UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v. Case No. 8:09-cv-0087-T-26TBM

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

Defendants,

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

Relief Defendants.
_____/

THE RECEIVER'S THIRTEENTH INTERIM REPORT

Receivership Information and Activity from October 1, 2012 through February 28, 2013.

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INTRODUCTION

Burton W. Wiand, the Court-appointed Receiver for the Receivership Entities as defined herein, hereby files this Thirteenth Interim Report (the "**Report**") to inform the Court, the investors, and others interested in this Receivership, of activities from October 1, 2012 through February 28, 2013 as well as the proposed course of action.[1] As of the date of filing this Report, the Court has appointed Burton W. Wiand as Receiver over the following entities and trust:

a) Defendants Scoop Capital, LLC ("**Scoop Capital**") and Scoop Management, Inc. ("**Scoop Management**") (which, along with Arthur Nadel, are collectively referred to as "**Defendants**");

b) Relief Defendants Scoop Real Estate, L.P. ("**Scoop Real Estate**"); Valhalla Investment Partners, L.P. ("**Valhalla Investment Partners**"); Victory IRA Fund, Ltd. ("**Victory IRA Fund**"); Victory Fund, Ltd. ("**Victory Fund**"); Viking IRA Fund, LLC ("**Viking IRA Fund**"); and Viking Fund LLC ("**Viking Fund**") (collectively referred to as the "**Hedge Funds**");

c) Relief Defendants Valhalla Management, Inc. ("**Valhalla Management**"), and Viking Management, LLC ("**Viking Management**") (which, along with Scoop Capital and Scoop Management, are collectively referred to as the "**Investment Managers**"); and

d) Venice Jet Center, LLC; Tradewind, LLC; Laurel Mountain Preserve, LLC; Laurel Preserve, LLC; Laurel Mountain Preserve Homeowners Association, Inc.; Marguerite J. Nadel Revocable Trust UAD 8/2/07; Guy-Nadel Foundation, Inc.; Lime Avenue Enterprises, LLC; A Victorian Garden Florist, LLC; Viking Oil & Gas, LLC; Home Front Homes, LLC; Traders Investment Club; Summer Place Development Corporation; and Respiro, Inc.

The foregoing entities and trust are collectively referred to as the "**Receivership Entities**."

[1] Although this Interim Report covers the period from October 1, 2012 through February 28, 2013, where practicable, the Receiver has included information in his possession through the date of the filing of this Report.

The Receiver was appointed on January 21, 2009. By January 26, 2009, the Receiver established an informational website, www.nadelreceivership.com. The Receiver has updated this website periodically and continues to update it with the Receiver's most significant actions to date; important court filings in this proceeding; and other items that might be of interest to the public. This Report, as well as all previous and subsequent reports, will be posted on the Receiver's website.

Overview of Significant Activities During this Reporting Period

During the time covered by this Interim Report, the Receiver and his Professionals engaged in the following significant activities:

- Continued to pursue litigation for (1) the recovery of false profits (and in some cases, all distributions) from investors (i.e., from "**Profiteers**"); (2) the recovery of distributions from Receivership Entities to Donald and Joyce Rowe, and certain of their affiliated entities; and (3) the recovery of other distributions, such as commissions, from other individuals and/or entities;

- Prevailed on six summary judgment motions resulting in the entry of judgments against Profiteers for a total amount of **$2,869,015.43**;

- Collected **$18,232,983.59** from a settlement with Holland & Knight, LLP, the law firm that prepared private placement memoranda used to solicit investors into the scheme;

- Reached three settlements with Profiteers and non-profit organizations for a total sum of **$651,168.00**. As of April 3, 2013, the Receiver has reached 136 agreements to settle with Profiteers and non-profit organizations and obtained 16 judgments against Profiteers for a total combined amount of **$25,021,255.85** (plus additional non-cash assets);

- After extensive negotiations, reached a settlement agreement with Donald and Joyce Rowe and related entities (collectively the "**Rowe Defendants**") which provides, in pertinent part, that (1) the Rowes will consent to entry of a joint and several judgment against the Rowe Defendants in favor of the Receiver in the amount of **$4,028,385.00** on all claims; (2) the Rowe Defendants will pay the Receiver **$250,000.00**, which was paid from the surrender of or a loan securitized by a $400,000.00 annuity held by Rowe Defendants; and (3) the Receiver will use

best efforts to seek to enjoin two currently pending proceedings against the Rowe Defendants brought by investors in Nadel's scheme;[2]

- Recovered $12,797.20 from the sale of shares which had previously been held by Valhalla Investment Partners, but had been escheated to the State of Florida and subsequently sold by the state;

- Pursued litigation against Wells Fargo to recover damages and fraudulent transfers relating to the bank's activities in connection with the Ponzi scheme underlying this case;

- Maintained Receivership funds in appropriate accounts and, through February 19, 2013 in certificates of deposit ("CDs"). As of April 3, 2013, the total funds in all Receivership accounts are approximately **$11,204,522.16**, which includes $2,919,110.57 being in held in reserves for objections in the claims process and $2,229,463.15 being held in escrow until a claim to these funds is resolved;

- Continued to operate ongoing businesses, and where possible, enhance the value of those businesses resulting in the generation of $324,905.28 in gross business income;

- Generated $84,815.04 in interest/dividend income; $26,148,032.76, in third-party litigation income; and $34,665.75 in other income;

- Filed the Receiver's Motion to (1) Approve Second Interim Distribution, (2) Approve Revisions to Certain Claim Determinations, (3) Increase Certain Reserves, and (4) Release Certain Other Reserves, which sought the approval of a second interim distribution of approximately $22 million on a *pro rata* basis, representing an additional recovery of 16.75% of the Allowed Amount of claims receiving a distribution at that time, bringing the total recovery to 36.75% of the Allowed Amount of these claims; and

- Obtained an order granting the Receiver's motion for approval of a second distribution and distributed 346 checks totaling $21,644,200.35 to Claimants holding claims which were determined to be entitled to participate in the second interim distribution; one check in the amount of $34,239.79 remains outstanding from this interim distribution.

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[2] The Receiver will make every reasonable effort to collect as much as possible on this judgment. Although the Rowe Defendants have represented that they do not have the means to satisfy this judgment the Receiver is skeptical and has begun to search for assets.

The above activities are discussed in more detail in the pertinent sections of this Interim Report.

BACKGROUND

I. Procedure and Chronology.

Defendant Arthur Nadel ("**Nadel**") was the Hedge Funds' principal investment advisor and an officer and director of Scoop Management and sole managing member of Scoop Capital. On or about January 14, 2009, Nadel fled Sarasota County and disappeared for nearly two weeks.

On January 21, 2009, the Commission filed a complaint in this Court charging the Defendants with violations of federal securities laws (the "**Commission Proceeding**"). In this Proceeding, the Commission alleged that Nadel used the Investment Managers to defraud investors in the Hedge Funds from at least January 2008 forward by "massively" overstating investment returns and the value of fund assets to investors in these funds and issuing false account statements to investors. The Commission also asserted that Nadel misappropriated investor funds by transferring $1.25 million from Viking IRA Fund and Valhalla Investment Partners to secret bank accounts. The Court found the Commission demonstrated a *prima facie* case that the Defendants committed multiple violations of federal securities laws. On August 17, 2010, the Commission moved the Court to approve a consent judgment against Nadel and filed Nadel's consent to the same. (Doc. 457.) On August 18, 2010, the Court entered a Judgment of Permanent Injunction and Other Relief against Nadel ("**Judgment**"). (Doc. 460.) The Judgment permanently enjoined Nadel from further violations of the antifraud provisions of the federal securities laws and ordered Nadel to pay

disgorgement of ill-gotten gains with prejudgment interest and a civil penalty in amounts to be determined by the Court upon the Commission's motion.

On January 21, 2009, the same day the Commission filed its complaint, the Court entered an order appointing Burton W. Wiand as Receiver for the Investment Managers and Hedge Funds (the "**Order Appointing Receiver**"). (*See generally* Order Appointing Receiver (Doc. 8).) Between January 27, 2009, and September 21, 2012, on the Receiver's motions, the Court entered orders expanding the scope of receivership to include additional entities as follows:

January 27, 2009 (Doc. 17)	Venice Jet Center, LLC Tradewind, LLC
February 11, 2009 (Doc. 44)	Laurel Mountain Preserve, LLC Laurel Preserve, LLC Marguerite J. Nadel Revocable Trust UAD 8/2/07 Laurel Mountain Preserve Homeowner Association, Inc.
March 9, 2009 (Doc. 68)	Guy-Nadel Foundation, Inc.
March 17, 2009 (Doc. 81)	Lime Avenue Enterprises, LLC A Victorian Garden Florist, LLC
July 15, 2009 (Doc. 153)	Viking Oil & Gas, LLC
August 10, 2009 (Doc. 172)	Home Front Homes, LLC
August 9, 2010 (Doc. 454)	Traders Investment Club
September 12, 2012 (Doc. 911)	Summer Place Development Corporation
September 21, 2012 (Doc. 916)	Respiro, Inc.

On June 3, 2009, January 19, 2010, September 23, 2010, October 29, 2012, and March 7, 2013 the Court entered orders Reappointing Receiver. (Docs. 140, 316, 493, 935, and 984.) The January 21, 2009, June 3, 2009, January 19, 2010, September 23, 2010, October 29, 2012, and March 7, 2013 Orders will be referred to collectively as the "**Orders**

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

On January 27, 2009, Nadel surrendered to the FBI in Tampa, Florida. On April 28, 2009, he was indicted on six counts of securities fraud, one count of mail fraud, and eight counts of wire fraud. On February 24, 2010, Nadel pled guilty to all counts in the indictment. On October 21, 2010, Nadel was sentenced to 14 years in prison. Nadel died in prison on April 16, 2012.

II. The Receiver's Role and Responsibilities.

For a discussion of the Receiver's role and responsibilities, please refer to the Ninth Interim Report and earlier Interim Reports.

III. Overview of Findings To Date.

The Receiver has discovered that from 1999 through 2008, approximately $330 million was raised in connection with over 700 investor accounts on behalf of one or more of the Hedge Funds by Nadel and his entities, Scoop Management and Scoop Capital; by the rest of the Fund Managers; and by the Moodys through the offer and sale of securities in the form of interests in Hedge Funds as part of a single, continuous Ponzi scheme. As discussed in prior Interim Reports, Nadel grossly overstated the trading results of the Hedge Funds. Despite significantly lower, and typically negative yields (*i.e.*, trading losses), Nadel, the

Moodys, and the Fund Managers falsely communicated to investors and potential investors, through monthly "statements," Hedge Funds' "Executive Summaries," and other methods, that investments were generating positive returns and yielding between 10.97% and 55.12% per year. For most years, they falsely represented the investments were generating returns between 20% and 30%.

To perpetrate and perpetuate this scheme, Nadel caused the Hedge Funds to pay investors "trading gains" as reflected on their false monthly statements. The funds used to pay these trading gains were not generated from trading activities; rather they were generated from new or existing investors. Nadel further caused the Hedge Funds to pay tens of millions of dollars in fees. Those fees were based on grossly inflated returns, and thus, were improperly and wrongfully paid. The negative cash flow of the Hedge Funds made the eventual collapse of Nadel's scheme inevitable.

As mentioned above, on February 24, 2010, Nadel pled guilty to all counts in the indictment relating to this scheme and on October 21, 2010, was sentenced to 14 years in prison. For a more detailed overview of the Receiver's findings, please refer to the Ninth Interim Report.

ACTIONS TAKEN BY THE RECEIVER

Since his appointment on January 21, 2009, the Receiver has taken a number of steps to fulfill his mandates under the Order Appointing Receiver. For additional efforts of the Receiver, please refer to prior Interim Reports.

IV. Securing the Receivership Estate.

A. Taking Possession of Defendants' Headquarters.

On the day of his appointment, the Receiver took possession of the Receivership Entities' offices at 1618 Main Street, Sarasota, FL 34236 (the "**Office**"). Nadel used the Office as the headquarters for administering his control of the Investment Managers, Hedge Funds, and other Receivership Entities. Among other things, the Receiver removed documents, several servers, and other computer-related equipment from the premises that were used by Nadel and the entities he controlled. The Receiver retained experienced forensic information technology experts with the firm E-Hounds, Inc. ("**E-Hounds**"), to assist in securing and analyzing the electronic data on the computers. E-Hounds personnel secured the data and conducted forensic analyses.

B. Securing Receivership Funds.

At the outset of the Receivership, approximately $556,758.33 in cash and cash equivalents in financial accounts titled in the name of the Hedge Funds and Investment Managers were identified and frozen pursuant to the Nadel TRO and the Preliminary Injunction. In addition, the Receivership recovered approximately $629,750.47 in additional cash and cash equivalents from financial accounts titled in the name of other Receivership Entities at the time those entities were brought into receivership. Thus, total cash at the inception of the Receivership and as the Receivership was expanded to include each additional Receivership Entity was approximately $1,186,508.80.[3]

[3] This amount does not include any sum for non-cash or non-cash equivalent assets the Receiver has recovered. For a discussion of these assets, please refer to Section V below.

During the time covered by this Interim Report, Receivership funds were held at (1) Bay Cities Bank in six CDs, a non-interest bearing operating account, and two variable interest rate money market accounts; and (2) American Momentum Bank in two variable interest rate money market accounts. The CDs matured on February 19, 2013 and the total sum of $1,547,779.74 was added to the Receiver's Bay Cities Bank money market account. As of April 3, 2013, the total funds in all Receivership accounts are approximately $11,204,522.16, which includes $2,919,110.57 being in held in reserves for objections in the claims process and $2,229,463.15 being held in escrow until a claim to these funds is resolved. The Receiver continues to review the appropriate action to take with respect to Receivership funds in light of the current state of the economy and financial institutions. If appropriate and in the best interests of the Receivership, he will move the funds into other interest-bearing accounts and/or revenue-generating investments.

C. Locating Additional Funds.

One of the Receiver's highest priorities is to locate and recover any additional funds that were in Nadel or the Receivership Entities custody at the time of the scheme. The Receiver retained a forensic accounting firm to assist in tracing funds. As discussed in Section V below, the Receiver's investigation revealed that significant sums were used to purchase or fund other entities.

1. Recovery of Tax Refunds.

The Receiver has sought to obtain tax refunds owed to certain insiders based upon taxes paid in prior years on nonexistent trading profits, periodic taxes paid on anticipated income that was never earned, and/or overpayment of taxes as a result of loss of investment.

As a result of these efforts, the Receiver has recovered a total sum of **$2,052,040.11** in tax refunds from Form 1045 Applications for Tentative Refund ("**Form 1045**") for carryback losses on behalf Chris Moody, Neil Moody, and Sharon Moody. The Receiver also submitted Forms 1045 for Arthur Nadel and Marguerite Nadel seeking the return of approximately $1,183,525.00 and $2,123,594.00, respectively. No tax refunds have been received for these submissions yet although the Receiver's representative has been in frequent contact with the Internal Revenue Service in an effort to expedite the process as much as possible.

The Receiver also recovered two tax refund checks totaling $1,261,359.33 from Mrs. Nadel as a result of improperly filed documents with the IRS on behalf of a Receivership Entity. Including these two refund checks, the total amount the Receiver has recovered from federal tax refunds to insiders is **$3,313,399.44**. For more detailed information regarding the Receiver's efforts to recover tax refunds, please refer to the Ninth Interim Report.

D. Receivership Accounting Report.

Attached as **Exhibit A** to this Interim Report is a cash accounting report showing the amount of money on hand as of October 1, 2012 less operating expenses plus revenue through February 28, 2013. This cash accounting report does not reflect non-cash or cash-equivalent assets. Thus, the value of all property discussed in Section V below is not included in the accounting reports. From October 1, 2012 through February 28, 2013, the Receiver received $324,905.28 in business income from ongoing operations of some

Receivership Entities;[4] $84,815.04 in interest/dividend income; $26,148,032.76 in third-party litigation income; and $34,665.75 in other income.[5] (Ex. A.)

Since the inception of the Receivership through February 28, 2013, the Receiver received $4,629,646.70 in business income from ongoing operations of some Receivership Entities; $2,066,501.32 in cash and securities; $877,483.93 in interest/dividend income; $6,823,661.15 in business asset liquidation; $120,000.00 in personal asset liquidation; $57,188,478.02 in third-party litigation income; and $4,832,737.53 in other income.

E. Obtaining Information from Third Parties.

Since obtaining control of the Receivership Entities, the Receiver and his professionals have had discussions – including continuing discussions – with a significant number of people associated with Nadel and/or the Receivership Entities. The Receiver and his professionals have also reviewed documents located in the Office; documents obtained from the accountant for several Receivership Entities; information stored on the Receivership Entities' computer network; documents obtained from other businesses controlled by Nadel; documents obtained from financial institutions and other third parties, including Donald H.

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[4] As discussed in Section V.A below, much of the entities' business income is derived from rental payments. The income numbers provided in this and the following paragraph are gross figures and do not include any offset for business operations costs or any other expenses.

[5] The "other income" includes: $3,723.20 from the sale of miscellaneous assets; $500.00 from processing fees for checks reissued in connection with the claims process; $5,000.00 from the sale of the Receiver's Bonds.com shares; $529.17 from payment on a mortgage related to a clawback lawsuit; $12,116.18 from the beginning balance of Respiro; and $12,797.20 from the sale of certain stock.

Rowe ("**Rowe**") and lawyers and others who assisted Nadel's businesses with their transactions; and information available in the public record.

V. Asset Analysis and Recovery.

A. Expansion of Receivership to Include Additional Entities.

As a result of the review of these records and of the discussions noted above, the Receiver sought and successfully obtained the expansion of the Receivership to include: Venice Jet Center, LLC; Tradewind, LLC; Laurel Mountain Preserve, LLC; Laurel Preserve, LLC; Laurel Mountain Preserve Homeowners Association, Inc.; the Marguerite J. Nadel Revocable Trust UAD 8/2/07; the Guy-Nadel Foundation, Inc.; Lime Avenue Enterprises, LLC; A Victorian Garden Florist, LLC; Viking Oil & Gas, LLC; Home Front Homes, LLC; Summer Place Development Corporation; Traders Investment Club; and Respiro, Inc.[6] These entities will hereinafter be referred to collectively as the "**Additional Entities**." The Receiver's investigation revealed that the Additional Entities were purchased and/or funded with money derived from Nadel's fraudulent investment scheme.

The following discussion of the Additional Entities includes a description of assets the Receiver has acquired as a result of the businesses' inclusion in the Receivership. Assets, including Additional Entities, which have been sold or otherwise disposed of are identified on the attached **Exhibit B**. Exhibit B includes a description of the asset, any known

[6] The Receiver sold or otherwise disposed of the assets of the Venice Jet Center, LLC; the Marguerite J. Nadel Revocable Trust UAD 8/2/07; Lime Avenue Enterprises, LLC; A Victorian Garden Florist, LLC; and Home Front Homes, LLC. For more information regarding these entities and the sale and/or disposition of their pertinent assets, please refer to Exhibit B and prior Interim Reports.

encumbrances related to the asset, the disposition of the asset, and the amount received from the sale of the asset through the date of this Interim Report, and/or the amount of debt waived in connection with the disposition of the asset. For more information regarding assets identified on Exhibit B, please refer to prior Interim Reports. Assets which have not been sold or otherwise disposed of are discussed below.

1. Tradewind, LLC.

Tradewind, LLC ("**Tradewind**") was formed in Delaware in January 2004 and registered for the first time in Florida in March 2008. Nadel was Tradewind's managing member and registered agent, and its principal address was the Office. Tradewind owned and controlled five planes and one helicopter and owns 31 hangars at the Newnan-Coweta County Airport in Georgia (the "**Georgia Hangars**"). The Receiver's investigation revealed that Tradewind was funded with money from Nadel's scheme. Tradewind is a fully operating business with potential to generate assets for the Receivership estate.

On January 27, 2009, the Court expanded the Receivership to include Tradewind. Since the Receiver's appointment as Receiver of Tradewind, he has taken control of it and is continuing to operate the business. Tradewind collects approximately $20,000 in monthly rent and incurs varying monthly expenses, which include land rent, loan payments, and various utilities. The Receiver is entertaining offers to purchase this business or any of its assets.

The Receiver has possession and control of the Georgia Hangars, which have one known encumbrance: a loan with the Bank of Coweta. The loan matured on June 25, 2012, and was not renewed. The principal balance of the loan at the time of maturity was

approximately $874,501.21. The Receiver is currently making monthly interest-only payments of approximately $5,500. There is also monthly rent of $3,079.89 due to the Newnan Coweta Aviation Authority which the Receiver has been paying as he believes it is in the best interest of the Receivership. The Coweta County Airport Authority has communicated to the Receiver that it will agree to enter into a new 25 year land lease with two additional five year options with a new purchaser. The Receiver has received offers to purchase the Georgia Hangars. The offers, however, were below what the Receiver believes to be the fair market value of the Hangars.

2. Laurel Mountain Preserve, LLC; Laurel Preserve, LLC; and Laurel Mountain Preserve Homeowners Association, Inc.

Laurel Mountain Preserve, LLC ("**Laurel Mountain**"), was formed in Florida in December 2003. Laurel Mountain was "withdrawn" as a limited liability company in January 2006. Laurel Preserve, LLC ("**Laurel Preserve**"), was formed as a North Carolina limited liability company in February 2006. Laurel Preserve holds title to approximately 420 acres near Asheville, North Carolina in Buncombe and McDowell counties, intended for development of home-sites (the "**Laurel Mountain Property**"). The Laurel Mountain Preserve Homeowners Association, Inc. (the "**HOA**"), is a North Carolina non-profit corporation formed in March 2006. Nadel controlled each of these entities.

On February 11, 2009, the Court expanded the Receivership to include Laurel Mountain, Laurel Preserve, and the HOA. Since the Receiver's appointment as Receiver of these entities, he has taken control of them and is working on marketing for sale the Laurel Mountain Property. This property currently does not generate any income. The Laurel Mountain Property encompasses 29 lots, including 23 estate-sized and 6 cottage-sized lots.

There is also a cabin home on this property that, according to the Buncombe County Property Appraiser, is valued at $319,800 (as of April 30, 2012). The Laurel Mountain Property's infrastructure is fully developed: infrastructure and utilities are in place and are fully functional.

The Laurel Mountain Property has two known encumbrances. The first encumbrance is a $360,157.37 loan from BB&T Bank. The second encumbrance is a $1,900,000 interest only loan from Wells Fargo. There is a monthly payment of $5,149.66 due on this latter loan and the Receiver is not making the loan payments. Without notifying this Court or the Receiver, on June 24, 2011, Wells Fargo filed in the United States District Court for the Southern District of New York a petition under 21 U.S.C. § 853(n)(2) and Federal Rules of Criminal Procedure 32.2(c) seeking a hearing to adjudicate its interest in the Laurel Mountain Property. On February 12, 2012, that court entered a stipulation and order vacating its preliminary forfeiture order with respect to the Laurel Mountain Property, which effectively rendered Wells Fargo's petition moot.

At the time the Receiver recovered the Laurel Mountain Property it also had a third encumbrance. The third encumbrance was an easement of approximately 169 acres of the Laurel Mountain Property, which was granted to a land conservancy in 2005 (the "**Easement**"). The Receiver instituted an ancillary civil proceeding against the Carolina Mountain Land Conservancy ("the **Conservancy**") to extinguish the Easement on December 1, 2009. *Burton W. Wiand, as Receiver v. Carolina Mountain Land Conservancy*, M.D. Fla. Case No. 8:09-cv-2443-T-27TBM ("**Conservancy Action**"). On April 1, 2011, the Receiver filed a motion to approve a settlement with the Conservancy. (Doc. 614.) In pertinent part,

the settlement provided that the Receiver dismiss the Conservancy Action in consideration of the Conservancy (1) returning unused donations in the amount of $10,115 and (2) agreeing to obtain an order vacating the Easement. The Court granted this motion in its entirety on April 4, 2011 (Doc. 615) and an order vacating the Easement was entered on May 24, 2011 (Conservancy Action Doc. 28).

For more information regarding the Laurel Mountain Property, please visit http://www.laurelmountainpreserve.com. Parties interested in purchasing this property should contact the Receiver directly.

3. Guy-Nadel Foundation, Inc.

The Guy-Nadel Foundation, Inc. (the "**Foundation**"), is a Florida non-profit corporation Nadel formed in December 2003 for "charitable, educational and scientific purposes." The Foundation was funded with proceeds of Nadel's scheme. On March 9, 2009, the Court expanded the Receivership to include the Foundation. Since the Receiver's appointment as Receiver of the Foundation, he has taken control of it and is working on marketing the real property owned by the Foundation.

The Receiver discovered that from 2000 through 2008, the Foundation made a total of approximately $2,484,589 in contributions from scheme proceeds to various non-profit organizations and charities. The Receiver focused his attention on the non-profit organizations that received the most contributions. The Receiver pursued settlement negotiations and, in some instances, litigation against these organizations. The Receiver has amicably resolved all actions he brought against these organizations through settlement. For

more information regarding these actions, please refer to the Twelfth Interim Report and prior Interim Reports.

North Carolina Parcels

The Receiver has possession and control of approximately eight lots that are essentially adjacent to each other and to the Laurel Mountain Property. The lots appear to have been purchased by Laurel Mountain and the Nadels as part of the same general transaction in which Laurel Mountain purchased the Laurel Mountain Property. In December 2003 and December 2004, Laurel Mountain and Nadel and his wife deeded these lots to the Foundation. The Receiver is currently marketing this property with the Laurel Mountain Property. Parties interested in purchasing this property should contact the Receiver directly.

Thomasville, Georgia Parcels

Additionally, the Receiver has possession and control of two small parcels of unimproved land in Thomasville, Georgia (this land is separate from the Thomasville Property discussed in Section V.B.1, below) owned by the Foundation. According to the Thomas County Board of Tax Assessors, the first lot (located on North Stevens Street) has a 2012 tax valuation of $10,342, and the second lot (located on Church Street) has a 2012 tax valuation of $2,224. The Receiver is preparing to auction these properties. Parties interested in purchasing these parcels should contact the Receiver directly.

4. Viking Oil & Gas, LLC.

Viking Oil & Gas, LLC ("**Viking Oil**") is a Florida limited liability company formed in January 2006 by the Moodys to make personal investments in an oil and gas venture. Its

principal address was the Office. The Receiver's investigation revealed that Viking Oil was funded with proceeds from Nadel's scheme. The funds invested in Viking Oil were used to purchase an investment interest in Quest Energy Management Group, Inc. ("**Quest EMG**"). Between February 2006 and April 2007, through Viking Oil, the Moodys invested $4 million to fund a working interest in Quest EMG.

As discussed in Section V.C.4, below, the Receiver has possession of a promissory note from Quest EMG and two individuals to Valhalla Investment Partners in the amount of $1,100,000. Quest EMG made monthly interest payments on this note through January 2013. Since the appointment of the Receiver through January 31, 2013, $440,617.86 was paid in interest on this note. On July 15, 2009, the Court expanded the Receivership to include Viking Oil. Since the Receiver's appointment as Receiver of this entity, he has taken control of it and is determining the most prudent course of action to take with respect to the working interest in Quest EMG. It appeared the parties had resolved this matter, however Quest EMG failed to make a required payment. The Receiver made a demand for repayment of the loan and Quest failed to meet that demand. On March 21, 2013, the Receiver filed a motion to expand the scope of the Receivership to include Quest EMG (Doc. 993). No order has been issued on this motion yet.

5. Summer Place Development Corporation.

Summer Place is a Florida company that was formed in May 2005 and purchased by Clyde Connell in December 2005. Nadel, through Scoop Capital, purchased a fifty-percent ownership stake in Summer Place with a payment of $50,000 to Mr. Connell in December 2006 and another payment of $13,204.99 in February 2007. Nadel was appointed Director,

Secretary, and Treasurer of Summer Place at that time. In April 2009, the Receiver replaced Nadel as Director, Secretary, and Treasurer of Summer Place and Scoop Capital's shares in Summer Place were transferred to the Receiver. The Receiver attempted to sell his fifty-percent ownership with no success. In April 2012, Mr. Connell and Juanita Connell, the only other Summer Place shareholders, relinquished their interest in Summer Place and transferred their membership units to the Receiver in exchange for the Receiver's agreement to pay them one-half of the net proceeds from the sale of assets owned by Summer Place.

Summer Place owns a six-acre parcel in Bradenton, Florida, which has no known liens or encumbrances. Summer Place was originally created to build thirty affordable home sites on this property. However, due to the decline in the market for affordable housing, no development ever occurred. Summer Place has had no operations for several years and currently generates no income. Taxes on the property are approximately $3,000 a year. On September 11, 2012, the Receiver filed a motion asking the Court to expand the Receivership to include Summer Place (Doc. 909). The Court granted this motion on September 12, 2012 (Doc. 911). The Receiver sought the expansion of the Receivership to include Summer Place so that he could market and sell the six-acre parcel of land. The future sale of this land should provide funds for the Receivership Estate and benefit defrauded investors and creditors. Parties interested in purchasing this property should contact:

Mike Migone, CCIM
Sperry Van Ness
1626 Ringling Blvd., Suite 500
Sarasota, Florida 34236
Office: (941) 387-1200
Email: www.suncoastsvn.com

6. Traders Investment Club.

Traders was a Florida partnership formed in December 1998 to operate as a purported "investment club." Nadel controlled Traders and purported to buy and sell securities on its behalf in an effort to generate trading profits. Records in the Receiver's possession show that Traders was in existence until December 2005. During its existence, Traders had approximately 35 different investors many of whom were also simultaneously investors in the Hedge Funds. Aside from raising money for Traders from investors, the Receiver's investigation revealed that Nadel funded Traders with unlawful transfers from the Hedge Funds.

Nadel purported to close Traders in 2005 by distributing supposed "principal and trading gains" directly to investors or to the Hedge Funds as purported "roll-overs" into the pertinent investors' Hedge Fund "accounts." Further, representations Nadel made to Traders' investors regarding investment performance were grossly overstated. Because of the commingling of funds between Traders and the Receivership Entities and the fraud perpetrated by Nadel through his control of all of these entities, the Receiver sought the expansion of the Receivership to include Traders. (*See* Motion to Expand Receivership to Include Traders, Aug. 9, 2010, Doc. 453.) On August 9, 2010, the Court expanded the Receivership to include Traders (Doc. 454).

7. Respiro, Inc.

Respiro provides home respiratory services and medical equipment products and is headquartered in Sarasota, Florida. Chris Moody, his wife Tamara Moody, Lyle Warner, and Nathan Warner formed Respiro in December 2007. Beginning shortly after its formation

through February 2009, Chris Moody funded Respiro with a series of transfers, totaling $557,500, primarily through his revocable trust. These funds were proceeds of Nadel's scheme. Although Chris Moody funded Respiro, no shares were placed in his name. Instead, the bulk of the shares were given to his wife, and the remaining shares were given to the Warners. Despite the Receiver's attempts, Respiro has failed to repay the purported loan given by Chris Moody. Accordingly, on September 7, 2012, the Receiver filed a motion asking the Court to expand the Receivership to include Respiro. A hearing on the motion was held on September 21, 2012, and the Court granted the Receiver's motion the same day (Doc. 916). The Receiver is contemplating the appropriate action to take with respect to this entity for the benefit of the Receivership Estate.

B. Recovery of Real Property.

In addition to the assets discussed in conjunction with the expansion of the Receivership in Section V.A, the Receiver has also recovered a number of other assets, some of which continue to be valued, assessed, and otherwise analyzed for liquidation, disposition, or other action. Again, assets which have been sold or otherwise disposed of are identified on the attached **Exhibit B**.

1. Graham, North Carolina.

The Receiver had possession and control of a building located at 841 South Main Street, Graham, North Carolina 27253 (the "**Rite-Aid Building**"). This building was purchased for $5,310,000 and is being leased to a Rite-Aid Pharmacy. The Rite-Aid Building had one known encumbrance: a $2,655,000 interest-only loan with Wells Fargo,

which matured in June 2009 (the loan was made by its predecessor Wachovia Bank, N.A.). The Receiver paid interest on this loan through October 2009.

On May 8, 2012, over the objection of Wells Fargo the Court approved the sale of the Rite-Aid building to Trinet West, LLC for $2,400,000 free and clear of all encumbrances (Docs. 840, 841). Wells Fargo filed an emergency motion for reconsideration of the Court's order approving the sale of the Rite-Aid Building on May 14, 2012 (Doc. 853), which the Court denied on May 15, 2012 (Doc. 853). Closing occurred on May 15, 2012, and the Receiver obtained $2,229,463.15 in net proceeds after payment of commissions and other expenses associated with the sale. The proceeds of the sale are currently being held until Wells Fargo's claim to them is resolved.

On May 14, 2012, the Receiver filed an unopposed motion for referral to mediation of all outstanding issues with Wells Fargo which include Wells Fargo's claim to the proceeds of the sale of the Rite-Aid Building, other purported interests in Receivership assets which Wells Fargo has attempted to pursue despite having failed to file claims in the claims process, and the Receiver's litigation against Wells Fargo (*see* Section V.E.6 below) (Doc. 846). In response to this motion, the Court directed mediation of all outstanding matters between the Receiver and Wells Fargo (Doc. 847). Mediation was held on July 19, 2012, but was adjourned without resolution pending the court's ruling on a motion to dismiss filed by Wells Fargo (*see* Mediator's Report, Doc. 890).

2. Fairview, North Carolina.

On March 30, 2009, the Court granted the Receiver's motion (Doc. 98) for possession of property located in Fairview, North Carolina (the "**Fairview Property**") (Doc. 100).

Nadel and his wife purchased the Fairview Property for $335,000 on June 14, 2004. The Fairview Property was a secondary residence of the Nadels and is located in the mountains of North Carolina. The Fairview Property has one known encumbrance: a loan with BB&T Bank on which there is a remaining principal balance of approximately $248,941.73. The Receiver received two offers for the purchase of the Fairview Property. One offer was below what the Receiver believed to be the fair market value of the property. The Receiver negotiated with the other prospective buyer; however, the buyer was unable to obtain financing. The Receiver retained $2,000 from funds put in escrow by this prospective buyer. On April 1, 2012, the Receiver secured a caretaker for the property who is providing upkeep for the property in lieu of rent. Parties interested in purchasing the Fairview Property should contact:

Mike Miller
Town and Mountain Realty
261 Asheland Avenue
Asheville, NC 28801
Office: (828) 712-9052

3. Sarasota, Florida (Fruitville Road).

On July 8, 2009, the Court granted the Receiver's motion (Doc. 146) for possession of property located at 15576 Fruitville Road in Sarasota, Florida (the "**Fruitville Property**"). (Doc. 148.) To purchase the property, Nadel paid a $5,000 deposit on March 5, 2003, and $201,163.93 at closing. The Fruitville Property is residential property that was purchased in the names of Nadel and Mrs. Nadel, was deeded to their trusts, and was rented to third parties. The most recent tenant vacated the property on August 1, 2012. The Receiver is seeking another tenant for the property. The Fruitville Property has one known

encumbrance: a loan with Northern Trust on which there is a remaining principal balance of approximately $173,929.23.

Parties interested in purchasing the Fruitville Property should contact:

Sharon Chiodi
Sotheby's International Realty
50 Central Avenue, Suite 110
Sarasota, Florida
Phone: (941) 364-4000
Fax: (941) 364-9494
Email: sharon.chiodi@sothebyrealty.com

4. Sarasota, Florida (La Bellasara).

On January 28, 2010, the Court granted the Receiver's motion (Doc. 324) for possession of property located at 464 Golden Gate Point, Unit 703, Sarasota, Florida (the "**Bellasara Property**"). (Doc. 327.) The Bellasara Property is a residential condominium unit in a building called La Bellasara. (Doc. 100.) On or about May 23, 2006, Neil Moody as Trustee of the Neil V. Moody Revocable Trust dated February 9, 1995 purchased the Bellasara Property for $2,160,000. The Bellasara Property was Neil Moody's primary Florida residence. The Bellasara Property has two known encumbrances: a primary mortgage loan from MSC Mortgage, LLC in the amount of $956,000 and a home equity line of credit from Wells Fargo with an initial balance of $880,000, both of which were obtained by Neil Moody on or about the date of the closing of the purchase of the Bellasara Property. The Bellasara Property is subject to a foreclosure proceeding in the Twelfth Circuit in and for Sarasota County, Florida. The Receiver has notified all parties in the pending foreclosure to effectively stop the proceeding and has undertaken to market the property and negotiate with

the lenders in an effort to generate money for the Receivership estate. Parties interested in purchasing the Bellasara Property should contact:

Sharon Chiodi
Sotheby's International Realty
50 Central Avenue, Suite 110
Sarasota, Florida
Phone: (941) 364-4000
Fax: (941) 364-9494
Email: sharon.chiodi@sothebyrealty.com

5. Evergreen, Colorado.

The Receiver has possession and control of property located at 30393 Upper Bear Creek Road, Evergreen, Colorado ("**Evergreen Property**"). The Evergreen Property is a residential property that was used by Neil and Sharon Moody. The property was purchased in 1988 for $290,000. The Evergreen Property has one known encumbrance: a loan with Wells Fargo on which there is a remaining balance of approximately $381,468.81 as of April 30, 2012. Parties interested in purchasing the Evergreen Property should contact:

Mark Footer
Lakepoint Brokerage LLC d/b/a Intero Real Estate Services
Phone: (303) 679-4140
Fax: (303) 679-4139
Email: mfooter@interorealestate.com

C. Recovery of Other Items.

The Receiver has recovered various other items, including vehicles, jewelry, promissory notes, and stock. Any of these items which have been sold or otherwise disposed of are identified on the attached Exhibit B. For more information regarding these items and their disposition, please refer to prior Interim Reports.

1. Condominium Note and Mortgage.

On April 30, 2009, the Court granted the Receiver exclusive interest in a note and mortgage for the Jefferson Avenue Property. (Doc. 116.) The condominium's owner, an employee of A Victorian Garden Florist, had executed a promissory note payable to Mrs. Nadel for $126,556.24. The note was secured by a mortgage held by Mrs. Nadel. On February 9, 2009, Mrs. Nadel assigned the note and mortgage to Nadel's former criminal defense attorneys, who subsequently assigned the note and mortgage to the Receiver, per the Court's order. The condominium's owner was in default, and the Receiver initiated foreclosure proceedings. A summary judgment hearing was held on June 18, 2010 and an order of foreclosure was entered the same day. A judicial sale of the property was held on October 12, 2010. (S*ee* Exhibit B for information regarding the disposition of the condominium).

The Receiver filed a Motion for Deficiency Judgment on October 26, 2010. After a hearing on the motion, on February 2, 2011, the Court entered a Deficiency Judgment against the former owner in the amount of $99,963.37. The Receiver recorded this judgment and is taking appropriate steps to attempt to collect on it.

2. Quest EMG Promissory Note.

As mentioned above in Section V.A.7, the Receiver also has a promissory note from Quest EMG and two individuals to Valhalla Investment Partners in the amount of $1,100,000. Quest EMG made monthly interest payments on this note through January 2013.

3. Other Securities.

The Receiver received information that Valhalla Investment Partners had 5,564 shares of ADNW which became Aftersoft and which is now known as MAM Software. The Receiver learned that these shares were escheated to the State of Florida and that the state liquidated these shares in July 2012. The Receiver submitted a claim to these shares and received a check for $12,797.20 in March 2013, which is the amount the state had obtained from the sale of the shares.

4. Miscellaneous Items.

The Receiver recovered a myriad of other items that he may be able to sell, including a variety of furniture, artwork, sculptures, fixtures, computers, and miscellaneous supplies. The Receiver will make reasonable efforts to maximize the amount he is able to recover from the possible sale of these items.

D. Recovery of Assets from the Moodys.

The Receiver's investigation revealed that a significant portion of activities of certain Hedge Funds should have been managed and directed by the Moodys. Together, the Moodys received approximately $42 million in fees from certain Receivership Entities.

In April 2009, the Receiver initiated contact with the Moodys' counsel. On April 17, 2009, the Receiver received a letter from the Moodys agreeing that they would not transfer any assets of value owned by them, nor would they remove any such assets from the state of Florida without prior written notice to the Receiver. Chris Moody has satisfied this commitment and has fully cooperated with the Receiver in connection with the turnover of all of his assets. On January 19, 2010, Chris Moody gave the Receiver a power of attorney

which allows the Receiver to effectuate the transfer of most of his assets without any direct participation from Chris Moody. The Receiver met with Chris Moody, confirmed the assets he owned, and reviewed in detail Chris Moody's interests and liabilities in those assets.

On January 6, 2011, the Receiver reached an agreement with Neil Moody to settle claims brought by the Receiver against him individually and in his capacity as Trustee of the Neil Moody Revocable Trust and the Neil Moody Charitable Foundation. The Court approved this settlement on February 23, 2012 (Doc. 754). For more information regarding this settlement, please refer to the Twelfth Interim Report.

Meaningful assets the Receiver has identified for Chris Moody are delineated on the attached **Exhibit C**. Neil Moody's meaningful assets are identified on the attached **Exhibit D**. Where possible, Exhibits C and D provide the percentage of interest acquired or purchase price and the status or disposition of the asset. The Receiver is continuing to evaluate these assets and will take appropriate actions as he determines are in the best interests of the Receivership. Entities in which the Receiver believes he may have a viable interest or potential for meaningful recovery have been put on notice of the Receiver's interests and rights.

Enforcement Action Instituted Against Moodys

On January 11, 2010, the Commission instituted an enforcement action against the Moodys alleging that they violated antifraud provisions of the federal securities laws in connection with their involvement in Nadel's scheme. *See generally SEC v. Neil V. Moody, et al.*, Case No. 8:10-cv-00053-T-33TBM (M.D. Fla.), Compl. (attached as Exhibit A to Doc. 325). Also on January 11, 2010, Neil Moody and Chris Moody, without admitting or

denying the allegations of the complaint, consented to entry of a permanent injunction and agreed to disgorge all ill-gotten gains upon the Commission's request. On April 7, 2010, Judgments of Permanent Injunction and Other Relief were entered against Neil and Chris Moody. The Judgments permanently enjoin Neil and Chris Moody from further violations of the antifraud provisions of the federal securities laws. The Judgments also allow the Commission to seek an order for disgorgement of ill-gotten gains and/or a civil penalty.

E. Litigation.

In January 2010, the Receiver filed **134** lawsuits seeking approximately **$71,096,326.43**. The lawsuits sought (1) the recovery of false profits from investors; (2) the recovery of distributions from Receivership Entities to Neil and Sharon Moody,[7] Donald and Joyce Rowe, and certain of their affiliated entities; (3) the recovery of other distributions, such as commissions, from other individuals and/or entities; and (4) the recovery of certain charitable contributions made with scheme proceeds.[8] The Receiver also initiated litigation against Holland & Knight, Wells Fargo Bank, and Anne Nadel and continues to evaluate possible additional litigation.

[7] The Receiver has resolved the action against Neil and Sharon Moody and related entities through settlement. For more information regarding these settlements, please refer to the Tenth and Twelfth Interim Reports.

[8] All actions the Receiver brought against non-profit organizations have been amicably resolved by settlement agreements. For more information regarding these actions and their resolution, please refer to the Twelfth Interim Report and prior Interim Reports.

1. Recovery of "Investment" – Related Transfers from Investors.

As discussed in Section III.C above, the Receiver has determined that some purported investor accounts received monies in an amount that exceeded their investments. These purported profits were false because they were not based on any trading or investment gain, but rather were fruits of a Ponzi scheme that consisted of commingled funds of new and existing investors. To date, the Receiver has discovered approximately $35 million in such "false profits." The Receiver spent substantial time identifying recipients of these false profits, the Profiteers. In consultation with the Commission, the Receiver concluded that, in the best interests of the Receivership Entities and the investors as a whole, these inequitable distributions should be recovered and distributed in an equitable manner among Claimants holding legitimate and allowed claims (as to be determined by the claims process).

As of April 3, 2013, the Receiver has reached 136 agreements to settle with Profiteers and non-profit organizations and obtained 16 judgments against Profiteers for a total combined amount of **$25,021,255.85** (plus additional non-cash assets). The Court has approved all of these settlements. During the time covered by this Interim Report, the Receiver reached three settlements with Profiteers and non-profit organizations for a total sum of $651,168.00.

In January 2010, the Receiver initiated **121** lawsuits against Profiteers seeking to recover total false profits of approximately **$32,755,269.13** ("**January 2010 Cases**"). The complaints set forth claims for unjust enrichment and fraudulent transfers pursuant to Florida's Uniform Fraudulent Transfer Act ("**FUFTA**"). Except in situations where defendants had, or should have had, knowledge of the fraudulent investment scheme or

otherwise cannot satisfy the pertinent good-faith standard, the Receiver is seeking to recover false profits.

On May 25, 2011, the Receiver filed an Omnibus Motion for Partial Summary Judgment ("**Summary Judgment Motion**") in all January 2010 Cases then pending. Specifically, the Receiver sought summary judgment on the following: (1) Nadel's guilty plea establishes that he operated the Hedge Funds as a Ponzi scheme from 1999 to January 2009; (2) because Nadel operated the Hedge Funds as a Ponzi scheme from 1999 to January 2009, every transfer of an asset from a Hedge Fund during that time was made with actual intent to hinder, delay, or defraud creditors of the Hedge Funds; and (3) because Nadel operated the Hedge Funds as a Ponzi scheme from 1999 to January 2009, during that period each of the Hedge Funds and Nadel were insolvent. If summary judgment was not entered on issues (1) and (2) above, the Summary Judgment Motion sought summary judgment that: because Nadel pled guilty to securities fraud, mail fraud, and wire fraud, every transfer of an asset from a Hedge Fund during that period was made with actual intent to hinder, delay, or defraud creditors of the Hedge Funds. On February 3, 2012, the Court issued an Omnibus Order deferring ruling on the Summary Judgment Motion and gave the Receiver time to refile the motion with additional supporting evidence (*see, e.g. Wiand, as Receiver v. Henry Buhl*, Case No. 8:10-cv-75 (M.D. Fla.), Doc. 74). On March 23, 2012, the Receiver filed his Renewed Omnibus Motion for Partial Summary Judgment ("**Renewed Motion**") and submitted additional evidence establishing Nadel's Ponzi scheme. The Receiver's Renewed Motion essentially sought the same relief set forth above and included a request for relief with respect to Traders Investment Club as well. Defendants in some cases filed responses to

the Renewed Motion while defendants in other cases have elected not to respond.

On September 28, 2012, the Receiver filed additional motions for summary judgment (the "**Second Summary Judgment Motion**") in all January 2010 Cases still pending at that time. In those motions, the Receiver sought entry of judgments for specific amounts on his FUFTA claims or, in the alternative, on his claims for unjust enrichment. Defendants filed responses to the Second Summary Judgment Motion.

Beginning on November 29, 2012 through January 11, 2013, the Honorable Magistrate Judge Mark A. Pizzo entered Reports and Recommendations on the Renewed Motion and Second Summary Judgment Motion (collectively "**Summary Judgment Motions**") in the January 2010 cases (the "**Report and Recommendation**"). *See, e.g.*, *Wiand v. Dancing $, LLC*, Case No. 8:10-cv-0092-EAK-MAP (M.D. Fla.), Doc. 121. The Magistrate Judge recommended the Summary Judgment Motions be granted and found that (1) Nadel operated the Hedge Funds and Traders as a Ponzi scheme at the time he made the transfers to the defendants, and (2) the transfers to the defendants were made with the actual intent to hinder, delay, or defraud any creditor of Nadel as required by FUFTA. In four cases, the Magistrate Judge further recommended that judgment be entered in favor of the Receiver. *See, e.g., id.* In one case, while the Magistrate Judge made the same findings noted above, he ordered further briefing regarding the precise amount to be awarded to the Receiver. *See Wiand v. Meeker*, Case No. 8:10-cv-166-T-17MAP (M.D. Fla.), Doc. 125.[9] In

[9] On January 25, 2013, the District Court Judge adopted the Report and Recommendation and ordered that, if the parties were unable to resolve the issue of the amount of the Receiver's recovery within ten days, the Receiver should file a response on this issue by February 8, 2013 and the Defendants would have three days from the date of (footnote cont'd)

all cases, the Magistrate Judge declined to award the Receiver prejudgment interest on his claims against the defendants.

The Receiver filed limited objections to the Report and Recommendation only to the portion which declined to award prejudgment interest. *See, e.g., Wiand v. Diana Cloud,* Case No. 8:10-cv-150-T-17MAP (M.D. Fla.), Doc. 72. The defendants also filed objections to the Report and Recommendation, to which the Receiver responded. On January 23, 2013, the District Court Judge entered an order adopting the Report and Recommendation in its entirety in the four matters with judgment amounts certain. The Court directed that the clerk enter judgments against the defendants in each of these matters for a total combined amount of $2,186,712.45. *See Cloud*, Case No. 8:10-cv-150-T-17MAP, Doc. 76 (awarding $763,539.83); *Dancing $,* Case No. 8:10-cv-0092-EAK-MAP, Doc. 128 (awarding $107,172.11); *Wiand v. Lee*, Case No. 8:10-cv-210-T-17MAP (M.D. Fla.), Doc. 169 (awarding $935,631.51); *Wiand v. Morgan*, Case No. 8:10-cv-205-T-17MAP (M.D. Fla.), Doc. 130 (awarding $380,369.00).[10] On March 7, 2013, the Court entered an order in *Meeker* finding in favor of the Receiver on the amount the Receiver was entitled to recover and directing the judgment be entered in favor of the Receiver in the amount of $645,641.67 (Doc. 145). Judgments have been entered in these amounts in each of these cases. The

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that filing to respond (Doc. 134). The parties were unable to resolve the matter on their own and filed the additional briefing requested by the Court.

[10] The Receiver has entered into an agreement for the payment of this judgment. On February 8, 2103, the Receiver filed a motion to approve this agreement, which the Court granted the same day (Docs. 964 and 965). The agreement provides, in pertinent part, that the defendant will pay the full judgment amount to the Receiver in two payments. The second payment will include simple interest of 4.75%.

Receiver will proceed with collection efforts as appropriate.

Two defendants who had judgments entered against them have appealed the entry of the judgments. The defendant in the *Lee* action filed a Notice of Appeal of the Order and Judgment on January 28, 2013 and also filed a Suggestion of Bankruptcy on January 30, 2013 (Docs. 171 and 179). The defendant in *Dancing $* filed a Notice of Appeal on February 22, 2013 (Doc. 131). On March 4, 2013, the Receiver filed a motion for permission to prosecute limited cross-appeals on the issue of the denial of prejudgment interest (Doc. 981). The Receiver sought leave to file the limited cross-appeal because while the Court correctly concluded (1) Nadel operated "a massive [P]onzi scheme" through the Hedge Funds, (2) the transfers Nadel made to the defendants were made with the actual intent to hinder, delay, or defraud any creditor of Nadel as required by FUFTA, and (3) the Receiver is entitled to summary judgment in the amount of the defendants' false profits, the Receiver believes the Court's decision to deny prejudgment interest was erroneous. The Court determined to "balance the equities" and concluded they weighed in favor of the defendants and against an award of prejudgment interest because, although the defendants are "net winner[s]" (or Profiteers) as compared to the hundreds of investors who lost approximately $168 million in Nadel's Ponzi scheme, the defendants nevertheless have "suffered enough." The Receiver believes this conclusion is erroneous because it inequitably advantages the defendants at the expense of the Hedge Funds and defrauded investors who lost money in the scheme. (*see, e.g., Moran v. Goldfarb,* 2012 WL 2930210, *9 (S.D.N.Y. 2012) ("[T]he Receiver, on behalf of investors who lost their investments in the Ponzi scheme, is entitled to prejudgment interest on [investor-defendant's] false profits" because investor-defendant "received money

that was never in fact his to spend.")). The Court granted the Receiver permission to file limited cross-appeals on March 5, 2013 (Doc. 982).

In another January 2010 Case, the Receiver sought all distributions received by the defendant – not merely the false profits the defendant received – because the defendant was a sophisticated investor and should have recognized the "red flags" attendant with the Ponzi scheme at issue. *Wiand v. Buhl*, Case No. 8:10-cv-75-T-17MAP (M.D. Fla.). On January 11, 2013, the Magistrate Judge entered a Report and Recommendation on the Summary Judgment Motions finding in favor of the Receiver on his claim for false profits, but finding that there was an issue for trial on the Receiver's demand for the principal amount the Defendant invested. *See id.*, Doc. 124. After the entry of this order, the parties were able to resolve this action by settlement for payment of $115,000 to the Receiver. *See id.*, Motion for Settlement, Doc. 961; Order Granting Same, Doc. 962.

a. Cases Referred to Arbitration.

In 24 of the January 2010 Cases, defendants – all of whom have received false profits – filed motions to compel their cases to arbitration. The Receiver vigorously opposed these motions. The Receiver opposed arbitration because by enforcing the purported arbitration agreements in the "investment contract" at the heart of Nadel's scheme, those documents would be allowed to oust this Court's "complete jurisdiction and control" over Receivership property in favor of numerous separate private arbitrators in Florida, New York, and Illinois. The Receiver argued that result directly contradicted the purpose of this Receivership and would be costly and inefficient. Specifically, the arbitrations (1) would require payment of costly administrative and arbitrator fees, not to mention the Receiver's fees and costs

incurred pursuing these actions in numerous different forums; (2) would have the inherent risk of inconsistent decisions because the cases will be heard before various arbitrators; and (3) would significantly hinder the Receiver's ability to use the appellate process to correct arbitrator errors due to the limited review of arbitration decisions; and (4) would delay and extend the Receivership and distribution of funds to victims. In other major receiverships, courts followed the arguments of the Receiver refusing to enforce similar illegal purported contracts. *See, e.g., Janvey v. Alguire et al.*, Case No. 3:10-cv-00528-N-BL (N.D. Tex. 2013), Doc. 68 at 24 ("…contracts with Ponzi schemes are void and unenforceable."); *In re Randy*, 189 B.R. 425, 441 (Bankr. N.D. Ill. 1995) (enforcing such contracts "would only help finish what [the wrongdoer] ... long ago started, which is, defrauding many innocent investors"). Despite the Receiver's opposition, the Court ordered the cases to arbitration. One of the 24 cases has since been resolved. The Receiver is proceeding with the remaining 23 matters in arbitration.

The Receiver has filed four arbitrations (corresponding to five clawback cases previously filed in court), seeking to recover fraudulent transfers of approximately $19,636,477.89, which includes false profits in the amount of approximately $6,480,903.12. As predicted, the Receiver is encountering increased expense in pursing these arbitrations. The defendants are vigorously defending these actions and, in some instances, have raised and prevailed on arguments of questionable legal merit. The Receiver will continue to pursue these arbitrations and intends to file five additional arbitrations (corresponding to 18 clawback cases previously filed in court), which will likely seek to recover fraudulent

transfers of approximately $17,271,897.93, which includes false profits of approximately $3,552,991.52.

b. Additional Actions Brought Against Profiteers Who Invested with Traders' "Accounts."

On or about September 27, 2010, the Receiver filed 12 additional actions against Profiteers who invested with Traders' "accounts." The lawsuits sought to recover false profits of approximately $962,197.43. Ten of these cases were resolved either by default, settlement, or dismissal without prejudice. The Receiver obtained default judgments for the two cases where defaults were entered and is proceeding with collection efforts. Only two cases remained pending. *Wiand v. Mason*, Case No. 8:10-cv-2146-EAK-MAP (M.D. Fla.) ("***Mason***"); *Wiand v. Khodorkovsky*, Case No. 8:10-cv-2148-T-17MAP (M.D. Fla.) ("***Khodorkovsky***"). The Receiver filed Motions for Summary Judgment in both of these matters as in the January 2010 Cases.

On December 17, 2012, the Magistrate Judge issued a Report and Recommendation in *Mason* (Doc. 71). The Report and Recommendation found, as in the January 2010 Cases discussed above, that (1) Nadel operated the Hedge Funds and Traders as a Ponzi scheme at the time he made the transfers to the defendants, and (2) the transfers to the defendants were made with the actual intent to hinder, delay, or defraud any creditor of Nadel as required by FUFTA. The Magistrate Judge also declined to award prejudgment interest to the Receiver on his claims and ordered further briefing on the amount the Receiver should recover. On December 31, 2012, the Receiver filed a limited objection only to the portion of the Report and Recommendation which declined to award prejudgment interest (Doc. 73). The defendants filed an objection on December 31, 2012 (Doc. 74). On January 25, 2013, the

District Court Judge entered an order adopting the Report and Recommendation and finding that the defendants had failed to establish any basis for a set-off against the amount sought by the Receiver (Doc. 78). The Court further directed that a judgment be entered in the favor of the Receiver in the amount of $36,661.31. This judgment was entered on January 25, 2013. The defendants paid the judgment amount in full on February 18, 2013 and the Receiver filed a Satisfaction of Judgment on February 25, 2013 (Doc. 80).

In *Khodorkovsky*, the Court entered an Order on January 17, 2013 allowing the Receiver to file an amended complaint to seek to recover a greater amount of transfers to correspond to the amounts sought in the Motion for Summary Judgment (Doc. 53). The Receiver filed the amended complaint the same day (Doc. 54). On January 31, 2013, the Court entered a pre-trial order allowing the parties until February 8, 2013 to provide further briefing on the summary judgment motion in light of the amended complaint (Doc. 56). The Court stated that it would take the summary judgment matters under advisement on February 8, 2013. On February 8, 2013, the defendant filed a suggestion of bankruptcy (Doc. 57).

The Receiver believes that he has identified all of the Profiteers. However, the Receiver will bring additional actions if appropriate and in the best interests of the Receivership. The Receiver is continuing to engage in settlement discussions with defendants in the unresolved cases discussed above.

2. Litigation against Rowe.

On January 20, 2010, the Receiver filed suit against Donald Rowe, individually and as Trustee of the Wall Street Digest Defined Benefit Pension Plan ("**Plan**"), Joyce Rowe, and Carnegie Asset Management, Inc. ("**CAM**") (collectively "**Rowe Defendants**"). This action

sought the return of $9,924,250, which includes approximately $4,028,385 in false profits and approximately $2,700,865 of purported "commissions." *See Wiand v. Donald Rowe, et al.*, Case No. 8:10-cv-245-T-17MAP (M.D. Fla.). On March 23, 2012, the Receiver filed the Renewed Motion in this matter. The Rowe Defendants responded to the Renewed Motion on March 23, 2012. Oral argument on the motion was held on September 19, 2012. On January 9, 2013, the Magistrate Judge issued a Report and Recommendation finding that (1) Nadel operated the Hedge Funds as a Ponzi scheme at the time of the transfers to the Rowe Defendants and (2) the transfers were made to the Rowe Defendants with the actual intent to hinder, delay, or defraud any creditor of Nadel as required by FUFTA (Doc. 106). As the Receiver sought more than the amount of the false profits received by the Rowe Defendants, the trial of this case was set to proceed in February, 2013.

The parties mediated this matter on September 13, 2010, September 28, 2010, and January 24, 2013. After the final mediation, the parties were able to reach an agreement. On February 4, 2013, the Receiver filed a motion to approve the settlement with the Rowe Defendants (Doc. 960). The settlement provides, in pertinent part, as follows: (1) the Rowes will consent to entry of a joint and several judgment against them, the Plan, and CAM in favor of the Receiver in the amount of $4,028,385 on all claims which will be asserted in an amended complaint to be filed; and (2) Defendants will pay the Receiver $250,000, which will be paid from the surrender of or a loan securitized by a $400,000 annuity held by the Defendants, which Florida law ordinarily exempts from creditor claims. In turn, the Receiver will treat the balance of that annuity as exempt from creditor claims, but he is otherwise not limited in pursuing collection efforts in accordance with applicable laws. In addition, as part

of the settlement, the Receiver agreed to use best efforts to seek to enjoin two proceedings against the Rowe Defendants brought by investors in Nadel's scheme: *R. Formica et al. v. D. Rowe et al.*, Case No. 8:11-cv-516-MSS-EAJ (M.D. Fla.), and *J. Bell, II et al. v. D. Rowe et al.*, Case No. 2009 CA 4925 NC (Fla. 12th Judicial Cir. Ct., Sarasota County). The settlement, however, is not contingent on those injunctions.

In reaching this agreement, the Receiver considered a number of factors, including each Rowe Defendant's ability to pay – which consideration includes the fact that CAM and the Plan are defunct – and the significant risks of a bankruptcy discharge of any judgment the Receiver could obtain against the Rowe Defendants after a trial. The judgment the Receiver sought through this settlement was against all Rowe Defendants jointly and severally and was obtained after taking measures which should significantly decrease the risk of it being found dischargeable in any bankruptcy. Further, the Receiver received under the settlement another $250,000 procured through an asset (*i.e.*, an annuity) which is ordinarily exempt from creditor claims. With respect to moving to enjoin the *Formica* and *Bell* cases, in short and in part, the injunctions would benefit the Receivership Estate by preserving the Rowes' assets during the Receiver's efforts to collect on the judgment. In reaching this settlement, the Receiver has also considered other factors, including the risks and expense of litigation. In light of all of these considerations, the Receiver determined that this settlement was in the best interest of the Receivership.

3. Recovery of Fees from Recipients of Commissions or Other Transfers.

Information available to the Receiver revealed that at least three individuals, aside from the Rowe Defendants, received commissions as "compensation" under circumstances

that warranted the Receiver's recovery of those sums. In January 2010, the Receiver initiated lawsuits against these three individuals to recover those transfers under FUFTA, or alternatively, disgorgement of those amounts pursuant to equitable claims of unjust enrichment. Two of these matters were resolved for a total payment of $137,121.09. For more information regarding these matters, please refer to prior Interim Reports. On January 22, 2013, the Receiver filed a motion for approval of a settlement of the third matter. *Wiand, Receiver v. Steve Ellis*, Case No. 8:10-cv-233-T-17MAP (M.D. Fla.), Doc. 956. The settlement provides that Mr. Ellis will pay the Receiver $15,000.00 in payments over time. The Court approved this settlement on January 23, 2013 (Doc. 957).

4. Litigation Against Anne Nadel.

An investigation by the Receiver revealed that Nadel purchased two adjacent parcels of real property located in Marshfield, Vermont (the "**Vermont Properties**") entirely with investor funds unlawfully obtained through his fraudulent scheme. Nadel bought the Vermont Properties in 2004 and 2005 and transferred title to them to his son, Geoffrey Nadel, and his daughter-in-law, Anne Nadel, on November 7, 2008, shortly before the scheme collapsed. While Geoffrey Nadel has since passed away, Anne Nadel continues to own and inhabit the Vermont Properties. While not contesting that Nadel purchased these properties with scheme proceeds, Anne Nadel has refused to voluntarily transfer title to the Receiver.

On October 31, 2012, the Receiver filed a motion for possession of the Vermont Properties (Doc. 936). In an abundance of caution, on November 7, 2012, the Receiver also filed a complaint against Ms. Nadel for the recovery of these properties. *Wiand v. Anne*

Nadel, 8:12-cv-2532-SDM-TGW (M.D. Fla.). On November 30, 2012, a hearing was held on the Receiver's motion for possession of the Vermont Properties. The Court determined that the issue of possession of the Vermont Properties should be addressed in the ancillary action the Receiver had initiated against Ms. Nadel. As such, the Court denied the motion for possession without prejudice on November 30, 2012 (Doc. 949). On January 11, 2013, the Receiver filed an amended complaint. The amended complaint asks the Court to enter judgment against the defendant rescinding transfer of title to the Vermont Properties, or otherwise transferring title to and possession of the Vermont Properties to the Receiver, together with interest and costs, as well as any other relief the Court may deem proper. The Receiver is proceeding with this action.

5. Litigation Against Holland & Knight LLP.

The Receiver entered into a contingency fee agreement with Johnson, Pope, Bokor, Ruppel & Burns, LLP ("**Johnson Pope**") to pursue professional malpractice claims by the Hedge Funds against Holland & Knight, LLP ("**H&K**") and Scott MacLeod seeking to recover the Hedge Funds' losses that occurred after January 1, 2003. (*See also* Order dated August 12, 2009 (Doc. 175).) On or about August 31, 2009, the Receiver initiated an action against H&K on behalf of the Hedge Funds. *Scoop Real Estate, L.P., et al. v. Holland & Knight, LLP, Scott R. MacLeod and John Doe*, Case No. 2009-ca-014887-NC (Sarasota County, Fla., 12th Jud. Cir.).

After extensive litigation and negotiations, the Receiver reached an agreement with H&K and Mr. MacLeod to resolve this matter. On August 28, 2012, the Receiver filed a motion to approve the settlement (Doc. 898). In pertinent part, the settlement agreement

provides that H&K and Mr. MacLeod will pay the Receiver $25,000,000 in exchange for a broad release of claims and a bar order. On August 29, 2012, the Receiver mailed more than 700 notices of settlement to known investors in the scheme underlying this case, to potential joint tortfeasors, and to other interested parties whose rights may be affected by the settlement (the "**Potentially Interested Parties**"). Notice was also published in the Wall Street Journal national edition and in the Sarasota Herald Tribune and posted on the Receivership website. The notices advised recipients of their right to object to the settlement, of the procedure for objecting, and of the deadline for filing objections. The recipients had until October 1, 2012 to file any objections or other responses to the motion to approve the settlement with H&K. Only one objection was filed. The Court overruled that objection and granted the Receiver's motion in its entirety on October 2, 2012 (Doc. 921). The Court entered a judgment granting the Receiver's motion to approve the settlement on October 4, 2012. After deducting fees and costs attributable to counsel, on November 8, 2012, the Receiver collected $18,232,983.59 from this settlement.

6. Receiver's Litigation Against Wells Fargo.

The Receiver retained the law firm of James, Hoyer, Newcomer, & Smiljanich ("**James Hoyer**") to pursue litigation against Wells Fargo and Timothy Ryan Best, Nadel's relationship manager with the bank. On February 13, 2012, James Hoyer, on behalf of the Receiver, instituted an action against Wells Fargo and Timothy Best in the Circuit Court for Sarasota County. That action seeks to recover damages and fraudulent transfers relating to the bank's close and extensive relationship with the Ponzi scheme underlying this Receivership. The defendants removed the action to this Court. On March 21, 2012, the

defendants each filed motions to dismiss the complaint. The Receiver filed oppositions to these motions to dismiss on April 21, 2012. On August 12, 2012, the Court entered an order granting in part and denying in part the motions to dismiss. The Court granted the motion to dismiss negligence claims brought by Victory IRA Fund, Valhalla Investment Partners, and Viking IRA Fund. The Court also dismissed all claims of aiding and abetting. However, the Court denied the remainder of the motions to dismiss and allowed the Receiver to proceed on his FUFTA claims, unjust enrichment claims, individual claims against Best, and negligence claims by Victory Fund, Scoop Real Estate, and Viking Fund.

The Receiver filed an amended complaint on August 31, 2012. On September 14, 2012, the Defendants filed a motion to dismiss counts I through V of the amended complaint and filed an answer to the remainder of the amended complaint. On October 5, 2012, the Receiver filed a response to the motion to dismiss. The Court entered an order on December 12, 2012, striking the first amended complaint and granting leave for the Receiver to file a second amended complaint. The Receiver filed a second amended complaint on December 28, 2012 seeking damages in excess of $168 million. On January 11, 2013, the defendants filed a motion to dismiss the second amended complaint. The Receiver filed an opposition to this motion on January 25, 2013. The Court has not yet ruled on the motion to dismiss. The parties are proceeding with discovery.

As previously noted above (for example in Sections V.A.2, V.B.1, and V.B.5), Wells Fargo is pursuing a claim and other purported interests it believes it has to Receivership property. As part of those efforts, Wells Fargo has aggressively interfered with the Receivership. For example, it has sought to bypass the claims process, alter it, take property

away from the Receivership, petition another court for relief without informing this Court or the Receiver, and delay the Receiver's interim distribution. It also sought to disqualify the Receiver and his counsel from this Receivership. The Court denied the disqualification efforts in their entirety after concluding that the Receiver and his counsel acted appropriately. The Court observed that Wells Fargo's motion "was timed to derail, or perhaps retaliate against, as the Receiver and [his counsel] suggest, the receivership proceedings." (Doc. 822.) On January 17, 2013, the Court entered an order stating that it would defer ruling on Wells Fargo's motion for determination that it did not have to file claims regarding its purported interest in Receivership property, or alternatively, for permission to file late claims, pending the outcome of the Receiver's case against Wells Fargo and Timothy Ryan Best (Doc. 955).

7. Other Litigation.

After intensive pre-suit negotiations, the Receiver reached a settlement with Goldman Sachs Execution & Clearing, LP ("**GSEC**"). GSEC (formerly known as Spear, Leeds & Kellogg, L.P.), provided clearing services for Shoreline Trading Group LLC ("**Shoreline**"), an introducing Broker/Dealer that dealt directly with Nadel's and certain Receivership Entities' securities transactions. In pertinent part, the settlement agreement provides that GSEC pay $9,850,000 in exchange for a broad release and entry of an order barring future claims against GSEC. The Court approved the settlement on February 10, 2012 (Doc. 742). GSEC paid the Receiver $9,850,000 on March 27, 2012.

Similarly, the Receiver engaged in extensive pre-suit negotiations with Shoreline, the introducing Broker/Dealer mentioned above. As a result of these negotiations, the Receiver

also entered into a settlement agreement with Shoreline which provides, in pertinent part, that Shoreline will pay the Receiver $2,500,000 in exchange for a broad release of claims and entry of an order barring future claims against Shoreline. The Court approved the settlement on May 4, 2012 (Doc. 835), and Shoreline has paid the Receiver $2,500,000.

8. Other Potential Litigation.

The Receiver continues to examine the actions of other professionals and businesses that provided services to Receivership Entities to determine whether he needs to take additional steps with respect to any of those professionals and businesses to recover assets for the Receivership.

VI. Claims Process.

On April 20, 2010, the Receiver filed his Motion to (1) Approve Procedure to Administer Claims and Proof of Claim Form, (2) Establish Deadline for Filing Proofs of Claim, and (3) Permit Notice by Mail and Publication and Incorporated Memorandum of Law (Doc. 390) ("**Claims Motion**"). On April 21, 2010, the Court granted the Receiver's Claims Motion in its entirety (Doc. 391). The Court established a Claim Bar Date of the later of 90 days from the date of the Order granting the Claims Motion or the mailing of Proof of Claim Forms to all known investors (as the term Claim Bar Date is defined in the Receiver's motion). Pursuant to the Court's Order, any person or entity who failed to submit a proof of claim to the Receiver so that it is actually received by the Receiver on or before the Claim Bar Date is barred and precluded from asserting any claim against the Receivership or any Receivership Entity.

In compliance with the Court's Order, on June 4, 2010, the Receiver mailed 1256 packages to known investors and their attorneys, if any, and any other known potential creditors of the Receivership Estate thereby establishing September 2, 2010 as the Claim Bar Date. The Receiver also published the Notice in the global edition of The Wall Street Journal and in the Sarasota Herald-Tribune on June 15, 2010, and provided the Notice and a Proof of Claim form on his website.

The Receiver received 504 claims. Of the 504 claims, 478 claims were submitted in connection with 473 investor "accounts"[11] ("**Investor Claimants**"), which represent approximately 60% of all currently known Investor Accounts.[12] The Receiver also received 26 claims from other purported creditors ("**Non-Investor Claimants**") (Investor Claimants and Non-Investor Claimants are collectively referred to as "**Claimants**"), including two claims from taxing authorities. The Receiver received claims from Investor Claimants totaling approximately $149,033,449.32 and claims from Non-Investor Claimants totaling approximately $9,205,581.14, for a total claim amount of approximately $158,239,030.46.[13]

On December 7, 2011, the Receiver filed his Motion to (1) approve determination and priority of claims, (2) pool Receivership assets and liabilities, (3) approve plan of

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[11] In reality, Nadel and the Receivership Entities did not maintain separate investor accounts. Nevertheless, for ease of reference they are referred to as "**Investor Accounts**."

[12] Multiple claims were submitted for five accounts.

[13] The amount indicated for Non-Investor Claimants may not include all claimed interest, fees, or penalties which may be sought by them. Importantly, these numbers reflect the amount Claimants are claiming they are owed, and not the amount the Receiver has determined is the value of allowable claims.

distribution, and (4) establish objection procedure ("**Claims Determination Motion**") (Doc. 675). In that motion, the Receiver set forth his recommended determination and priority of each claim. The Receiver attached detailed exhibits to the Claims Determination Motion addressing each claim. In an effort to minimize disclosure of Claimants' financial affairs, the Receiver assigned each claim a number and, except where the Claimant's identity was important to the determination of a claim, did not identify the account or accountholder's name(s). The Receiver also proposed a procedure for a Claimant to dispute the Receiver's recommended treatment of a claim.

After careful review and consideration, the Receiver made the following determinations:[14] (1) 423 Investor Claims should be allowed (in full or in part) for the total amount of $131,304,461.51; (2) two Tax Lien Claims should be allowed for the total amount of $4,481.99; (3) two secured non-investor claims ("**Non-Investor Secured Claims**") should be allowed to recover only from proceeds of the sale of the secured asset, subject to certain limitations set forth in the Claims Determination Motion; (4) 13 unsecured non-investor claims ("**Non-Investor Unsecured Claims**") should be allowed or allowed in part for the total amount of $526,998.86, subject to certain limitations set forth in the Claims Determination Motion; (5) 35 Investor Claims and 8 Non-Investor Claims should be denied for reasons set forth in the Claims Determination Motion; and (6) 24 Investor Claims and one Non-Investor Claim should be denied because the claims were waived. Not including Non-

[14] The numbers in this paragraph have been slightly revised to account for revisions made to certain claim determinations in subsequent motions and orders relating to claims and distributions (*See* Docs. 825, 839, 857, 858, 945, 946). These motions and orders are discussed below.

Investor Secured and Unsecured Claims, the Receiver recommended that $131,308,943.50 in claims be allowed.

On December 9, 2011, the Receiver mailed a letter giving notice of the Claims Determination Motion to all Claimants to the mailing address provided on each of their respective submitted Proof of Claim Forms, and to their attorneys, if any were identified. The letter advised each Claimant of the Claimant's respective claim number. The Receiver also informed the Claimants that the recommended determination of each claim was set forth in the Exhibits attached to the Claims Determination Motion and also was addressed in the body of the Motion. The letter further informed the Claimants that the Claims Determination Motion was available on the Receiver's website or, upon request, from the Receiver's office. Claimants were then able to cross-reference their respective claim number with the Exhibits attached to the Claims Determination Motion to learn the Receiver's determination of the corresponding claim.

On March 2, 2012, the Court entered an Order granting the Claims Determination Motion except with respect to a claim submitted by Wells Fargo (the "**March 2 Order**") (Doc. 776). With respect to the claim submitted by Wells Fargo, the Court reserved ruling on that claim and on several motions and objections filed by Wells Fargo and, in some instances, its affiliate TRSTE, Inc., relating to that claim and other purported interests in Receivership assets. (*See* Docs. 689, 690, 718, 719, 740.) As noted above, on January 17, 2013, the Court entered an order deferring ruling on Wells Fargo's motions pending the outcome of the Receiver's case against Wells Fargo and Timothy Ryan Best. (*See* Section V.E.6 above and Doc. 955.)

The objection procedure proposed by the Receiver in the Claims Determination Motion and adopted by the Court allowed each Claimant twenty days from receipt of notice of the March 2 Order to serve the Receiver with a written objection to the determination of the Claimant's claim and/or claim priority and to object to the plan of distribution. Failure to properly and timely object to the Receiver's claim determination, claim priority, or plan of distribution permanently waived and barred the Claimant's right to object to or contest the Receiver's claim determination, claim priority, and plan of distribution, and fixed the final claim amount as the Allowed Amount determined by the Receiver and approved by the Court as set forth in the Exhibits attached to the Claims Determination Motion. On March 8, 2012, the Receiver mailed each Claimant and the Claimant's attorneys, if any, a letter informing the Claimant of the March 2 Order and the procedure to serve a written objection. Claimants had until March 28, 2012, to serve any objections.

The Receiver received objections relating to 23 claims.[15] These objections were raised by twelve Claimants, four of whom have multiple claims. Further, as noted above, Wells Fargo, which filed Claim Number 502, petitioned the Court for relief with respect to its claim and to other interests it has asserted to Receivership property. The Receiver has been working on the resolution of these objections. As of the filing of this motion, objections relating to seven claims have been resolved. (*See* Claim Nos. 157, 444, 449, 450, 471, 483, and 504). Four of these objections were withdrawn after discussions with the Receiver's

[15] On March 1, 2013, the Claimant for Claim Number 458 filed a motion to modify the Court's order disallowing the claim (Doc. 458). The Receiver opposed the relief requested on March 18, 2013 (Doc. 990). No ruling has been issued on this motion.

counsel (*see* Claim Nos. 157, 449, 450, and 483) and one was resolved in connection with the settlement of ancillary litigation (*see* Claim No. 444). The objection relating to Claim Number 471 was resolved in connection with the First Interim Distribution Motion. The Receiver uncovered evidence which led him to revise his calculation of this claim's Net Investment Amount which, in turn, resolved the objection.

The final resolved objection, relating to Claim Number 504, was overruled by the Court. The Receiver had served on the pertinent Claimant his detailed response for why the objection should be overruled and was preparing to present the dispute to the Court when, on October 23, 2012, the Claimant filed a motion with the Court setting forth the basis for her claim and seeking relief for her alleged losses (*see* Doc. 927). The Court entered an Order denying the Claimant's motion finding that (as the Receiver had also concluded) the allegations underlying the claim predated the scheme underlying this Receivership and had no nexus to that scheme (*see* Doc. 928). Thus, the Court has overruled this objection and the claim remains denied.

On April 27, 2012, the Receiver filed a Motion to (1) Approve First Interim Distribution, (2) Establish Reserves, and (3) Approve Revisions to Certain Claim Determinations (Doc. 825) ("**First Distribution Motion**"). In this motion, the Receiver sought the approval of (1) a first interim distribution of $25,994,012.73 on a *pro rata* basis, representing a recovery of 20% of the Allowed Amount of Class 1 claims receiving a distribution at that time;[16] (2) establishment of reserves of $1,789,268.46 for claims for which

[16] A first interim distribution for five claims that were previously allowed was not requested in the First Interim Distribution Motion because the Receiver was informed days (footnote cont'd)

timely objections were received and for Wells Fargo's and TRSTE, Inc.'s purported interests in Receivership assets and the Receivership estate; and (3) approval of revisions to certain claim determinations previously submitted by the Receiver and approved by the Court in the Claims Determination Motion. The Receiver sought revisions for up to fifteen claims as detailed in the First Distribution Motion and Exhibit C thereto. All but one of the revisions were requested to accommodate changes in Claimants' circumstances, such as the death of a claimant or a change in custodian for the account which held the investment underlying this case.

On May 2, 2012, Wells Fargo filed a limited objection to the First Distribution Motion to which the Receiver replied on May 4, 2012 (Docs. 831, 836.) The Court overruled Wells Fargo's objection and granted the Receiver's motion in its entirety on May 7, 2012 (Doc. 839). The Receiver mailed 343 first interim distribution checks totaling $25,520,133.79 to Claimants holding claims which were determined to be entitled to participate in the first interim distribution. All first interim distribution checks have been negotiated.

On November 14, 2012, the Receiver filed a Motion to (1) Approve Second Interim Distribution, (2) Approve Revisions to Certain Claim Determinations, (3) Increase Certain Reserves, and (4) Release Certain Other Reserves (Doc. 945). The motion sought the

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before the filing of that motion that the Allowed Amounts for these five claims may have overstated those claims' actual losses. Ultimately, the Receiver discovered that the collective overstatement for these claims was approximately $167,685.65. On May 15, 2012, the Receiver filed a supplemental motion to approve revisions to these claims and approve a first interim distribution (Doc. 857). This motion was granted on May 17, 2012 (Doc. 858) and all of the first interim distribution checks for these claims have been sent to the Claimants.

approval of (1) a second interim distribution in the amount of approximately $22 million on a *pro rata* basis, representing an additional recovery of 16.75% of the Allowed Amount of claims receiving a distribution at that time, bringing the total recovery to 36.75% of the Allowed Amount of these claims; (2) revisions to certain claim determinations previously submitted by the Receiver and approved by the Court;[17] (3) an increase in reserves of $1,327,793.22; and (4) the release of reserves in the amount of $197,951.10, which will leave in place a total reserve amount of $2,919,110.57 for claims for which timely objections were received and remain unresolved and for Wells Fargo Bank, N.A.'s and TRSTE, Inc.'s purported interests in Receivership assets and the Receivership estate as set forth in the motion. The Court granted the Receiver's motion in its entirety on November 16, 2012 (Doc. 946). The Receiver has mailed 346 checks totaling $21,644,200.35 to Claimants holding claims which were determined to be entitled to participate in the second interim distribution. One check in the amount of $34,239.79 remains outstanding from this distribution.

VII. Investigating Receivership Affairs and Tracing Receivership Funds.

The Receiver has retained the services of PDR Certified Public Accountants ("**PDR**"), forensic accountants, to assist in investigating and analyzing the flow of funds both into and out of the Receivership Entities, and to assist in locating additional funds, if any. The Receiver has also retained the services of Riverside Financial Group ("**Riverside**"), financial analysts to assist in investigating and analyzing all of the trading activity. In

[17] The revisions were requested to (1) accommodate changes in Claimants' circumstances, such as a change in custodian for the account which held the investment underlying this case, (2) correct overstatements of the Allowed Amount for two claims, and (3) reverse the consolidation of two claims due to tax implications.

conjunction with the Receiver, PDR and Riverside have worked on identifying additional individuals and/or entities which were or may have been in possession of Receivership funds. PDR also assisted in determining the amount of each investor's loss.

The Receiver has also retained the services of RWJ Group, LLC ("**RWJ**") as an asset manager for the Receivership Entities. RWJ is owned and operated by Roger Jernigan. Mr. Jernigan assists the Receiver with overseeing ongoing business operations and property recovered by the Receiver, including aiding with efforts to sell such businesses and property. His efforts are designed to ensure that Receivership assets are maintained and/or enhanced to allow for maximum recovery for the Receivership estate. Pursuant to an agreement with the Receiver, RWJ receives $5,500 per month for its services and is reimbursed for related expenses.

VIII. Overview of Remaining Assets.

As of April 3, 2013, the total funds in all Receivership accounts are approximately $11,204,522.16, which includes $2,919,110.57 being in held in reserves for objections in the claims process and $2,229,463.15 being held in escrow until a claim to these funds is resolved. The Receiver has submitted tax returns on behalf of Art and Peg Nadel seeking refunds in the amount of $1,183,525.00 and $2,123,594.00, respectively. The Receiver anticipates that he will recover a significant amount of the refunds sought in these returns.

As discussed above, the Receiver has already distributed a total of approximately **$47 million** to Claimants with Allowed Claims which were entitled to receive distributions, representing a total recovery of 36.75% of the Allowed Amounts for those claims. The Receiver is diligently working on recovering more funds in the hopes to make additional

distributions to these Claimants. To accomplish this, the Receiver is (1) managing and attempting to sell the remaining properties and other miscellaneous assets currently held by the Receivership; (2) pursuing pending litigation against clawback defendants; (3) continuing to collect on outstanding settlement agreements and engaging in collection efforts on judgments obtained in connection with litigation; and (4) continuing to pursue litigation against Wells Fargo and Anne Nadel.

A. Remaining Properties and Other Assets.

The Receiver is in possession of essentially nine properties which remain to be sold. Of these nine properties, six of them are heavily encumbered by liens from various institutions. In particular, Wells Fargo has asserted loans on three properties in excess of $3 million. The total amount of encumbrances on these properties is nearly $6 million. Given the decline in property values in recent years, the amount the Receiver anticipates he will be able to recover from sale of these properties may not greatly exceed the amount of the encumbrances. As discussed above, the Receiver is contesting Wells Fargo's claim to these properties and may contest other asserted liens. The ultimate recovery obtained from the sales of these properties will be contingent upon the outcome of these asserted liens.

The Receiver also has possession of various miscellaneous assets which include artwork, furniture, and the like. While the Receiver is attempting to maximize the recovery from the sale of these assets, he does not anticipate any significant recovery (i.e., in excess of $20,000). The Receiver is also diligently working on evaluating, managing, and selling various assets obtained from the Moodys. The Receiver recently filed a motion to expand the Receivership to include Quest EMG, an oil and gas company, which owes the Receivership

$1,100,000 on a promissory note. Although Quest had paid interest on the note through January 2013, it was in default and had failed to pay the full amount due on the note. The Receiver has already expanded the Receivership to include Respiro, a Sarasota based company which provides respiratory services, and is evaluating the appropriate action to take with respect to this company. The Receiver also acquired the Moodys' interests in various other companies. However, from the Receiver's research it appears that many of these companies are no longer in business and thus, the interests in these companies have little to no value. For more information regarding these interests, please refer to Exhibits C and D.

B. Remaining Clawback Litigation.

The Receiver has resolved the bulk of the clawback cases brought against Profiteers and non-profit organizations. All clawback cases which were pending in district court have been resolved.[18] The remaining clawback cases are either pending or will be pending in arbitration. The Receiver has filed four arbitrations (corresponding to five clawback cases previously filed in court), seeking to recover fraudulent transfers of approximately $19,636,477.89, which includes false profits in the amount of approximately $6,480,903.12. The Receiver also intends to file five additional arbitrations (corresponding to 18 clawback cases previously filed in court), which will likely seek to recover fraudulent transfers of approximately $17,271,897.93, which includes false profits of approximately $3,552,991.52. The Receiver is hopeful that the arbitrators will award him the recovery of these fraudulent

[18] As previously mentioned, two Profiteers in cases before the district court have filed appeals of the judgments awarded against them. The judgments against these two Profiteers total $1,042,803.62.

transfers. At a minimum, the Receiver hopes that the arbitrators will rule as the District Court did and award the amount of false profits to the Receiver. However, given the inherent risk in litigation, there is no guarantee that the Receiver will be able to recover these transfers. Many of the respondents in these arbitrations are vigorously defending them and these cases will be pending before various arbitrators which may lead to inconsistent rulings.

C. Settlements and Outstanding Judgments.

As noted above, as of April 3, 2013, the Receiver has settled 136 cases brought against Profiteers and non-profit organizations for the total amount of $20,953,926.85. The Receiver has collected $19,651,787.23 of the total settlement amount and $1,302,139.62 remains to be paid. The Receiver also has obtained 16 judgments against Profiteers and non-profit organizations for the total amount of $4,067,329.00. The Receiver has collected $511,720.70 of the total judgment amount. As noted above, two Profiteers owing judgments totaling $1,042,803.62 have filed appeals of the judgments awarded. The Receiver is proceeding with collection efforts on the remaining outstanding judgments as appropriate. While the Receiver is hopeful that he will recover funds on the majority of these judgments, it is very possible that he will encounter difficulty in fully satisfying all of these judgments.

The Receiver also has a judgment against the Rowe Defendants in the amount of $4,028,385.00. As noted above, the Receiver will make every reasonable effort to collect as much as possible on this judgment. However, the Receiver anticipates that it will be difficult to fully satisfy this judgment. The Rowes represented that they do not have the means to satisfy this judgment. The Receiver, however, is skeptical of the Rowes' veracity and has begun a search for assets upon which to collect.

D. Litigation involving Wells Fargo and Anne Nadel.

1. Wells Fargo Litigation.

The Receiver instituted this action against Wells Fargo and Timothy Best to recover damages and fraudulent transfers relating to the bank's close and extensive relationship with the Ponzi scheme underlying this case. The Receiver's second amended complaint seeks damages in excess of $168 million. The defendants filed a motion to dismiss this complaint. That motion is fully briefed, and the Court has not yet ruled on it. As noted above, Wells Fargo is pursuing a claim and other purported interests it has to Receivership property. To that end, Wells Fargo filed several motions and objections in connection with the claims process. The Court has deferred ruling on Wells Fargo's claims motions pending the outcome of the Receiver's litigation against Wells Fargo and Mr. Best.

2. Anne Nadel Litigation.

The Receiver brought this action against Anne Nadel (Nadel's former daughter-in-law) to recover two adjacent parcels of real property located in Vermont which were purchased with investor funds unlawfully obtained by Nadel through his scheme. The properties are currently owned and inhabited by Anne Nadel. The Receiver filed an amended complaint on January 11, 2013 and is proceeding with this action. The properties have a 2011 tax valuation of approximately $172,000.

IX. The Next Ninety Days.

The Receiver will proceed with the claims process by continuing to address the remaining objections.

The Receiver will proceed with the pending cases. He will engage in discovery and motion practice. The Receiver will attend any court-ordered mediations. He will continue to thoroughly consider and review any settlement offers for pending cases and engage in settlement negotiations. The Receiver will make every effort to reach compromises that are in the best interests of the Receivership Entities and the investors.

The Receiver will pursue collection efforts on the judgments obtained in connection with the ancillary cases.

The Receiver will continue to review information to determine if any third parties may have liability either to the Receivership estate or investors.

The Receiver will continue to pursue the recovery of tax refunds where possible, and will continue to attempt to locate additional funds and other assets. If appropriate, the Receiver will institute proceedings to recover assets on behalf of the Receivership Entities.

The Receiver will also continue the operations of all ongoing businesses of the Receivership Entities to maintain and, if possible, enhance their value. The Receiver will continue to market properties for sale and entertain offers for purchase.

CONCLUSION

Creditors and investors in the Receivership Entities are encouraged to periodically check the informational website (www.nadelreceivership.com) for current information concerning this Receivership. The Receiver and his counsel have received an enormous amount of emails and telephone inquiries and have had to expend significant resources to address them. To minimize those expenses, creditors and investors are strongly encouraged to consult the Receiver's website before contacting the Receiver or his counsel. However,

the Receiver continues to encourage individuals or attorneys representing investors who may have information that may be helpful in securing further assets for the Receivership estate or identifying other potential parties who may have liability to either the Receivership estate or investors directly to either email jrizzo@wiandlaw.com or call Jeffrey Rizzo at 813-347-5100.

Dated this 8th day of April, 2013.

Respectfully submitted,

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

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on April 8, 2013, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system.

s/Gianluca Morello
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EXHIBIT A

Standardized Fund Accounting Report
for Consolidated Nadel Entities - Cash Basis
Receivership; Civil Court Docket No. 8:09-cv-87-T-26TBM
Reporting Period 10/01/12 to 02/28/13

Fund Accounting (See Instructions):				
		Detail	**Subtotal**	**Grand Total**
Line 1	Beginning Balance (As of 10/01/12):			14,643,937.50
	Increases in Fund Balance:			
Line 2	Business Income	324,905.28		
Line 3	Cash and Securities	(0.00)		
Line 4	Interest/Dividend Income	84,815.04		
Line 5	Business Asset Liquidation	-		
Line 6	Personal Asset Liquidation			
Line 7	Third-Party Litigation Income	26,148,032.76		
Line 8	Miscellaneous - Other (see attached)	34,665.75		
	Total Funds Available (Line 1 - 8):		26,592,418.83	41,236,356.33
	Decreases in Fund Balance:			
Line 9	Disbursements to Investors	21,598,200.25		
Line 10	Disbursements for Receivership in Operations			
Line 10a	*Disbursements to Receiver or Other Professionals*	8,346,381.31		
Line 10b	*Business Asset Expenses*	377,713.31		
Line 10c	*Personal Asset Expenses*			
Line 10d	*Investment Expenses*			
Line 10e	*Third-Party Litigation Expenses*			
	1. Attorney Fees			
	2. Litigation Expenses			
	Total Third-Party Litigation Expenses			
Line 10f	*Tax Administrator Fees and Bonds*			
Line 10g	*Federal and State Tax Payments*	52,886.31		
	Total Disbursements for Receivership Operations		30,375,181.18	$30,375,181.18
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			
Line 11a	Distribution Plan Development Expenses:			
	1. Fees:			
	Fund Administrator			
	Independent Distribution Consultant (IDC)			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Miscellaneous			
	Total Plan Development Expenses			

See accountants' compilation report

Standardized Fund Accounting Report
for Consolidated Nadel Entities - Cash Basis
Receivership; Civil Court Docket No. 8:09-cv-87-T-26TBM
Reporting Period 10/01/12 to 02/28/13

Fund Accounting (See Instructions):				
		Detail	**Subtotal**	**Grand Total**
Line 11b	*Distribution Plan Implementation Expenses:*			
	1. Fees:			
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Investor Identification:			
	Notice/Publishing Approved Plan			
	Claimant Identification			
	Claims Processing			
	Web Site Maintenance/Call Center			
	4. Fund Administrator Bond			
	5. Miscellaneous			
	6. Federal Account for Investor Restitution (FAIR) Reporting Expenses			
	Total Plan Implementation Expenses			
	Total Disbursements for Distribution Expenses Paid by the Fund			
Line 12	Disbursements to Court/Other:			
Line 12a	*Investment Expenses/Court Registry Investment System (CRIS) Fees*			
Line 12b	*Federal Tax Payments*			
	Total Disbursements to Court/Other:			
	Total Funds Disbursed (Lines 9 - 11)			**30,375,181.18**
Line 13	Ending Balance (As of 02/28/13)			10,861,175.15
Line 14	Ending Balance of Fund - Net Assets:			10,861,175.15
Line 14a	*Cash & Cash Equivalents*			10,852,024.75
Line 14b	*Investments*			
Line 14c	*Other Assets or Uncleared Funds*			
	Total Ending Balance of Fund - Net Assets			10,861,175.15

See accountants' compilation report

EXHIBIT B

Receivership Assets Sold or Otherwise Disposed

Asset	Description of Asset	Loans/Liens	Disposition	Amount Received/ Waived
Real Property/Business Operations				
Venice Jet Center, LLC ("VJC")	The VJC was a fully operating fixed-based operator that included a flight school, fueling service, hangar rentals, and a café.	$1,960,169 loan from Northern Trust	On January 20, 2010, the Court approved the sale of the VJC's assets and an agreement with Northern Trust (Doc. 321). In pertinent part, VJC's assets were sold to Tristate Aviation Group of Florida LLC for (1) $300,000 cash at closing; (2) a $250,000 unsecured promissory note payable over a term of three years; (3) resolution of a $1,960,169 loan with Northern Trust; and (4) assumption of prosecution of the Part 16 Complaint subject to an offset of the note obligations to the Receiver for up to $50,000 for expenses and costs actually incurred in connection with efforts to resolve all disputes with the City of Venice, including the Part 16 Complaint.	$540,780.88 plus elimination of over approximately $1,960,169 in debt
599 North Lime Avenue, Sarasota, Florida	A building owned by Lime Avenue Enterprises, LLC which housed a flower shop owned by A Victorian Garden Florist, LLC	A mortgage owed to Ron Carter and James Neal with a remaining balance of approx. $600,000	On May 26, 2011, the Court approved the conveyance of this building and the remaining assets of the florist to Messrs. Carter and Neil in exchange for the elimination of over $600,000 in debt and a claim of over $1,160,000 against the Receivership estate (Doc. 633).	Elimination of over $600,000 in debt obligations and a claim of over $1,160,000

Receivership Assets Sold or Otherwise Disposed

Asset	Description of Asset	Loans/Liens	Disposition	Amount Received/ Waived
Home Front Homes, LLC	Home Front Homes was engaged in the business of manufacturing, marketing, and selling energy-efficient homes.	Loan from M&I Bank for approx. $3,000,000	On January 6, 2010, the Court granted the Receiver's motion to sell certain of Home Front Homes' assets and approve an agreement with M&I Bank (Doc. 293). In salient part, (1) South American Development Corporation agreed to purchase certain assets for $250,000, with $150,000 to be paid at closing and a zero interest promissory note secured by the assets due December 18, 2010 for the $100,000 balance and (2) M&I agreed to waive over $3,000,000 in debt obligations and forego any deficiency claims against the Receivership estate in exchange for 65% of the cash and note proceeds after $12,000 has first been paid to the Receiver for expenses incurred.	$109,128.75 plus elimination of over $3,000,000 in debt
512 Paul Morris Drive, Englewood, Florida	A building owned by Home Front Homes on Lot 81 of the Morris Industrial Park	Loan from Regions Bank for approx. $80,000 and loan from William Bishop with a balance of approx. $700,000	On March 10, 2010, the Court approved the conveyance of this building to William Bishop in exchange for the release of all claims against the Receivership estate (Doc 355).	Elimination of over $790,000 in debt obligations
200 Grandview Trail, Thomasville, Georgia	Approximately 14 acres which encompassed 45 lots, 44 of which were undeveloped; one held a single family home	Loans from Thomasville National Bank with balance owed in excess of $759,000	On February 26, 2010, the Court approved the sale of this property for $725,000 and an agreement with Thomasville National Bank wherein the bank agreed to accept the purchase price less commissions in exchange for a full settlement of all amounts owed under the loans and the waiver of all claims against the Receivership estate (Doc. 352).	Elimination of over $759,000 in debt obligations

Receivership Assets Sold or Otherwise Disposed

Asset	Description of Asset	Loans/Liens	Disposition	Amount Received/ Waived
Land Lot 11 of the 23rd Land District of Grady County, Georgia	Approximately 33.296 acres of undeveloped land	None known	On April 25, 2011, the Court approved the sale of this property for $135,000 (Doc. 620).	$123,717.84
2433 West Main Street, Tupelo, Mississippi	A building owned by Scoop Real Estate, LP which was being leased to a Starbucks	None known	On February 22, 2011, the Court approved the sale of this building for $715,000 (Doc. 601).	$651,216.18
5 McCollum Station, Newnan, Georgia	A gas station which consisted of approximately two acres of land and a 3,500 square-foot building	None known	On August 4, 2010, the Court approved the sale of this property for, in pertinent part, a purchase price of $1,725,000 and payment of $25,000 by the buyer to the Receiver for legal fees and costs associated with the buyer's failure to close a previous transaction (Doc. 451).	$1,750,000.00
22 Nantucket Circle, Oberlin, Ohio	1,450 square foot single family residence	None known	On September 6, 2011, the Court approved the sale of this property for $100,000 less pro-rated real estate taxes for 2011 up to the date of closing (Doc. 651).	$98,383.30

Receivership Assets Sold or Otherwise Disposed

Asset	Description of Asset	Loans/Liens	Disposition	Amount Received/ Waived
774 North Jefferson Avenue, Sarasota, Florida	Residential condominium in Jefferson Pines	None known	On May 18, 2011, the Court approved the sale of this condominium for $55,000 (Doc. 630).	$48,347.79
4905 Waters Edge, Raleigh, North Carolina	A building which was leased to Electronic Data Systems ("EDS"). EDS' lease term ended in January 2010 and the Receiver was unable to find another tenant.	None known	On April 17, 2012, the Court approved the sale of this building for $950,000 (Doc. 819).	$898,699.91
841 South Main Street, Graham, North Carolina	A building which was being leased to a Rite-Aid Pharmacy.	$2,655,000 interest-only loan from Wells Fargo	On May 8, 2012, over Wells Fargo's objection, the Court entered an order granting the sale of this building for $2,400,000. Wells Fargo filed an emergency motion for reconsideration of this order, which the Court denied on May 15, 2012 (Doc. 853). Wells Fargo has asserted a claim to the proceeds of the sale of this building. The proceeds of the sale are currently being held until Wells Fargo's claim to them is resolved.	$2,229,463.15
780 Woodlake Blvd. Tazewell, Tennessee	An undeveloped lot in a golf community	None known	On April 5, 2012, the Court approved the sale of this property for $45,000 (Doc. 811).	$40,322.86

Receivership Assets Sold or Otherwise Disposed

Asset	Description of Asset	Loans/Liens	Disposition	Amount Received/ Waived
Aircraft and Vehicles				
Helicopter	1997 Schwietzer 300	None known	Sold for $200,000 (Doc. 100).	$200,000.00
Airplane	1971 Cherokee Piper PA-28-140	None known	Sold for $27,500 (Doc. 433).	$27,500.00
Airplane	1978 Cessna 152	None known	Sold for $9,000 (Doc. 581).	$9,000.00
Airplane	1977 Baron	None known	Sold for $65,000 (Doc. 491).	$65,000.32
Airplane	1996 Learjet 31A	Loan with General Electric Corporation for approx. $2.4 million	Returned in exchange for the cancellation of the outstanding debt (Doc. 119).	cancellation of debt of approximately $2.4 million
Airplane	1992 Citation	Loan with VFS Financing, Inc. for approx. $2.1 million	Returned in exchange for the cancellation of the outstanding debt (Doc. 119).	cancellation of debt of approximately $2.1 million
Car	2008 Mercedes-Benz E63	Leased	The Receiver surrendered this car to the respective leasing company without penalty and without the lessor retaining any claim to Receivership assets (Doc. 67).	waiver of penalty and claim

Receivership Assets Sold or Otherwise Disposed

Asset	Description of Asset	Loans/Liens	Disposition	Amount Received/ Waived
Car	2009 Volkswagen EOS	Leased	On March 19, 2009, the Court granted the Receiver's motion to surrender this car to the respective leasing company without penalty and without the lessor retaining any claim to Receivership assets (Doc. 89).	waiver of penalty and claim
Car	2008 Maserati Gran Turismo	Leased	On March 3, 2009, the Court granted the Receiver's motion to surrender this car to the respective leasing company without penalty and without the lessor retaining any claim to Receivership assets (Doc. 52).	waiver of penalty and claim
Van	1999 White Ford Van	None known	Sold for $500. Given the dimunitive value of this vehicle, the Receiver was authorized to sell it without further approval from the Court (see Order dated March 24, 2009 (Doc. 97)	$500.00
Van	2003 White Dodge Van	None known	Sold for $2,000. Given the dimunitive value of this vehicle, the Receiver was authorized to sell it without further approval from the Court (see Order, Doc. 97).	$2,000.00
Truck	2002 Silver Jeep Liberty (damaged)	None known	Sold for $1,000. Given the dimunitive value of this vehicle, the Receiver was authorized to sell it without further approval from the Court (see Order, Doc. 97).	$1,000.00
Jeep	1998 Jeep Wrangler	None known	Sold for $4,500. Given the dimunitive value of this vehicle, the Receiver was authorized to sell it without further approval from the Court (see Order, Doc. 97).	$4,500.00
Car	2006 Green Subaru Legacy Outback	None known	On March 24, 2010, the Court approved the sale of the Subaru for $16,500 (Doc. 371).	$16,500.00
Jeep	1997 "Barbie" Jeep Wrangler	None known	On March 2, 2010, the Court approved the sale of the Barbie Jeep for $7,875 (Doc. 357).	$7,875.00

Receivership Assets Sold or Otherwise Disposed

Asset	Description of Asset	Loans/Liens	Disposition	Amount Received/ Waived
ATV	2004 John Deere Buck 4x4	None known	Sold for $3,300. Given the dimunitive value of this vehicle, the Receiver was authorized to sell it without further approval from the Court (see Order, Doc. 97).	$3,300.00
Utility Vehicle	2001 Kawasaki Mule 4x4 Model 3010	None known	Sold for $4,325. Given the dimunitive value of this vehicle, the Receiver was authorized to sell it without further approval from the Court (see Order, Doc. 97).	$4,325.00
Other Assets Recovered				
Marguerite J. Nadel Revocable Trust UAD 8/2/2007	The Receiver's investigation revealed that this trust was funded entirely with proceeds of Nadel's scheme	None known	On February 11, 2009, the Court expanded the Receivership to include the trust (Doc. 44). The Receivership took control of the account and transferred the funds into Receivership accounts.	$381,142.34
Three bank accounts	Three bank accounts jointly held in Marguerite and Art Nadel's name which had been frozen at the beginning of the Receivership	None known	On July 12 , 2012, the Court entered an order denying Mrs. Nadel's motion for relief from the freeze order for these three accounts (Doc. 884). On July 17, 2012, the Court entered an order directing the banks to transfer all money held in these accounts to the Receiver (Doc. 887). On August 3, 2012, $28,384.84 was transferred to the Receiver from these three accounts. The accounts are now closed.	$28,384.84

Receivership Assets Sold or Otherwise Disposed

Asset	Description of Asset	Loans/Liens	Disposition	Amount Received/ Waived
Jewelry	39 pieces of various jewelry obtained from Queen's Wreath Jewels, Inc., Mrs. Nadel, Sharon Moody, and another profiteer	None known	On March 11, 2011, the Court approved the sale of the jewelry by public auction (Doc. 608). Through an auction held by Leslie Hindman Auctioneers on April 10 and 11, 2011, the Receiver successfully sold all 39 pieces for a total of approximately $643,890. After payment of commission and other related expenses, the Receivership estate netted approximately $591,883.85 from the sale of this jewelry.	$591,663.85
Office Furniture	Miscellaneous used office furniture obtained from Receivership Entities' offices	None known	Given the dimunitive value of this furniture, the Receiver was authorized to sell it without further approval from the Court (*see* Order, Doc. 97).	$3,500.00
Home Front Homes assets	Miscellaneous assets of Home Front Homes which were not included in the asset purchase agreement. These assets included a pick-up truck, two small free standing storage structures, and a telephone system	None known	Given the dimunitive value of these items, the Receiver was authorized to sell them without further approval from the Court (*see* Order, Doc. 97).	$7,600.00
Computer equipment	Miscellaneous dated and used computer equipment obtained from the Office	None known	Given the dimunitive value of this equipment, the Receiver is authorized to sell it without further approval from the Court (see Order, Doc. 97). Presently, the Receiver is selling pieces as he is able though the internet and other means.	$763.00
Piano	A Yamaha baby grand piano	None known	On August 1, 2012, the Receiver filed a motion seeking the Court's approval of the sale of the piano for $9,900 (Doc. 891), which the Court granted on August 2, 2012 (Doc. 892).	$9,900.00

Receivership Assets Sold or Otherwise Disposed

Asset	Description of Asset	Loans/Liens	Disposition	Amount Received/ Waived
Receivables/Notes/Securities				
Bonds.com promissory notes and shares of stock	five promissory notes from Bonds.com in the total amount outstanding of $1,840,636 made payable to the Moodys and Valhalla Investment and approximately 7,582,850 unrestricted shares of Bonds.com stock		On April 13, 2012, the Court approved the Receiver's agreement between him and Bonds.com for the repayment of debt, termination of rights, and repurchase of securities (Doc 816). In pertinent part, the agreement (1) retired all of the indebtedness of Bonds.com to the Receivership as reflected in the promissory notes in exchange for payment of $2,250,000 within five days of entry of the order approving the agreement; and (2) allowed Bonds.com to repurchase the shares of stock for payment of $5,000.	$2,255,000.00
Flagship Global Health, Inc. ("Flagship") promissory note	a convertible promissory note in the amount of $250,000 from Flagship to Valhalla Investment Partners		Flagship filed for relief under Chapter 7 of the Bankruptcy Code. The Receiver submitted a claim for $149,300.91, which was the outstanding balance of the note including accrued and unpaid interest. The claim was allowed for the full amount claimed. On July 19, 2012, the Receiver received $94,525.40, representing 63.3120% of the Receiver's claim, in full satisfaction of the claim.	$94,525.40
MAM Software shares of stock	5,564 shares of ADNW stock which became Aftersoft and is now known as MAM Software		The Receiver learned that these shares were escheated to the State of Florida in March 2012. The state liquidated these shares in July 2012. The Receiver submitted a claim to these shares and received a check for $12,797.20 in March 2013, which is the amount the state had obtained from the sale of the shares.	$12,797.20

Receivership Assets Sold or Otherwise Disposed

Asset	Description of Asset	Loans/Liens	Disposition	Amount Received/ Waived
Endai Marketing Growth, Inc. ("Endai") shares	67,000 shares of Endai stock held in the name of Valhalla Investment Partners		The Receiver obtained an appraisal for the Endai shares which found that the Receivership's Endai holdings were worth approximately $6,578.24. On August 31, 2012, the Court approved an agreement for the sale of these shares to Endai for $15,000 (Doc. 903).	$15,000.00

EXHIBIT C

Chris Moody's Assets

Asset	Purchase Price or % of Interest Acquired	Share Information	Loans/Liens	Status/Disposition
Real and Personal Property				
2140 Hillview St., Sarasota (Rental Property)	$296,000.00		$228,000 (as of 1/2009)	The Receiver carefully investigated the financial and physical condition of this property and determined it was not in the best interest of the Receivership to take title. The property carried considerable debt and was in significant disrepair. The Receiver determined that the loan on the property had not been paid since early 2009 and the fair market value, as determined by a licensed real estate broker, was far less than the amount of the debt.
1881 Summerwalk Circle, Sarasota (Rental Property)	$312,000.00		$241,300 (as of 1/2009)	The Receiver carefully investigated the financial and physical condition of this property and determined it was not in the best interest of the Receivership to take title. The property carried considerable debt and was in significant disrepair. The Receiver determined that the loan on the property had not been paid since early 2009 and the fair market value, as determined by a licensed real estate broker, was far less than the amount of the debt.
Hideaway Bay Club, Unit K2, Little Gasparilla, FL (1/3 ownership in Vacation Condominium)	$150,000.00			The Receiver is evaluating Chris Moody's interest in this property.
1997 Jeep (Barbie)				Sold for $7,875 on or about March 2, 2010 (Order, Doc. 357).

Chris Moody's Assets

Asset	Purchase Price or % of Interest Acquired	Share Information	Loans/Liens	Status/Disposition
1996 Wellcraft Scarab Sport boat (Purchased in 1999)	$45,000.00		$26,200 (as of 1/2009)	The Receiver carefully investigated the financial and physical condition of the boat and determined that it was not in the best interest of the Receivership to take title. The boat carried considerable debt and was in need of significant repairs. The Receiver determined that the fair market value of the boat was significantly less than the amount of the debt.
King Air (Valkyrie Aviation)			$1,000,000	The Receiver is evaluating Chris Moody's interest in this entity.

Chris Moody's Assets

Asset	Purchase Price or % of Interest Acquired	Share Information	Loans/Liens	Status/Disposition
Financial Accounts/Securities				
Regions Bank Checking Account				The Receiver obtained the balance of this account which was $8,085.00.
Bonds.com		4,116,084 shares		Pursuant to the agreement between the Receiver and Bonds.com for the repayment of debt, termination of rights, and repurchase of securities, which was approved by the Court, these securities were repurchased on October 10, 2012 for $5,000. Please refer to Section V.C.2 of the Twelfth Interim Report for more details regarding this agreement.
Drinks Americas Holdings, Ltd.		233,293 shares		The Receiver has possession of these shares. Due to reverse splits, the number of shares has significantly decreased. The Receiver is attempting to determine the available market for these shares.
China New Energy Group Company		2,500 shares		The Receiver has possession of these shares and is attempting to determine the available market for these shares.
Flagship Global Healthcare, Inc.		153,265 shares		This company has filed for bankrupcty under Chapter 7 of the Bankruptcy Code. It is unlikely that the Receiver will be able to recover any funds for this investment.
Celsia Technologies (formerly iCurie)		2,912 shares Series A pfd. - 8% deb. (converted to 37,866 shares common stock)		This company is no longer in operation and all of its assets have been sold. As such, it is unlikely that the Receiver will be able to recover any funds for this investment.

Chris Moody's Assets

Asset	Purchase Price or % of Interest Acquired	Share Information	Loans/Liens	Status/Disposition
Business Interests				
C.D.M. Leasing LLC	100%			This is an inactive Florida Limited Liability Company. The company owns two vehicles which are currently being leased to Receivership Entity Respiro, Inc.
Valkyrie Aviation, LLC	100%			This is an inactive Florida Limited Liability Company established to co-own and operate King Air. This company has a potential $112,500 interest in an airplane transferred to another entity which assumed the note and mortgage. The Receiver is evaluating this transaction and Chris Moody's interest in the airplane.
Collingwood Construction Group, LLC	16%			Collingwood Construction Group, LLC was liquidated through a Chapter 7 bankruptcy proceeding and is no longer in operation. Accordingly, the Receiver will not be able to recover any funds for this investment.
TRD Land 43, LLC	3.22% Limited Partnership Interest			Chris Moody invested approximately $59,500 in this company to help fund the purchase of 43 acres in Arcadia, Florida. The Receiver is evaluating Chris Moody's interest in this property.
Rand Hillview, LLC	11 limited Partnership units			The property owned by this entity was foreclosed on by the bank. It does not appear that the Receiver will be able to recover any funds for this investment.

Chris Moody's Assets

Asset	Purchase Price or % of Interest Acquired	Share Information	Loans/Liens	Status/Disposition
Screen Test Studios, LLC	150,000 est. units			The Receiver is evaluating Chris Moody's interest in this entity.
Citi Wifi Networks	150 shares (purchased for $100,000)			The Receiver is evaluating Chris Moody's interest in this entity.
Callahan Energy Partners	1 unit of interest (purchased for $2,500)			The Receiver is evaluating Chris Moody's interest in this entity.

Chris Moody's Assets

Asset	Purchase Price or % of Interest Acquired	Share Information	Loans/Liens	Status/Disposition
Receivables/Notes				
Bonds.com	two promissory notes in the amounts of $1,236,836 and $50,000			Pursuant to the agreement between the Receiver and Bonds.com for the repayment of debt, termination of rights, and repurchase of securities, which the Court approved, this debt was retired along with all other Bonds.com debt to the Receivership in exchange for payment of $2,250,000. Please refer to Section V.C.2 of the Eleventh Interim Report for more information regarding this agreement.
iCurie; Celsia Technologies	$24,992.00			This company is no longer in operation and all of its assets have been sold. As such, it is unlikely that the Receiver will be able to collect on this note.
Dennis Fontaine - Rocket Science Labs (RSL Wrist ID); Pet Tattoos & Other Pet Products	2 loans and a note - Note for $50,000 and loans of $140,910.			The Receiver is contemplating the appropriate course to take for collection of these receivables.
Callahan Energy Partners	$50,000.00			The Receiver believes that $30,000 is still outstanding on this loan and is evaluating the appropriate course of action to take with respect to collection of the outstanding balance.
Respiro, Inc.	$577,500.00			Chris Moody loaned $577,500 to this company which was owned by his wife. The Receivership was expanded to include Respiro on September 21, 2012 (Doc. 916). The Receiver is contemplating the appropriate action to take with respect to this entity for the benefit of the Receivership Estate.

Chris Moody's Assets

Asset	Purchase Price or % of Interest Acquired	Share Information	Loans/Liens	Status/Disposition
One World Ocean, LLC/Dennis Geers	$120,500.00			This limited liability company is a program for fractional ownership in yachts. Chris Moody made a series of loans to Dennis Geers in connection with this company. On August 31, 2012, the Receiver sent a demand letter to Mr. Geers for the outstanding loan balance.
Collingwood Construction Group	$100,000.00			Chris Moody loaned Collingwood $100,000. As this company was liquidated through a Chapter 7 bankruptcy, it is unlikely that the Receiver will be able to collect on this loan.
Sea Gate Land	$90,000.00			The Receiver is contemplating the appropriate course to take for collection of this receivable.

EXHIBIT D

Neil Moody's Assets

Asset	Purchase Price or % of Interest Acquired	Share Information	Loans/Liens	Status/Disposition
Real and Personal Property				
464 Golden Gate Pt., Apt. 703, Sarasota, Florida	$2,160,000.00		a primary mortgage loan from MSC Mortgage LLC in the amount of $956,000 and a home equity line of credit from Wells Fargo Bank with an initial balance of $880,000	The Receiver was granted possession of this property on January 28, 2010 (Doc. 327). This property is a residential condominium unit in a building called La Bellasara and was Neil Moody's primary Florida residence. The Receiver is trying to sell this property and negotiate with the lenders in an effort to generate money for the Receivership estate.
Miscellaneous personal items which include, household furnishings and art, electronics, three pistols, a custom knife, and six cases of mostly modest vintage California wines				The Receiver has consigned many of these items. To date, the Receiver has recovered approximately $15,974.00 from the sale of some of these items after payment of commissions and other costs associated with the sales. The Receiver still has some items on consignment and is in the process of trying determine the best method to sell the other items which have not been consigned.
Financial Accounts/Securities				
First American Bank Account of Neil Moody Charitable Foundation				The Receiver obtained the balance of this account which was $375.25.

Neil Moody's Assets

Asset	Purchase Price or % of Interest Acquired	Share Information	Loans/Liens	Status/Disposition
Bonds.com		1,041,667 shares		Pursuant to the agreement between the Receiver and Bonds.com for the repayment of debt, termination of rights, and repurchase of securities, which was approved by the Court, these securities were repurchased on October 10, 2012 for $5,000. Please refer to Section V.C.2 of the Twelfth Interim Report for more details regarding this agreement.
First American Bank		36,000 shares		The Receiver is working on obtaining possession of these shares and is attempting to determine the available market for these shares.
Nerium Biotechnology, Inc.		309,097 shares		The Receiver is working on obtaining possession of these shares and is attempting to determine the available market for these shares.
Phoenix BioTechnology, Inc.		123,218 shares		The Receiver is working on obtaining possession of these shares and is attempting to determine the available market for these shares.
Electronic Card Game, Inc.		50,000 shares		This company was liquidated through a Chapter 7 bankruptcy and is no longer in operation. As such, it is unlikely that the Receiver will be able to recover any funds for this investment.
Celsia Technologies (formerly iCurie)		75,000 shares Series A pfd		This company is no longer in operation and all of its assets have been sold. As such, it is unlikely that the Receiver will be able to recover any funds for this investment.

Neil Moody's Assets

Asset	Purchase Price or % of Interest Acquired	Share Information	Loans/Liens	Status/Disposition
Drinks Americas Holdings, Ltd.		2,331,577 shares		The Receiver is working on obtaining possession of these shares. Due to reverse splits, the number of shares has significantly decreased. The Receiver is attempting to determine the available market for these shares.
Mimeo.com		13,049 Series C preferred shares		The Receiver is working on obtaining possession of these shares and is attempting to determine the available market for these shares.
KineMed, Inc.		162,008 common shares, 587,687 AA preferred shares, and three warrants		The Receiver is working on obtaining possession of these shares and is attempting to determine the available market for these shares.
Active RFID Systems		50,000 shares		This company is no longer in business. As such, it is unlikely that the Receiver will be able to recover any funds for this investment.
Advanced Nanotech, Inc.	$75,000.00			This company was liquidated through a Chapter 7 bankruptcy and is no longer in operation. As such, it is unlikely that the Receiver will be able to recover any funds for this investment.
Gold Reef International Inc. n/k/a Montana Gold Mining		20,000 common shares		The Receiver is working on obtaining possession of these shares and is attempting to determine the available market for these shares.
MAM Software Group, Inc.		10,630 shares		The Receiver is working on obtaining possession of these shares and is attempting to determine the available market for these shares.

Neil Moody's Assets

Asset	Purchase Price or % of Interest Acquired	Share Information	Loans/Liens	Status/Disposition
Vital Living		268,445 shares		This company is no longer in business. As such, it is unlikely that the Receiver will be able to recover any funds for this investment.
Business Interests				
The Rustic Oven (I and II)	$2,390,000.00	75% interest in both		These were two restaurants located in Colorado. They are no longer in operation and all assets were encumbered. As such, it is unlikely that the Receiver will be able to recover any funds for this investment.
Collingwood Construction Group, LLC	16%			Collingwood Construction Group, LLC was liquidated through a Chapter 7 bankruptcy proceeding and is no longer in operation. Accordingly, the Receiver will not be able to recover any funds for this investment.
Callahan Energy Partners	2 units		$5,000.00	The Receiver is researching Neil Moody's interest in this entity.
Gibraltar Energy, LLC	$150,000.00			The Receiver is researching Neil Moody's interest in this entity.
First Nations Management, LLC	$2,429,706.00			This company is no longer in business. As such, it is unlikely that the Receiver will be able to recover any funds for this investment.

Neil Moody's Assets

Asset	Purchase Price or % of Interest Acquired	Share Information	Loans/Liens	Status/Disposition
Netwolves	31 units ($49,600)			This company underwent reorganization through a Chapter 11 bankruptcy proceeding. As a result of this reorganization, previously held interests were cancelled. The Receiver is still researching this matter, but it does not appear likely that he will be able to recover any funds for this investment.
Screen Test Studios, LLC	100,000 units			The Receiver is evaluating Neil Moody's interest in this entity.

Neil Moody's Assets

Asset	Purchase Price or % of Interest Acquired	Share Information	Loans/Liens	Status/Disposition
Receivables/Notes				
Bonds.com	promissory note in the amount of $250,000.00			Pursuant to the agreement between the Receiver and Bonds.com for the repayment of debt, termination of rights, and repurchase of securities, which the Court approved, this debt was retired along with all other Bonds.com debt to the Receivership in exchange for payment of $2,250,000. Please refer to Section V.C.2 of the Interim Report for more information regarding this agreement.
Collingwood Construction Group	$50,000.00			Neil Moody loaned Collingwood $50,000. As this company was liquidated through a Chapter 7 bankruptcy, it is unlikely that the Receiver will be able to collect on this loan.
Fast Funds	$50,000 unsecured note			The Receiver is researching Neil Moody's interest in this entity.
South West Casino Corp	$50,000 convertible note			It appears that this entity may no longer be in business. The Receiver is conducting further research regarding this entity and Neil Moody's interests.
Legacy Card Co., Inc.	$50,000 convertible note			The Receiver is researching Neil Moody's interest in this entity.

Neil Moody's Assets

Asset	Purchase Price or % of Interest Acquired	Share Information	Loans/Liens	Status/Disposition
Rocket Science Labs (Dennis Fontaine)	personal loan of $40,000			The Receiver is contemplating the appropriate course to take for collection of these receivables.
Tasker Products	$50,000 convertible note			This company is no longer in business and all assets have been liquidated. As such, it is unlikely that the Receiver will be able to recover any funds for this note.
Callahan Energy Partners	$60,000.00			The Receiver is researching Neil Moody's interest in this entity.