profits from price imbalances in the stock and bond markets are unusually successful because market imbalances are always present (i.e. prices that are either too high or too low). Ph.D. mathematicians and computer science "Quants" skillfully exploit these daily market imbalances while reducing exposure to losses...

I am constantly adding money managers to our main in-house database. But our focus is always on the managers with no losses on a quarterly and annual basis. Screening managers for the best monthly performance and reduced risk is a daily process. It is the best strategy, perhaps the best insurance policy I have found to insure a consistent profit for you and me, quarter after quarter, year after year...

76. Defendant Rowe also touted, both verbally and in personal, written correspondence, including *The Wall Street Digest*, the track records of money managers with whom The Carnegie Fund purportedly invested. He stated annual returns in, relevant part, as follows:

<u>Money Manager</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
A	540.2	126.7	39.7	23.1	23.7	26.6	18.6	22.3	12.0
B	56.1	35.6	13.2	13.5	12.3	10.9	12.9	31.9	9.7
C			31.6	22.0	15.3	12.0	12.6	9.5	13.3
D					347.4	51.2	16.9	18.9	12.6
E					24.6	12.2	9.5	14.1	9.1
F						20.2	13.3	19.3	22.5

77. On November 1, 2007, in reliance upon Defendant Rowe's recommendation, Plaintiffs invested \$200,000.00 in The Carnegie Fund.

78. On February 1, 2008, in reliance upon Defendant Rowe's recommendation, Plaintiffs invested an additional \$390,000.00 in The Carnegie Fund.

79. Defendant Rowe never maintained a database of over 16,000 money managers as he claimed to have in **Exhibits D, E and F**, and, in contradiction to statements, both written and verbal, he failed to perform any honest and adequate due diligence in violation of his fiduciary duties, relevant Advisers Act rules, and certain Federal and State securities laws.

80. Upon information and belief, in contrast to his written representations in **Exhibit G**, Defendant Rowe never invested Plaintiffs' money with "100 money managers".

81. Over the next year and half, Plaintiffs redeemed \$497,000.00 from The Carnegie Fund.

82. Plaintiffs have attempted numerous times to redeem the remaining \$93,000.00 they invested in The Carnegie Fund. In fact, Defendant Rowe claims that due to a complete write-off associated with one of the underlying managers, who he claimed had "no portfolio losses", Plaintiffs now owe Defendant Rowe in excess of \$8,000.00.

**The Wall Street Digest Fund (Late 2008 – 2009)**

83. During late 2007, Defendant Rowe began touting to Plaintiffs The Wall Street Digest Fund both in *The Wall Street Digest* and verbally, stating, in relevant part, as follows:

**YOU CAN HIRE THIS MONEY MANAGER TODAY**

<b>Year</b>	<b>Gain</b>	<b>S&amp;P 500</b>
2008	40.57%	-11.4%
2007	44.64%	5.5%
2006	47.70%	15.8%
2005	78.86%	4.9%
2004	69.60%	10.9%
2003	89.11%	28.7%
2002	49.13%	-22.1%
2001	86.57%	-11.9%
2000	72.85%	-9.1%

The most significant thing about the audited track record shown above is the impressive profits that were captured during down, difficult markets. You can immediately appreciate the 40.57 percent gain through August 31, 2008, while the S&P 500 was down 11.4 percent. A 44.64 percent gain during 2007, when the S&P 500 was up only 5.5. percent, should also capture your attention...

\*\*\*\*\*

My personal money manager produced the track record shown above...

\*\*\*\*\*

My portfolio manager is the most gifted short-seller I know. He can short a bull market and produce impressive gains...

84. Upon information and belief, despite stating as otherwise, Capital Trading Partners, which was the money manager Defendant Rowe referred to in the quotation in Paragraph 74, was never Defendant Rowe's "personal money manager".

85. On November 1, 2008, Plaintiffs invested \$100,000.00, in The Wall Street Digest Fund in reliance upon Defendant Rowe's recommendation.

86. Following a report from Defendant Rowe that they earned 5% during November 2008 and upon Defendant Rowe's urging, Plaintiffs invested an additional \$50,000.00 in The Wall Street Digest Fund on January 1, 2009.

87. On March 19, 2009, Plaintiffs received a written correspondence from Defendant Rowe stating that the previously reported track record for November and December was wrong and had to be revised downward. This correspondence stated, in relevant part, as follows:

### The Wall Street Digest Fund, L.P.

8584 S. Tamiami Trail Suite 110 Sarasota, FL 34238 March 19<sup>th</sup> 2009

RE: Your The Wail Street Digest Fund, L.P. account -- November 2008 report

Dear Investors, Partners, and Friends,

I am writing to update you on The Wall Street Digest Fund, L.P. We have reported the investor statement delays as a result of implementing a new administrator for Capital Trading Partners, the Wall Street Digest Fund's hired Trading Advisor...

\*\*\*\*\*

Unfortunately the estimate reported by the trader was incorrect...

\*\*\*\*\*

The adjustment for November is from +5.3 percent to +0.51 percent. The reported estimate for December 2008, is also reduced...

\*\*\*\*\*

Our Operations Officer, Michael Corcione will call you to explain these details...

\*\*\*\*\*

I apologize for this error...

88. Defendant Rowe never maintained a database of over 16,000 money managers and, in contradiction to statements, both written and verbal, he failed to perform any honest and adequate due diligence in violation of his fiduciary duties, relevant Advisers Act rules, and certain Federal and State securities laws.

89. On April 7, 2009, in a last-ditch effort to recover some of their savings, Plaintiffs were able to redeem \$140,000.00. Defendant Rowe still owes Plaintiffs \$7,000.00.

### COUNT I

#### Violation of Section 10(b) of the Exchange Act and SEC Rule 10b-5 Thereunder (Against all Defendants)

90. Plaintiffs incorporate by reference all prior paragraphs of this Complaint as though fully set forth herein.

91. This Count is asserted against Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. §78j(b), and SEC Rule 10b-5 promulgated thereunder, 17 C.F.R. §240.10b-5.

92. Defendants directly engaged in a common plan, scheme, and unlawful course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices, and courses of business which operated as a fraud and deceit upon Plaintiffs, and made various deceptive and untrue statements of material facts and omitted to state material facts in order to make the statements made, in light of the circumstances under which they were made, not misleading to Plaintiffs. The purpose and effect of said scheme, plan, and unlawful course of conduct was, among other things, to induce Plaintiffs to invest in the Recommended Hedge Funds.

93. Defendants, pursuant to said scheme, plan, and unlawful course of conduct, knowingly or recklessly issued, caused to be issued, participated in the issuance of, the preparation and issuance of deceptive and materially false and misleading statements to Plaintiffs as particularized above.

94. Plaintiffs relied, to their detriment, on the integrity of Defendants statements and representations. If Plaintiffs had known the truth, they would not have invested in the Recommended Hedge Funds.

95. Defendants claimed on numerous occasions that he had "been tracking the performance of 8,000 money managers and 7,000 hedge fund managers for almost 30 years". On other occasions, Defendants claimed to have reviewed more than 22,800 mutual funds, money managers and hedge funds. **See Exhibit D.** In referring to High Street and Nadel-Moody, both of which lost millions of dollars of Plaintiffs money, Defendants claimed on

multiple occasions that, “In the past 30 years, I have only found two money managers who could make money during both bull markets and bear markets. Both are successful because they are traders who manage the risk, as opposed to money managers who manage the money”. For a man who purportedly reviewed more than 22,800 global funds, the managers of the Nadel Funds, the High Street Funds funds, The Carnegie Fund, and the Wall Street Digest Fund were conveniently located in or near Defendant Rowe’s hometown of Sarasota, Florida, not in global financial centers such as New York or London. The geographic proximity and failure to disclose that he was receiving referral fees establishes motive and opportunity for Defendants to commit breaches of fiduciary duties, relevant Advisers Act rules, and certain Federal and State securities laws, including fraud.

96. Plaintiffs have suffered substantial damages as a result of the wrongs herein alleged in an amount to be proved at trial.

97. By reason of the foregoing, Defendants directly violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder in that they: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material facts or omitted to state material facts in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (c) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon Plaintiffs in connection with their investments in the Recommended Hedge Funds.

98. WHEREFORE, Plaintiffs demand judgment for damages, interest, prejudgment interest, attorneys’ fees and costs, and for such other and further relief that this Court deems appropriate.

**COUNT II**

**Common Law Fraud**  
**(Against all Defendants)**

99. Plaintiffs incorporate by reference all prior paragraphs of this Complaint as though fully set forth herein.

100. Defendant Rowe, acting alone and in concert with Defendant WSD and Defendant Carnegie, made intentional misrepresentations of material fact and/or made misrepresentations to Plaintiffs in a reckless manner, as more particularly detailed above, without regard to the truth or falsity of those statements.

101. In fact, the evidence in this case will show that the Recommended Hedge Funds did not achieve the investment results touted by Defendants and that Defendant Rowe never engaged in any honest and/or actual "due diligence" regarding the Recommended Hedge Funds.

102. Defendants made the above-referenced misrepresentations and intended for Plaintiffs to rely upon them.

103. Defendants held themselves out to Plaintiffs as knowledgeable and experienced investment advisers.

104. Therefore, Plaintiffs reasonably relied on Defendants' assertions that the Recommended Hedge Funds' track records were superior to those of thousands of other money managers purportedly examined by Defendants.

105. As a result of their reliance on the above-referenced misrepresentations, Plaintiffs invested millions of dollars in the Recommended Hedge Funds.

106. As a direct and proximate result of Defendants' misrepresentations, Plaintiffs have suffered millions of dollars in damages.

107. WHEREFORE, Plaintiffs demand judgment against Defendants, jointly and severally, for damages, costs, and such further relief as the Court deems just and equitable.

**COUNT III**

**Negligent Misrepresentation**  
**(Against all Defendants)**

108. Plaintiffs incorporate by reference all prior paragraphs of this Complaint as though fully set forth herein.

109. Defendants negligently misrepresented that they had conducted due diligence on the Recommended Hedge Funds when, in fact, they had not.

110. Defendants had a duty to use reasonable care when providing investment advice and information to Plaintiffs. Defendants also had a duty to disclose the fact that they were receiving referral fees from the Recommended Hedge Funds.

111. Plaintiffs reasonably, justifiably, and materially relied upon the expectation that Defendants had conducted the due diligence that they said they had.

112. Plaintiffs would not have invested their capital in the Recommended Hedge Funds had Plaintiffs known that Defendants had not in fact conducted due diligence and had not acted with reasonable care and reasonable diligence.

113. Defendants breached their duty to Plaintiffs by failing to investigate, confirm, prepare, and review with reasonable care the information contained in *The Wall Street Digest* and by failing to disclose to Plaintiffs, among other things, the facts alleged above, and in failing to correct the misstatements, omissions, and inaccuracies contained therein.

114. As a direct, proximate and foreseeable result of Defendants' negligence, Plaintiffs lost the entirety of their capital accounts and thereby suffered damages in an amount to

be determined at trial.

115. Plaintiffs have no adequate remedy at law.

116. WHEREFORE, Plaintiffs demand judgment for damages, interest, prejudgment interest, attorneys' fees and costs, and for such other and further relief that this Court deems appropriate.

#### COUNT IV

#### NEGLIGENCE

**(Against all Defendants)**

117. Plaintiffs incorporate by reference all prior paragraphs of this Complaint as though fully set forth herein.

118. Defendants had during the relevant period a duty to use due care and protect Plaintiffs from injury, which included, among other things, a duty to verify and adequately ensure the truthfulness and accuracy of the statements they made, as well as to refrain from disseminating false and misleading statements.

119. Defendants breached the duty of care owed to their readers, customers, and subscribers, including Plaintiffs.

120. Defendants' breaches of duty were the proximate cause of Plaintiffs' injuries because Defendants' breaches were a substantial factor in bringing about the injuries suffered by Plaintiffs. As a result of Defendants' negligent conduct, Plaintiffs were damaged. Plaintiffs reasonably relied on what turned out to be false information concerning the investments they made in the Recommended Hedge Funds and have been damaged as a result, and are entitled to recover all actionable damages, including general, consequential, incidental and special damages, lost profits, lost opportunities, and other damages.

121. Defendants' actions were malicious, negligent, oppressive, and intended to injure Plaintiffs, rendering Defendants liable for punitive damages.

122. WHEREFORE, Plaintiffs demand judgment for damages, interest, prejudgment interest, attorneys' fees and costs, and for such other and further relief that this Court deems appropriate.

### COUNT V

#### BREACH OF FIDUCIARY DUTY (Against all Defendants)

123. Plaintiffs incorporate by reference all prior paragraphs of this Complaint as though fully set forth herein.

124. Plaintiffs bring this Count against Defendants for breaching their fiduciary duties to Plaintiffs.

125. Defendants owed Plaintiffs fiduciary obligations. By reason of their fiduciary relationships, Defendants owed Plaintiffs the highest obligation of good faith, fair dealing, loyalty and due care.

126. Defendants violated and breached their fiduciary duties of care, loyalty, reasonable inquiry, oversight, good faith and supervision.

127. Defendants breached their duty to act with reasonable care to ascertain that the information set forth in the written materials and other presentations communicated to Plaintiffs was accurate and did not contain misleading statements or omissions of material facts.

128. Defendants breached their duty to deal fairly and honestly with Plaintiffs.

129. Defendants received referral fees from the Recommended Hedge Funds in exchange for acting as an intermediary and for referring investors, including Plaintiffs.

Defendants' failure to disclose such information to Plaintiffs represents a breach of their fiduciary duties.

130. Defendants breached their fiduciary duties owed to Plaintiffs to avoid placing themselves in situations involving a conflict of interest with Plaintiffs, whose financial interests Defendants had undertaken to advance, supervise, manage, and protect.

131. Defendants breached their fiduciary duties by profiting at the expense of Plaintiffs.

132. Defendants breached their fiduciary duties by engaging in transactions that were designed to, and did, result in a profit to Defendants at the expense of Plaintiffs.

133. The acts of Defendants in breaching their fiduciary obligations owed to Plaintiffs showed a willful indifference to the rights of Plaintiffs.

134. Defendants had actual or constructive knowledge that they had caused or performed inadequate due diligence in the review of the Recommended Hedge Funds.

135. As a direct and proximate result of Defendants' failure to perform their fiduciary obligations, Plaintiffs have sustained significant damages. As a result of the misconduct alleged herein, Defendants are liable to Plaintiffs, who have no adequate remedy at law.

136. Plaintiffs have suffered damages proximately caused by the fiduciary duty breaches of Defendants in an amount to be proven at trial.

137. Defendants are liable for, and Plaintiffs are entitled to, punitive damages in an amount to be determined at trial attributable to conduct by Defendants that was reckless, willful, wanton, and without regard to the rights of Plaintiffs.

138. WHEREFORE, Plaintiffs demand judgment for damages, interest, prejudgment interest, attorneys' fees and costs, and for such other relief that this Court deems appropriate.

**COUNT VI**

**BREACH OF CONTRACT**  
**(Against all Defendants)**

139. Plaintiffs incorporate by reference all prior paragraphs of this Complaint as though fully set forth herein.

140. As set forth above, Defendants obligated themselves to certain contractual duties, including to timely and accurately report to its readers, customers and subscribers information that they could rely upon.

141. Defendants, as a result of the contractual relationship between Plaintiffs and Defendant WSD, had a duty to provide uncompromised and forthright investment advice.

142. Defendants also had a duty to disclose any inherent conflicts of interest that might, and in fact did, arise from Defendant Rowe receiving compensation of any kind from the Recommended Hedge Funds.

143. Defendants did not provide uncompromised and forthright advice.

144. Defendants committed a breach of contract by making representations that they knew were false and misleading.

145. Defendants committed a breach of contract by making representations that they had conducted due diligence as to the Recommended Hedge Funds when in fact they had not.

146. Plaintiffs have suffered substantial financial injury as a direct, foreseeable and proximate result of Defendants' contractual breaches, as alleged herein. In addition to the general damages flowing directly from these breaches, Plaintiffs are entitled to recover consequential, incidental and special damages, lost profits, lost opportunities, and other economic damages.

147. WHEREFORE, Plaintiffs demand judgment for damages, interest, prejudgment interest, attorneys' fees and costs, and for such other relief that this Court deems appropriate.

**COUNT VII**

**UNJUST ENRICHMENT**  
**(Against all Defendants)**

148. Plaintiffs incorporate by reference all prior paragraphs of this Complaint as though fully set forth herein.

149. Defendants were required to have done what they said they had done in *The Wall Street Digest*. To the extent Defendants did not conduct the due diligence they said they had or that such diligence was inadequate as to the Recommended Hedge Funds, Defendants did not earn the fees it charged Plaintiffs. At minimum, such fees must be returned to Plaintiffs.

150. Defendants had a duty to provide uncompromised and forthright investment advice.

151. Defendants also had a duty to disclose any inherent conflicts of interest that might, and in fact did, arise from Defendant Rowe receiving compensation of any kind from the Recommended Hedge Funds.

152. Defendants did not provide uncompromised and forthright advice.

153. By their wrongful acts and omissions, Defendants were unjustly enriched at the expense of and to the detriment of Plaintiffs.

154. As a result of the misconduct detailed herein, Plaintiffs investments in the Recommended Hedge Funds have been rendered worthless, yet Defendants reaped substantial fees at the expense of Plaintiffs.

155. Defendants have therefore been unjustly enriched and equity and good

conscience require that Defendants disgorge to Plaintiffs all such unjust enrichment in an amount to be determined at trial.

156. Plaintiffs seek restitution from Defendants, and seek an order from this Court disgorging all profits, benefits and other compensation obtained by Defendants from their wrongful conduct and fiduciary breaches.

157. WHEREFORE, Plaintiffs demand judgment for damages, interest, prejudgment interest, attorneys' fees and costs, and for such other and further relief that this Court deems appropriate.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiffs demand judgment:

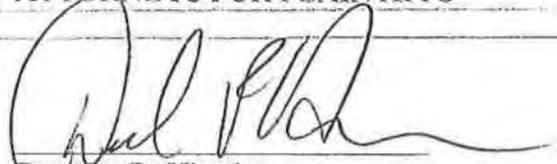
- A. Awarding compensatory damages against Defendants in favor of Plaintiffs for damages sustained as a result of Defendants' wrongdoing together with interest thereon;
- C. Awarding prejudgment interest;
- D. Awarding punitive damages as appropriate;
- E. Awarding extraordinary, equitable and/or injunctive relief as permitted by law (including but not limited to disgorgement);
- F. Awarding Plaintiffs their costs and disbursements of this suit, including reasonable attorneys' fees, accountants' fees, and experts' fees; and
- G. Awarding such other and further relief as may be just and proper.

**JURY DEMAND**

The Plaintiffs demand trial by a jury on all of the triable issues of this complaint.

Dated: New York, New York  
June 8th, 2010

ATTORNEYS FOR PLAINTIFFS



Douglas R. Hirsch  
SADIS & GOLDBERG LLP  
551 Fifth Avenue, 21<sup>st</sup> Floor  
New York, NY 10176  
(212) 947-3793

# **Exhibit A**

# The Carnegie Fund, L.P.

8830 S. Tamiami Trail Suite 110 Sarasota, FL 34238

June 4, 2009

Ms. Ami Marie Formica  
73 Morris Avenue  
Haworth, NJ 07641

Ms. Formica,

Your request to redeem your total interest in The Carnegie Fund, L.P. is being processed. The request was submitted in December 2008, thus putting your participation in The Carnegie Fund, LP on schedule to terminate March 31, 2009. Redemptions are distributed based on the fund's liquidity, and usually within 90 days of your ending participation date.

On or around March 23, 2009 you were redeemed \$60,000 from your capital account. Our original expectation was for those funds to be removed from the fund's participation on January 31<sup>st</sup>, 2009, however due to liquidity constraints, it was effective February 28, 2009. Your February 2009 balance of \$59,845.63 is still active in the fund until March 31, 2009.

Unfortunately, we are still waiting for a report from one of our underlying investments for March 2009, thus delaying our March number. (They are closing the fund and final audits are being conducted). The Carnegie Fund, LP redemption proceeds are sent out in an amount equal to 90 percent of the ending month's balance, proceeds shall, under normal circumstances, be paid as soon as reasonably practicable following the date as of which the redemption is effective. The remaining amount (the "Retained Amount") will be paid after the completion of the annual audit.

In the interim of waiting for your March 2009 balance to be completed, we are sending you approximately 75 percent of your February 2009 balance, \$45,000. When your March balance is completed, we will calculate 90 percent of that balance, subtract this amount, and send you the remainder. Your "Retained Amount", 10 percent of your March 31, 2009 balance, will be distributed upon completion of The Carnegie Fund's 2009 audit, expected in the spring of 2010.

Thank you for your participation in our fund and giving us the opportunity to serve you.

Sincerely,



Michael J Corcione  
Chief Operations Officer  
Carnegie Management Group

Owos Ami  
\$14,845.63

# Exhibit B

**Matthew Formica Roth IRA  
Senior Strength Q Fund #3575**

**Transfer Within Draseena Funds Notes**  
From Another Custodian

Date	Contribution	Redemption
/1/03	\$9,024	
/1/03	\$3,000	
/1/04	\$3,000	
/1/05	\$3,000	
/1/06	\$4,000	
/1/07	\$4,000	
/1/08	\$4,950	
0/09		(\$15,967)
30/09		(\$29,164)
3/30/09		(\$3,240)
TOTAL	\$30,974	(\$48,371)

**Matthew Formica Regular Money  
Three Oaks Senior Strength Fund #3145**

**Transfer Within Draseena Funds Notes**  
Wire Transfer From Viking Fund  
  
Transfer From Prudential Skandia Annuity Via Wachovia Bank  
Transfer From Prudential Skandia Annuity Via Wachovia Bank  
From Navigator Fund

Date	Contribution	Redemption
7/1/06	\$85,000	
1/06	\$15,000	
1/08	\$35,000	
1/08	\$75,000	
1/08	\$29,000	
1/09		(\$25,000)
10/09		(\$13,605)
	\$239,000	(\$38,605)
	\$269,974	(\$86,976)

**Kevin Formica Roth IRA**  
**Senior Strength Q Fund #3615**

Date	Contribution	Redemption	Transfer Within Draseena Funds	Notes
1/03	\$8,994			From Another Custodian
1/03	\$3,000			
1/04	\$3,000			
1/05	\$3,000			
1/06	\$4,000			
1/07	\$4,000			
1/08	\$4,950			
9/09		(\$15,735)		
9/09		(\$28,205)		
30/09		(\$4,166)		
<b>TOTAL</b>	<b>\$30,944</b>	<b>(\$48,106)</b>		

**Kevin Formica Regular Money**  
**Three Oaks Senior Strength Fund #3135**

Date	Contribution	Redemption	Transfer Within Draseena Funds	Notes
7/1/06	\$90,000			Wire Transfer From Viking Fund
7/1/06	\$10,000			
2/1/08	\$35,000			Transfer From Prudential Skandia Annuity Via Wachovia Bank
3/1/08	\$75,000			Transfer From Prudential Skandia Annuity Via Wachovia Bank
7/1/08	\$29,000			From Navigator Fund
9/1/09		(\$25,000)		
30/09		(\$13,605)		
<b>TOTAL</b>	<b>\$239,000</b>	<b>(\$38,605)</b>		
	<b>\$269,944</b>	<b>(\$86,711)</b>		

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**Ami Formica Roth IRA  
Senior Strength Q Fund #3735**

Date	Contribution	Redemption	Transfer Within Draseena Funds	Notes
1/03	\$11,058			From Another Custodian
1/03	\$3,000			
1/04	\$3,000			
1/05	\$3,000			
1/06	\$4,000			
1/07	\$4,000			
1/08	\$4,950			
09		(\$17,263)		
09		(\$31,081)		
09		(\$3,453)		
<b>TOTAL</b>	<b>\$33,008</b>	<b>(\$51,797)</b>		

**Ami Formica Regular Money  
Three Oaks Senior Strength Fund #3125**

Date	Contribution	Redemption	Transfer Within Draseena Funds	Notes
7/1/06	\$95,000			Wire Transfer From Viking Fund
7/1/06	\$5,000			
2/1/08	\$35,000			Transfer From Prudential Skandia Annuity Via Wachovia Bank
3/1/08	\$75,000			Transfer From Prudential Skandia Annuity Via Wachovia Bank
7/1/08	\$29,000			From Navigator Fund
1/1/08	\$1,500			
1/1/08	\$1,500			
1/1/08	\$1,500			
1/1/08	\$1,000			
09		(\$25,000)		
09		(\$13,643)		
<b>TOTAL</b>	<b>\$244,500</b>	<b>(\$38,643)</b>		
<b>TOTAL</b>	<b>\$277,508</b>	<b>(\$90,440)</b>		

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**Richard & Marilynn Formica Regular Money**

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Date	Contribution	Redemption	Transfer Within Draseena Funds Notes
2/1/02	\$20,000		Three Oaks Currency Fund #219/2195
2/1/02	\$1,500		
3/1/05			\$26,864 Transferred to Senior Strength Q Fund #5111
<b>TOTAL</b>	<b>\$21,500</b>	<b>\$0</b>	

*Closed Account*

**Senior Strength Q Fund #5111/9255**

\$26,864 Transferred from Three Oaks Currency Fund #219/2195

3/1/05			
3/1/05	\$50,002		
4/1/05	\$10,000		
5/1/05	\$10,004		
6/1/05	\$30,000		
3/30/09	\$0	(\$2,427)	
<b>TOTAL</b>	<b>\$100,006</b>	<b>(\$2,427)</b>	
<b>TOTAL</b>	<b>\$121,506</b>	<b>(\$2,427)</b>	

**Richard Formica Regular Money**

Date	Contribution	Redemption	Transfer Within Draseena Funds Notes
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Draseena Arrow Fund II #8225

1/1/06	\$300,000		
1/1/07	\$100,000		
1/1/07	\$0		\$200,000 Transferred to Draseena Three Oaks Senior Strength Fund #3305
1/1/08	\$0		\$216,302 Transferred to Draseena Three Oaks Senior Strength Fund #3305
<b>TOTAL</b>	<b>\$400,000</b>	<b>\$0</b>	

*Closed Account*

**Three Oaks Senior Strength Q Fund #3305/9255**

\$200,000 Transferred from Draseena Arrow Fund II #8225

\$216,302 Transferred from Draseena Arrow Fund II #8225

1/1/07			
1/1/08			
3/31/09	\$0	(\$34,428)	
5/30/09	\$0	(\$6,311)	
<b>TOTAL</b>	<b>\$0</b>	<b>(\$40,739)</b>	
<b>TOTAL</b>	<b>\$400,000</b>	<b>(\$40,739)</b>	
<b>TOTAL</b>	<b>\$521,506</b>	<b>(\$43,166)</b>	

**Marilynn Formica Roth IRA**

Senior Strength Q Fund #3565  
 Transfer Within Draseena Funds Notes

Date	Contribution	Redemption	Notes
9/1/03	\$5,818		From Another Custodian
7/1/06	\$4,000		For 2005 IRA
1/06	\$4,000		For 2006 IRA
10/09		(\$7,451)	
8/7/09		(\$12,598)	
10/09		(\$1,860)	
TOTAL	\$13,818	(\$21,909)	

**Marilynn Formica Rollover IRA**

Transfer Within Draseena Funds Notes  
 Draseena Three Oaks Currency Fund #221

Date	Contribution	Redemption	Notes
7/1/02	\$15,000		From Another Custodian
1/02		\$23,000	To Draseena Senior Strength Q Fund #5175
TOTAL	\$15,000	\$0	

*Closed Account*

**Draseena Arrow Fund #1115**

1/07		\$80,000	From Draseena Three Oaks Senior Strength Q Fund #5155, Marilynn Formica Rollover IRA
1/07		\$23,601	From Draseena Senior Strength Q Fund #5175, Marilynn Formica Regular IRA (Closed) via Three Oaks Currency Fund
7/1/08		\$106,987	To Draseena Senior Strength Q Fund #5155
TOTAL	\$0	\$0	

*Closed Account*

**Draseena Senior Strength Q Fund #5155**

5/30/05		\$100,000	From Draseena Arrow II Fund #8045 entitled Richard Formica Ph.D. P.A. Profit Sharing Plan & Trust
5/30/07		\$80,000	To Draseena Arrow Fund #1115, Marilynn Formica Rollover IRA
10/1/07	\$100,000		From Rydex High Street Financial
10/1/07	\$120,833		From Merrill Lynch, Fisher
1/08		\$106,987	From Draseena Arrow Fund #1115
1/1/08	\$43,483		From Rydex High Street Financial
10/09		(\$65,888)	Redemption
10/09		(\$350,000)	Redemption
1/30/09		(\$50,997)	
TOTAL	\$264,316	(\$466,885)	
ALL	\$279,316	(\$466,885)	

**Richard Formica Roth IRA**

Senior Strength Q Fund #3555  
 Transfer Within Draseena Funds Notes

Date	Contribution	Redemption	Notes
6/03	\$5,545		From Another Custodian
2/1/06	\$4,000		For 2005 IRA
2/1/06	\$4,000		For 2006 IRA
1/30/09		(\$7,214)	
8/7/09		(\$12,348)	
1/30/09		(\$1,824)	
TOTAL	\$13,545	(\$21,386)	

**Richard Formica Rollover IRA**

Transfer Within Draseena Funds Notes  
Three Oaks Currency Fund #220

Date	Contribution	Redemption	Transfer Within Draseena Funds Notes
1/02	\$15,000		From Another Custodian
1/02	\$100,000		From Another Custodian
1/02	\$9,997		From Another Custodian
1/07		\$196,157	To Draseena Senior Strength Q Fund #5165 and then on to Draseena Arrow Fund #1175
TOTAL	\$124,997	\$0	

*Closed Account*

Date	Contribution	Redemption	Transfer Within Draseena Funds Notes
1/07			Arrow Fund #1175
1/07		\$20,000	From Draseena Senior Strength Q Rollover IRA #5145
1/07		\$196,157	From Draseena Senior Strength Q Regular IRA #5165
1/08		\$223,221	To Draseena Senior Strength Q Fund #5145
TOTAL	\$0	\$0	

*Closed Account*

Date	Contribution	Redemption	Transfer Within Draseena Funds Notes
1/05			Senior Strength Q Fund #5145
1/07		\$100,000	From Draseena Arrow II Fund #8045 entitled Richard Formica Ph.D. P.A. Profit Sharing Plan & Trust
1/07	\$119,698	\$20,000	To Draseena Arrow Fund #1175 Richard Formica Rollover IRA
1/07	\$100,000		From Merrill Lynch, Fisher Investments
1/08			From Rydex High Street Financial
1/08	\$30,205	\$223,221	From Draseena Arrow Fund #1175
1/09			From Rydex High Street Financial
1/09		(\$81,876)	Redemption
1/09		(\$30,000)	
1/09		(\$70,000)	
1/09		(\$100,000)	
TOTAL	\$249,903	(\$281,876)	
TOTAL	\$374,900	(\$281,876)	

**Richard Formica Ph.D. P.A. Profit Sharing Plan & Trust**

Co-Owners & Co-Beneficiaries: Marilyn & Richard Formica

Redemption Transfer Within Draseena Funds Notes  
Draseena Three Oaks Currency Fund #152/1525

Date	Contribution	Redemption
1996	\$117,000	
1996		(\$117,514)
1997	\$100,000	
1997		(\$94,800)
1998	\$99,307	
1999	\$780,290	
1999		(\$400,404)
1/00	\$250,800	
1/00	\$367,710	
1/00	\$100,000	
1/00	\$350,000	
1/00	\$383,500	
1/00		(\$1,200,000)
1/01	\$150,000	
2001		(\$395,000)
1/1/02	\$37,000	
1/1/02	\$50,000	

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7/1/02 \$100,000  
 2002 (\$120,000)  
 2003 (\$263,090)  
 2004 (\$110,000)  
 3/30/05 \$250,000 Transferred to Draseena Arrow II Fund #804/8045  
 3/30/05 \$100,000 Transferred to Draseena Rollover IRA FBO Marilyn Formica SSQ #5155  
 3/30/05 \$100,000 Transferred to Draseena Rollover IRA FBO Richard Formica SSQ #5145  
 3/30/05 \$53,000 Transferred to Draseena Arrow II Fund #804/8045  
**TOTAL \$2,885,607 (\$2,700,808)**  
*Closed Account*

**Draseena Three Oaks Currency Fund #3001**  
 2003 \$135,930  
 2004 \$110,000  
 2004 (\$131,000)  
 3/30/05 \$120,000 Transferred to Senior Strength Q Fund #5121  
**TOTAL \$245,930 (\$131,000)**  
*Closed Account*

**Draseena Senior Strength Q Fund #5121**  
 2/1/05 \$50,001  
 2/1/05 \$10,000  
 2/1/05 \$10,000  
 2/1/05 \$30,000  
 3/30/05 \$120,000 Transferred from Three Oaks Currency Fund #3001  
 3/30/06 (\$30,000) Redemption to Fidelity  
 2/1/06 (\$30,000) Redemption to Fidelity  
 2/1/07 (\$30,000) Redemption to Fidelity  
 2/1/08 \$195,208 Transferred to Draseena Three Oaks Senior Strength Fund #3295  
**TOTAL \$100,001 (\$90,000)**  
*Closed Account*

**Draseena Arrow II Fund #804/8045**  
 3/30/05 \$250,000 Transferred from Three Oaks Currency Fund #152/1525  
 3/30/05 \$53,000 Transferred from Three Oaks Currency Fund #152/1525  
 3/30/05 \$200,000 \*Borrowed from Draseena  
 2007 \$200,000 \*Repayment of Loan  
 2007 \$22,487 \*Interest Paid on Loan to Draseena  
 6/1/07 \$97,000 From High Street Financial  
 6/1/07 \$100,000 Transferred to Draseena Three Oaks Senior Strength Fund #3295  
 9/1/08 \$485,868 Transferred to Draseena Three Oaks Senior Strength Fund #3295  
**TOTAL \$97,000 \$0**  
*Closed Account*

**Draseena Three Oaks Senior Strength Fund #3295**  
 10/1/07 \$100,000 Transferred from Draseena Arrow II Fund #804/8045  
 3/30/07 \$224,142 From Merrill Lynch  
 6/1/08 \$485,868 Transferred from Draseena Arrow II Fund #804/8045  
 9/1/08 \$195,208 Transferred from Draseena Senior Strength Q Fund #5121  
 9/1/08 \$30,000 From Fidelity  
 1/21/09 (\$71,871)  
 4/30/09 (\$15,501)

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 Filed 9/6/24/18  
 8-11-09  
 1056 M  
 3/30/05  
 3/30/05  
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 3/30/07  
 6/1/08  
 9/1/08  
 1/21/09  
 4/30/09

TOTAL	\$254,142	(\$87,372)
REFERRED TOTAL:	\$3,828,610	(\$3,009,180)
	\$4,510,189	(\$3,801,236)

# Exhibit C

Plaintiffs' Investments in the Nadel Funds

<u>Fund</u>	<u>Account</u>	<u>Date</u>	<u>Contribution</u>	<u>Redemption</u>	<u>Distribution</u>		
Scoop Real Estate, LP	Richard Formica	9/1/2005	\$ 100,000.00				
		10/1/2005	\$ 31,000.00				
		3/1/2006	\$ 50,004.00				
		7/1/2006	\$ 400,000.00				
		8/1/2006	\$ 251,000.00				
		9/1/2006	\$ 101,000.00				
		10/1/2006	\$ 101,000.00				
		11/1/2006	\$ 200,000.00				
		12/1/2006	\$ 250,000.00				
		5/1/2007	\$ 101,000.00				
		7/1/2007	\$ 75,000.00		\$ 400,000.00 to Wachovia		
		<b>Sub-Total</b>			<b>\$ 2,000,000.00</b>		
		Richard & Marilyn Formica		2/1/2005	\$ 100,000.00		
				4/1/2005	\$ 10,004.00		
5/1/2005	\$ 10,004.00						
6/1/2005	\$ 16,000.00						
<b>Sub-Total</b>				<b>\$ 136,008.00</b>			
Viking Fund	Richard & Marilyn Formica	12/1/2003	\$ 100,000.00				
		5/1/2004	\$ 100,000.00				
		10/1/2004	\$ 60,000.00				
		6/1/2005	\$ 40,000.00				
		<b>Sub-Total</b>			<b>\$ 300,000.00</b>		
Kevin Formica		5/1/2003	\$ 22,000.00				
		6/1/2003	\$ 18,500.00				
		1/1/2004	\$ 10,000.00				
		5/1/2004	\$ 12,000.00				
		3/1/2005	\$ 27,000.00				
		4/1/2005	\$ 10,000.00				
		5/1/2005	\$ 11,991.00				
		2/1/2006	\$ 22,000.00				
		6/1/2006	\$ 70,000.00		\$ 70,000.00 to Draseena		
		12/1/2007	\$ 63,000.00				
		12/1/2007	\$ 85,000.00				
		2/1/2008	\$ 100,000.00				
		3/1/2008	\$ 50,000.00				
		5/1/2008	\$ 24,000.00				
<b>Sub-Total</b>			<b>\$ 679,000.00</b>				
Ami Formica		5/1/2003	\$ 22,000.00				
		6/1/2003	\$ 18,300.00				
		1/1/2004	\$ 10,000.00				
		5/1/2004	\$ 12,000.00				
		3/1/2005	\$ 12,000.00				
		4/1/2005	\$ 10,001.00				
		5/1/2005	\$ 11,999.00				
		2/1/2006	\$ 22,000.00				
		6/1/2006	\$ 93,000.00		\$ 93,000.00 to Draseena		
		12/1/2007	\$ 63,000.00				
		12/1/2007	\$ 79,000.00				
		2/1/2008	\$ 100,000.00				
		3/1/2008	\$ 50,000.00				
		3/1/2008	\$ 80,000.00				
5/1/2008	\$ 24,000.00						
<b>Sub-Total</b>			<b>\$ 779,000.00</b>				

Plaintiffs' Investments in the Nadel Funds

Matthew Formica

3/1/2003	\$	22,000.00	
6/1/2003	\$	18,500.00	
1/1/2004	\$	10,000.00	
5/1/2004	\$	12,000.00	
3/1/2005	\$	25,000.00	
4/1/2005	\$	10,003.00	
5/1/2005	\$	11,992.00	
2/1/2006	\$	2,000.00	
2/1/2006	\$	20,000.00	
6/1/2006	\$		\$ 85,000.00 to Draseena
12/1/2007	\$	87,000.00	
1/1/2008	\$	62,000.00	
2/1/2008	\$	100,000.00	
3/1/2008	\$	50,000.00	
5/1/2008	\$	24,000.00	

Sub-Total: \$ 699,500.00

Richard F. Formica - Profit Sharing Plan & Trust

10/1/2001	\$	100,000.00	
11/1/2001	\$	400,000.00	
12/1/2001	\$	350,000.00	
5/1/2002	\$	75,000.00	
8/1/2002	\$	75,000.00	
10/1/2002	\$	30,000.00	
11/1/2002	\$	120,000.00	
5/1/2003	\$	50,000.00	
11/1/2003	\$	50,000.00	
9/1/2004	\$	150,000.00	\$ 2,000,000.00 to rollover IRA at Viking IRA
10/1/2004	\$	100,000.00	
11/1/2004	\$	150,000.00	
12/1/2004	\$	350,000.00	
3/1/2005	\$	50,000.00	
4/1/2005	\$	10,200.00	
6/30/2006	\$		\$ 250,000.00 to High Street then to Draseena
6/30/2007	\$		\$ 250,000.00 to Fisher Investments then to Draseena
5/1/2008	\$	28,000.00	

Sub-Total: \$ 3,800,000.00

Viking IRA Fund

Richard Formica - Rollover IRA

10/1/2004	\$	999,475.00	This was a \$1mm rollover from the Richard F. Formica - Profit Sharing Plan & Trust
6/30/2006	\$		\$ 250,000.00 to High Street then to Draseena
6/30/2007	\$		\$ 125,000.00 to Fisher Investments then to Draseena

Sub-Total: \$ 624,475.00

Richard Formica - Regular IRA

2/1/2002	\$	99,725.00	
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Sub-Total: \$ 99,725.00

Marilyn Formica

2/1/2002	\$	49,725.00	
7/1/2002	\$	38,585.00	

Sub-Total: \$ 88,310.00

# Exhibit D

# AMERICA'S TOP RANKED MONEY MANAGER

## *Market Beating Performance in 2003*

<u>2003</u>	<u>Fund A</u>	<u>Fund B</u>	<u>S&amp;P 500</u>
January	1.22%	1.28%	-2.73%
February	1.84	2.58	-1.75
March	2.81	3.44	0.83
First Quarter	5.98	7.46	-3.64

A SPECIAL REPORT FROM

## *THE WALL STREET DIGEST*

# AMERICA'S TOP RANKED MONEY MANAGER

## *Did Your Money Manager Return*

*21.7% in 2002*

*19.8% in 2001*

*55.1% in 2000*

After last year's market disaster (S&P 500 -23.3%), would you be happy with a 21.7% return in 2002, a 19.8% return in 2001 (S&P 500 -13%), or a 55.1% return on your equity investments for the year 2000 (S&P 500 -10.1%)? Would you be happy with a 90.7% return in 1998 and 87.8% in 1999?

These are the actual results achieved by an effective team of managers in Sarasota, Florida. After 39 years on Wall Street, Neil Moody left the Street to form an association with Arthur Nadel and his group to manage equity funds. The Nadel Group had enjoyed unusual success with private investment groups, testing a technical trading system that interacts with fundamentals to produce results that consistently outperform the market averages.

My curiosity about Nadel's computerized trading program eventually led to a due diligence visit to the offices of Nadel & Moody. Understandably, I did not learn the various mathematical formulas in Nadel's "black box" computer program.

What I did learn is very important for the individual investor. After 26 years of reviewing the track records of over 11,000 mutual funds, 6,000 money managers and 5,800 hedge funds, Nadel's computerized investment program has produced the best track record and most consistent returns I have ever seen.

His proprietary program, combined with screening for stock fundamentals, has consistently produced a profit month after month in both up and down markets. The highly technical program used by the group is proprietary, but I was given an opportunity to see it in action during a due diligence visit to their office.

A large group of computer monitors display market data continuously, reviewing and digesting current market movements and comparing them to previous data. Immediate newswire flashes are intermingled with muted "talking heads" on CNBC. Equity positions are adjusted, long and short, by means of instant-response trading programs.

Nadel & Moody offer private investment programs for pension plans and wealthy individuals, which are organized and administered by Moody. Not surprisingly, they do not advertise. Each investment program is set up as a limited partnership which is limited to only 99 investors. Each program is currently accepting only accredited investors.

An accredited investor has a net worth of \$1 million or an annual income of at least \$200,000 each year over the past 2 years. An investment program is almost always open to accredited investors.

## Nadel Moody 1998—2002 Performance Record

	<u>1998</u>			<u>1999</u>	
	<u>Invest Group#</u>	<u>S&amp;P 500</u>		<u>Invest Group#</u>	<u>S&amp;P 500</u>
January	1.9	0.5	January	10.0	4.2
February	10.7	7.0	February	3.2	-3.3
March	9.1	4.4	March	4.7	3.9
April	7.7	2.4	April	4.5	3.8
May	4.3	-2.7	May	6.1	-2.8
June	5.3	4.0	June	3.5	5.5
July	3.0	-1.1	July	4.1	-3.3
August	7.6	-15.8	August	3.8	-0.7
September	2.6	7.7	September	4.5	-2.8
October	3.4	8.1	October	5.0	6.2
November	6.0	5.9	November	7.9	1.9
December	5.4	5.6	December	7.6	5.8
	<b>*90.7%</b>	<b>26.7%</b>		<b>*87.8%</b>	<b>19.5%</b>

	<u>2000</u>			<u>2001</u>	
	<u>Fund A**</u>	<u>S&amp;P 500</u>		<u>Fund A**</u>	<u>S&amp;P 500</u>
January	4.7	-5.1	January	1.71	-3.48
February	26.5	-2.0	February	1.09	-9.22
March	4.6	9.7	March	2.78	-6.45
April	1.5	-3.1	April	1.83	7.67
May	2.8	-2.1	May	2.53	0.56
June	3.2	2.3	June	1.41	-2.31
July	0.4	-1.6	July	1.27	-1.30
August	3.2	6.1	August	1.08	-6.36
September	1.5	-5.4	September	-0.04	-8.20
October	-1.3	-0.5	October	1.60	1.83
November	-0.6	-8.0	November	1.93	-1.98
December	0.8	0.4	December	1.02	0.79
	<b>*55.1%</b>	<b>-10.1%</b>		<b>19.78%</b>	<b>-18.03%</b>

*#Management fees, incentive fees and trading fees have not been deducted from performance figures. \*Comparisons are month to month. Totals are year to date and reflect monthly compounding of gains. Net year-end performance is therefore, greater than the sum of monthly performance because of compounding. \*\*Net of all Fees and Expenses. Past performance is no guarantee of future results.*

	2001			2002			
	Fund A**	Fund B**	S&P 500	Fund A**	Fund B**	S&P 500	
January	1.71		3.48	January	1.25	3.18	-1.57
February	1.09		-9.30	February	0.95	2.99	-2.04
March	2.78		-6.38	March	1.25	3.19	3.61
April	1.83		7.67	April	1.23	3.06	-6.10
May	2.53		0.58	May	1.24	2.99	-0.93
June	1.41	4.46	-2.31	June	1.09	1.36	-7.22
July	1.27	1.18	-1.30	July	1.32	3.06	-7.88
August	1.08	1.99	-6.36	August	1.63	3.23	0.44
September	-0.04	3.32	-8.20	September	1.73	2.87	-11.03
October	1.60	4.09	1.83	October	3.16	4.14	8.71
November	1.93	3.82	1.98	November	4.29	5.28	5.64
December	1.02	3.13	10.49	December	0.78	0.86	-5.98
	*19.78%	*34.05%	-13.03%		*21.74%	*42.25%	-23.34%

\*Comparisons are month to month. Totals are year-to-date, and not the sum total of the compounded monthly returns. \*\*Net of all fees and expenses, excluding performance fee for 2001 and 2002. Past performance is no guarantee of future results. The S&P 500 Index is unmanaged, does not reflect advisory fees, may have volatility or other material characteristics that are different from the Fund and is included for illustration purposes.

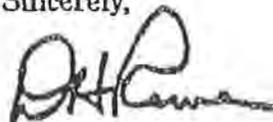
Limited partnerships of this type include a management fee and an incentive fee. Minimum investment is \$100,000. The investment should be viewed as long term. However, investors may redeem all or a portion of his/her investment at the end of any calendar quarter. Nadel & Moody offer private programs that are available to qualified investors and only through the firm's offering materials.

Over the past 63 months of managing money, Nadel's Management Group has been down only twice and flat once. During the same period, the S&P 500 Index has been down 33 months out of 63.

While past performance is no guarantee of future results, keep in mind that a consistent annual return of 26% will double your money every three years.

If you have questions or would like to review the firm's offering summary, call (800) 968-7693, or you may e-mail your name, address and telephone number to [info@carnegieasset.com](mailto:info@carnegieasset.com) and we will mail the company's information out to you.

Sincerely,



Donald H. Rowe  
Chairman  
Carnegie Asset Management



ONE SARASOTA TOWER • SARASOTA, FL 34236  
Phone: 800-785-5050 • Fax: 941-364-8447  
[www.wallstreetdigest.com](http://www.wallstreetdigest.com)

# Exhibit E

# CARNEGIE ASSET MANAGEMENT, INC.

One Sarasota Tower Suite 602 Sarasota, Florida 34236

## Did Your Money Manager Return 55% in 2000?

Dear Investor,

After last year's market disaster, would you be happy with a 55.1% return on your equity investments for the year 2000? Would you be happy with a 90.7% return in 1998 and 87.8% in 1999?

These are the actual results achieved by an effective team of managers in Sarasota, Florida. After 39 years on Wall Street, Neil Moody left the Street to form an association with Arthur Nadel and his group to manage an equity hedge fund. The Nadel Group had enjoyed unusual success with private investment groups, testing a technical trading system that interacts with fundamentals to produce results that consistently outperform the market averages.

	1998		1999		2000		
	Invest* Group	S&P 500	Invest* Group	S&P 500	Invest* Group	Hedge Fund **	S&P 500
January	1.9	0.5	10.0	4.2	6.5	4.7	-5.1
February	10.7	7.0	3.2	-3.3	6.7	26.5	-2.0
March	9.1	4.4	4.7	3.9	4.7	4.6	9.7
April	7.7	2.4	4.5	3.8	3.0	1.5	-3.1
May	4.3	-2.7	6.1	-2.8	3.6	2.8	-2.1
June	5.3	4.0	3.5	5.5	3.9	3.2	2.3
July	3.0	-1.1	4.1	-3.2	3.9	0.4	-1.6
August	7.6	-15.8	3.8	-0.7	4.0	3.2	6.1
September	2.6	7.7	4.5	-2.8	3.1	1.5	-5.4
October	3.4	8.1	5.0	6.2	2.5	-1.3	-0.5
November	6.0	5.9	7.9	1.9	2.3	-0.6	-8.0
December	<u>5.4</u>	<u>5.6</u>	<u>7.6</u>	<u>5.8</u>	<u>3.1</u>	<u>0.8</u>	<u>0.4</u>
	90.7%	26.7%	87.8%	19.5%	59.6%	55.1%	-10.1%

My curiosity about Nadel's computerized trading program eventually led to a due diligence visit to the offices of Nadel & Moody. Understandably, I did not learn the various mathematical formulas in Nadel's "black box" computer program.

*\*Management fees, incentive fees and trading fees have not been deducted from performance figures. Comparisons are month to month. Totals are year to date. \*\*Net of all Fees and Expenses. Past performance is no guarantee of future results.*

• 941-954-5500 • 800-966-7693 • Fax: 941-364-8447 •

## CARNEGIE ASSET MANAGEMENT, INC.

What I did learn is very important for the individual investor. After 25 years of reviewing the track records of over 11,000 mutual funds, 6,000 money managers and 5,800 hedge funds, Nadel's computerized investment program has produced the best track record and most consistent returns I have ever seen.

His proprietary program has consistently produced a profit month after month in both up and down markets. The highly technical program used by the group is proprietary, but I was given an opportunity to see it in action during a due diligence visit to their office.

A large group of computer monitors display market data continuously, reviewing and digesting current market movements and comparing them to previous data. Immediate newswire flashes are intermingled with muted "talking heads" on CNBC. Equity positions are adjusted, long and short, by means of instant-response trading programs.

Nadel & Moody offer private investment programs for pension plans and wealthy individuals, which are organized and administered by Moody. Not surprisingly, they do not advertise. Each investment program is set up as a limited partnership which is limited to only 99 investors. Each program may also include up to 35 non-accredited investors.

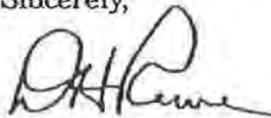
An accredited investor has a net worth of \$1 million or an annual income of at least \$200,000 each year over the past 2 years. An investment program is almost always open to accredited investors. Non-accredited investors may have to wait a month or so for the next available program.

Limited partnerships of this type include a management fee and an incentive fee. Moody's investment programs, however, are unique because they do not charge an incentive fee until investors have received the equivalent return of the S&P 500.

Minimum investment is \$100,000. The investment should be viewed as long term. However, investors may redeem all or a portion of his/her investment at the end of any calendar quarter. Nadel & Moody offer private programs that are available to qualified investors and only through the firm's offering materials.

If you have questions or would like to review the firm's offering summary, call Pam McDonald at (800) 966-7693.

Sincerely,



Donald H. Rowe  
Chairman  
Carnegie Asset Management

# Exhibit F

3/3/2009

Financial investment newsletter - Wall...



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Performance Record

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## America's Top Ranked Money Manager

### Market Beating Performance in 2003

2003	Fund A	Fund B	S&P 500
January	1.22	1.28	-2.73
February	1.84	3.58	-1.75
March	2.81	3.44	0.83
April	2.98	3.32	8.13
May	3.61	4.00	5.09
June	3.13	3.05	1.13
July	4.12	2.48	1.62
August	3.07	3.63	1.79
<b>Thru 8/31/03</b>	<b>25.08%</b>	<b>26.38%</b>	<b>14.55%</b>

### Did Your Money Manager Return

21.6% in 2002  
 19.8% in 2001  
 55.1% in 2000

After last year's market disaster (S&P 500 -23.3%), would you be happy with a 21.6% return in 2002, a 19.8% return in 2001 (S&P 500 -13%), or a 55.1% return on your equity investments for the year 2000 (S&P 500 -10.1%)? Would you be happy with a 90.7% return in 1998 and 87.8% in 1999?

These are the actual results achieved by an effective team of



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managers in Sarasota, Florida. After 39 years on Wall Street, Neil Moody left the Street to form an association with Arthur Nadel and his group to manage equity funds. The Nadel Group had enjoyed unusual success with private investment groups, testing a technical trading system that interacts with fundamentals to produce results that consistently outperform the market averages.

My curiosity about Nadel's computerized trading program eventually led to a due diligence visit to the offices of Nadel & Moody. Understandably, I did not learn the various mathematical formulas in Nadel's "black box" computer program.

What I did learn is very important for the individual investor. After 26 years of reviewing the track records of over 11,000 mutual funds, 6,000 money managers and 5,800 hedge funds, Nadel's computerized investment program has produced the best track record and most consistent returns I have ever seen.

His proprietary program, combined with screening for stock fundamentals, has consistently produced a profit month after month in both up and down markets. The highly technical program used by the group is proprietary, but I was given an opportunity to see it in action during a due diligence visit to their office.

A large group of computer monitors display market data continuously, reviewing and digesting current market movements and comparing them to previous data. Immediate newswire flashes are intermingled with muted "talking heads" on CNBC. Equity positions are adjusted, long and short, by means of instant-response trading programs.

Nadel & Moody offer private investment programs for pension plans and wealthy individuals, which are organized and administered by Moody. Not surprisingly, they do not advertise. Each investment program is set-up as a limited partnership which is limited to only 99 investors. Each program is currently accepting only accredited investors. An accredited investor has a net worth of \$1 million or an annual income of at least \$200,000 each year over the past 2 years. An investment programs is almost always open to accredited investors.

Limited partnerships of this type include a management fee and an incentive fee. Minimum investment is \$100,000. The investment should be viewed as long term. However, investors may redeem all or a portion of his/her investment at the end of any calender quarter. Nadel & Moody offer private programs that are

# Exhibit G

THE WALL STREET DIGEST

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## DIVERSIFICATION AMONG THE TOP 100 MONEY MANAGER'S WITH NO PORTFOLIO LOSSES CAN BUILD YOUR WEALTH AND PEACE OF MIND

Over 100 money managers with no portfolio losses are ready to manage your money. But I wouldn't hire just two or three. Hiring all of them is the best strategy to reduce risk and it will be remarkably simple and cost effective for you.

The source of these money managers is multiple databases of over 16,000 U.S. money managers which I downloaded into my database. I rank them monthly from best to worst and focus on the money managers in the top one percentile with no portfolio losses.

### Which Investment Strategies Are The Most Successful?

There are 15 basic investment strategies; 81 if you include nuances and modifications by the manger to reduce risk and enhance returns. But any strategy with little or no correlation to the movements of the stock and bond markets is the key to consistent profits quarter after quarter, year after year, without disappointing losses.

Sophisticated strategies that are able to capture profits from price imbalances in the stock and bond markets are unusually successful because market imbalances are always present (i.e. prices that are either too high or too low). Ph.D. mathematicians and computer science "Quants" skillfully exploit these daily market imbalances while reducing exposure to losses. These managers usually have high alphas and low betas.

I am constantly adding money managers to our main in-house database. But our focus is always on the managers with no losses on a quarterly and annual basis. Screening managers for the best monthly performance and reduced risk is a daily process. It is the best strategy, perhaps the best insurance policy I have found to insure a consistent profit for you and me, quarter after quarter, year after year.

I do not have a favorite investment strategy. Nor do I have a favorite money manager. The ultimate goal over time is to allocate an approximately equal portion of our assets to each of approximately 100 managers. From time to time, however, the minimum investment for each of the top 100 managers will have an influence on portfolio allocation percentages.