

**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.

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**THE RECEIVER'S TWENTY-FIRST INTERIM REPORT**

Receivership Information and Activity from August 1, 2016 through March 31, 2017.

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## INTRODUCTION

Burton W. Wiand, the Court-appointed Receiver for the Receivership Entities as defined herein, hereby files this Twenty-first Interim Report (the “**Report**”) to inform the Court, the investors, and others interested in this Receivership, of activities from August 1, 2016 through March 31, 2017 as well as the proposed course of action.<sup>1</sup> 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; Respiro, Inc.; and Quest Energy Management Group, Inc.

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

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<sup>1</sup> Although this Interim Report covers the period from August 1, 2016 through March 31, 2017, 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](http://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:

- Secured the approval of a tax refund in the amount of **\$2,351,562.00** in connection with amended tax returns the Receiver filed on behalf of Arthur Nadel;
- Surrendered an annuity for **\$241,717.33** obtained in connection with the settlement with Don and Joyce Rowe;
- Continued to engage in efforts to collect on judgments obtained in connection with litigation;
- As of May 10, 2017, the Receiver has reached 159 agreements to settle with Profiteers and non-profit organizations in the amount of \$25,674,831.09 and obtained 19 judgments against Profiteers in the amount of \$6,402,639.38, for a total combined amount of **\$32,077,470.74** (plus additional non-cash assets);<sup>2</sup>
- Pursued an appeal of the court's adverse summary judgment ruling in 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;

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<sup>2</sup> This amount does not include a judgment in the amount of \$4,028,385.00 the Receiver obtained against Don and Joyce Rowe and certain of their affiliated entities (the "**Rowe Judgment**").

- Opposed an appeal of the Court’s February 2, 2016 order granting the Receiver’s motion for determination that Wells Fargo’s failure to comply with the Court’s claims process extinguished its purported interest in Receivership properties;
- Maintained Receivership funds in appropriate accounts. As of April 24, 2017, the total funds in all Receivership accounts are approximately \$8,296,326.96, which includes \$2,769,187.73 being held in reserves for objections in the claims process and \$4,377,456.84 being held in separate accounts until a claim to these funds is resolved;
- Filed the Receiver’s Motion to (1) Approve Sixth Interim Distribution and (2) Increase Certain Reserves, which sought the approval of a sixth interim distribution of \$2 million on a pro rata basis, representing an additional recovery of 1.52% of the Allowed Amount of claims receiving a distribution at that time; the Receiver has now distributed approximately 48.18% of the Allowed Amount of these claims;
- Obtained an order granting the Receiver’s motion for approval of a sixth distribution and distributed 346 checks totaling \$1,969,537.49 to Claimants holding claims which were determined to be entitled to participate in the sixth interim distribution; as of April 24, 2017, twenty-one checks in the combined amount of \$115,732.56 from this interim distribution have not been negotiated; all fifth interim distribution checks have been negotiated;
- Continued to operate ongoing businesses, and where possible, enhance the value of those businesses resulting in the generation of \$392,312.72 in gross business income; and
- Generated \$23,971.08 in interest/dividend income.

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 January 21, 2009, the Commission filed a complaint in this Court charging the Defendants with violations of federal securities laws. 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 18, 2010, the Court entered a consent Judgment of Permanent Injunction and Other Relief against Nadel which permanently enjoined Nadel from further violations of the antifraud provisions of the federal securities laws and ordered Nadel to disgorge ill-gotten gains and pay prejudgment interest (Doc. 460).

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 May 24, 2013, 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; Respiro, Inc.; and Quest Energy

Management Group, Inc. These entities will hereinafter be referred to collectively as the “**Additional Entities.**” (Docs. 17, 44, 68, 81, 153, 172, 454, 911, 916, and 1024.)

On April 28, 2009, Nadel 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. Overview of Findings.**

The Receiver 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 Neil and Christopher Moody (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 came 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.

#### **III. Securing the Receivership Estate.**

##### **A. Securing and Recovering Receivership Funds.**

During the time covered by this Interim Report, Receivership funds were held at Centennial Bank (formerly known as Bay Cities Bank) in a non-interest bearing operating account and two variable interest rate money market accounts. As of April 24, 2017, the total funds in all Receivership accounts are approximately **\$8,296,326.96**, which includes \$2,769,187.73 being held in reserves for objections in the claims process and \$4,377,456.84 being held in separate accounts 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. 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.

**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 **\$3,777,343.60** in tax refunds from Form 1045 Applications for Tentative Refund (“**Form 1045**”) for carryback losses on behalf Marguerite Nadel, Chris Moody, Neil Moody, and Sharon Moody. The Receiver also submitted amended tax returns for Arthur Nadel seeking the return of approximately \$2,393,250.00. The Receiver sought and received authorization from the Court to execute and submit these returns and receive any tax refund payable to Nadel (Docs. 1097, 1100 and 1105). On August 11, 2016, the IRS submitted the matter to the Joint Committee on Taxation (the “**Joint Committee**”) to review. On March 8, 2017, the Joint Committee informed the Receiver that it completed its consideration of the returns and did not take any exception to the conclusions reached by the IRS. On April 10, 2017, the Receiver received notice from the IRS that there is a refund due of **\$2,351,562.00**. The Receiver is reviewing this determination to ensure that the amount has been properly calculated. Assuming there are no errors in the calculation, the Receiver anticipates receiving the refund by the middle of May.

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 and the amount to be paid to the Receiver for Arthur Nadel's amended returns, the total amount the Receiver has recovered from federal tax refunds to insiders will be **\$7,390,264.93**. For more detailed information regarding the Receiver's efforts to recover tax refunds, please refer to the Ninth Interim Report.

**B. 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 August 1, 2016 less operating expenses plus revenue through March 31, 2017. This cash accounting report does not reflect non-cash or cash-equivalent assets. Thus, the value of all property discussed in Section IV below is not included in the accounting reports. From August 1, 2016 through March 31, 2017, the Receiver received \$392,312.72 in business income from ongoing operations of Receivership Entities<sup>3</sup> and \$32,702.56 in interest/dividend income (Ex. A.)

Since the inception of the Receivership through March 31, 2017, the Receiver received \$8,107,457.61 in business income from ongoing operations of some Receivership Entities; \$2,066,501.32 in cash and securities; \$1,095,880.87 in interest/dividend income; \$7,523,643.58 in business asset liquidation; \$120,000.00 in personal asset liquidation; \$68,179,943.10 in third-party litigation income; and \$7,535,042.73 in other income.

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<sup>3</sup> 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.

**IV. Asset Analysis and Recovery.**

**A. Expansion of Receivership to Include Additional Entities.**

As noted above, the Receiver sought and successfully obtained the expansion of the Receivership to include 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 encumbrances related to the asset, the disposition of the asset, and the amount received from the sale of the asset, 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. Laurel Mountain Preserve, LLC; Laurel Preserve, LLC; and Laurel Mountain Preserve Homeowners Association, Inc.**

Laurel Preserve, LLC ("**Laurel Preserve**"), holds title to approximately 420 acres near Asheville, North Carolina intended for the development of home-sites (the "**Laurel Mountain Property**"). On February 11, 2009, the Court expanded the Receivership to include Laurel Mountain Preserve, LLC, Laurel Preserve, and the Laurel Mountain Preserve Homeowners Association, Inc. 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 \$294,000 (as of August 19, 2016). 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.

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.

## **2. 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 has been marketing the real property owned by the Foundation.

### 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 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 undeveloped lots in Thomasville, Georgia (collectively referred to as the “**Lots**”). The first lot is a .12 acre parcel located at 211 Church Street (the “**Church Street Lot**”) that was purchased by the Foundation in December 2006 for \$4,000. In 2016, the Thomas County Board of Tax Assessors assigned the Church Street Lot a taxing value of \$2,224. The second lot is a 1.17 acre parcel located on North Stevens Street (the “**North Stevens Street Lot**”) that was purchased by the Foundation in January 2008 for \$24,000. In 2016, the Thomas County Board of Tax Assessors assigned the North Stevens Street Lot a taxing value of \$10,342. Parties interested in purchasing the Lots should contact the Receiver directly.

**3. 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. Viking Oil was funded with proceeds from Nadel’s scheme. On July 15, 2009, the Court expanded the Receivership to include Viking Oil. (Order, Doc. 153.) The funds invested in Viking Oil were used to purchase an investment interest in Quest Energy Management Group (“**Quest**”). Between February 2006 and April 2007, through Viking Oil, the Moodys invested \$4 million to fund a working interest in Quest. As discussed in Section IV.A.5, below, the Receiver has expanded the Receivership to include Quest.

**4. Summer Place Development Corporation.**

Summer Place is a Florida company that was purchased by Clyde Connell in December 2005 and from whom Nadel, through Scoop Capital, purchased a fifty-percent

ownership stake with total payments of \$63,204.99 to Mr. Connell. 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. Parties interested in purchasing this property should contact the Receiver directly.

#### **5. The Quest Energy Management Group, Inc. Receivership**

Quest is an oil and gas exploration and production company based in Texas. Paul Downey was its Chief Executive Officer, and his son Jeff Downey was its Chief Operating Officer (collectively the "**Downeys**"). The Moodys, through Viking Oil, used scheme

proceeds of \$4 million to fund Quest. Through Valhalla Investment Partners, L.P., the Moodys funneled an additional \$1.1 million to Quest in exchange for a promissory note from Quest and the Downeys to Valhalla Investment Partners. To try to preserve Quest's value for the benefit of the Receivership estate and, ultimately, for defrauded investors in Nadel's scheme, on March 21, 2013, the Receiver moved to expand the Receivership to include Quest (Doc. 993). The Court granted this motion on May 24, 2013 (Doc. 1024).

On November 20, 2014, the SEC filed an enforcement action in the U.S. District Court for the Northern District of Texas against the Downeys and John M. Leonard, an individual who helped the Downeys raise money. *See S.E.C. v. P. Downey et al.*, Case No. 1:14-cv-185 (N.D. Tex.) (the "**Downey Enforcement Action**"). The SEC asserted claims against the Downeys for their violations of the anti-fraud provisions of the federal securities laws in connection with their activities on behalf of Quest. On July 25, 2016, the Downey Enforcement Action court entered an order granting summary judgment in favor of the SEC on its claims against the Downeys.<sup>4</sup> On September 29, 2016, the Enforcement Action court granted the Commission's motion for remedies and entered final judgment as to all defendants. In addition to entering final judgments, the court also made specific findings as

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<sup>4</sup> On April 7, 2014, Jeffry Downey and his wife, Pepper Downey, filed a voluntary petition for relief under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas. On October 16, 2014, the Receiver filed a complaint contesting the dischargeability of Jeffry Downey's debt to Quest and also contesting his ability to obtain a discharge in bankruptcy. The Receiver filed a motion to dismiss the adversary proceeding without prejudice. The Court granted this motion on March 30, 2016. The Receiver determined to dismiss this action because he believes that the Receivership's interests will be adequately protected by the SEC's action against the Downeys.

to the defendants, including that Jeffry and Paul Downey (1) “raised \$4.9 million from 17 investors in a fraudulent offering of securities”; (2) “acted with a high level of scienter, knowingly deceiving investors about virtually every aspect of the investment”; (3) concealed the Receiver’s appointment from Quest investors; and (4) exhibited “misconduct [which] was extremely egregious.”

Consistent with his duties under the Order Appointing Receiver, the Receiver undertook significant efforts to secure Quest’s assets and preserve them for the benefit of its defrauded victims. The Receiver traveled to Texas, secured Quest’s office, interviewed personnel, and examined the records that he was able to collect. The Receiver also hired a forensic accountant to examine Quest’s records, which revealed that Quest was insolvent and seriously mismanaged prior to its addition to the Receivership. Quest also faced serious regulatory issues as a result of its failure to perform basic well maintenance or management for an extended period of time. Left uncorrected, those issues jeopardized Quest’s ability to operate which in turn diminished both its value and the prospect of a sale to a third party. The Receiver was forced to spend considerable effort and expense to resolve these regulatory issues, which included the development and implementation of a maintenance and repair plan.<sup>5</sup> These efforts were integral to the Receiver’s strategy of preserving the value of Quest’s assets while also seeking a purchaser for Quest and its assets. Following the Receiver’s appointment over Quest, the Receiver notified all parties with a potential interest

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<sup>5</sup> For more information regarding these efforts, please refer to Interim Reports on Quest submitted by the Receiver (Docs. 1054, 1117, and 1145).

in Quest of his appointment and provided them with copies of the pertinent Orders Appointing Receiver.

Since the expansion of the Receivership to include Quest, the Receiver has and will continue to maintain a separate accounting of revenues and expenses for the Quest Receivership. The Receiver has been able to grow Quest's revenues since that time and therefore, he believes Quest likely will generate sufficient revenues to cover its expenses. The Receiver currently believes that the assets and potential value of Quest is significantly less than the outstanding balance of investors' investment amount in Quest.

The Receiver also has instituted a separate claims process for the Quest Receivership. On June 15, 2016, the Receiver filed a motion to initiate the Quest claims process. The motion sought the Court's approval of (1) a proof of claim form and procedure to administer claims, (2) a deadline for the filing of proofs of claim, and (3) notice by mail and publication ("**Quest Claims Motion**") (Doc. 1240). On June 17, 2016, the Court granted the Receiver's Quest Claims Motion in its entirety. The Court established a Claim Bar Date 90 days from the mailing of the Proof of Claim Form to known potential Claimants. Pursuant to the Court's Order, any person or entity who failed to submit a proof of claim to the Receiver on or before the Claim Bar Date is precluded from asserting any claim against Quest. The Court's Order further provided that sufficient and reasonable notice was given by the Receiver if made (1) by mail to the last known addresses of all known potential claimants, (2) by publication on one day in the national edition of The USA Today and The Abilene Reporter-News, and (3) on the Receiver's website ([www.nadelreceivership.com](http://www.nadelreceivership.com)).

In compliance with the Court's Order, on July 14, 2016, the Receiver mailed 501 packages to known investors and their attorneys, if any, and any other known potential creditors of Quest thereby establishing October 12, 2016 as the Claim Bar Date. Each package included a cover letter, the Claims Process Instructions, and a Proof of Claim Form. The Receiver also published notice of the claims process in the form approved by the Court in the national edition of The USA Today and The Abilene Reporter-News on August 8, 2016, and provided all pertinent documents for the claims process on his website.

The Receiver received 92 claims seeking approximately \$15,693,745.21 in the aggregate.<sup>6</sup> The Receiver has put the review of these claims on hold pending the resolution of a dispute regarding a particular lease which is currently pending before the Court and is discussed below. The Receiver intends to promptly proceed with his review of these claims once that dispute is resolved.

At the time Quest was placed in Receivership, it maintained leases on three fields which contained a total of 90 gas and oil wells. A number of these wells were located on a plot of land in Callahan County, Texas, consisting of twenty-seven tracts covering approximately 4,346.63 mineral acres (the "**Hatchett Lease**"). On March 3, 2017, the Receiver filed an emergency motion to enjoin an administrative proceeding before the Texas Railroad Commission initiated by one of the owners of the Hatchett Lease. The motion also

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<sup>6</sup> This amount does not include claims for unspecified amounts of interest or fees which were sought by some Claimants. Further, this number reflects the amounts to which Claimants claim they are entitled, and not how much the Receiver has determined is the appropriate amount of their claims under law and equity. This number may change as the Receiver continues his review of the claims submitted.

sought an order to show cause why sanctions should not be imposed against the Hatchett lease owners and their representatives for failure to comply with the Court's order appointing Receiver (Doc. 1261). While the Hatchett Lease apparently has numerous lessors, only two – John Carney and Byron Hatchett – opposed the motion. In addition to opposing the motion, they also sought leave to file a suit for damages and declaratory relief against the Receiver (Docs. 1268, 1269, and 1271). A hearing was held before this Court on March 22, 2017. The Court entered an order granting the Receiver's motion to stay, denying the Receiver's order to show cause, and denying John Carney and Byron Hatchett's motions for leave to file suit (Doc. 1272). The Court also directed the parties to file legal memoranda on or before April 19, 2017 explaining whether the Hatchett Lease expired on April 15, 2016. The deadline for submitting this memoranda was extended to May 5, 2017. It is the Receiver's position that the Hatchett Lease has not expired.

On November 12, 2014, the Court granted the Receiver's motion for leave to retain WhiteHorse Partners, LLC (“**WhiteHorse**”), a boutique advisory firm based in Nashville, Tennessee, to market and assist the Receiver with the sale of Quest. WhiteHorse is familiar with the oil and gas industry and has marketed and sold (or is currently marketing and in the process of selling) companies similar to Quest. For more information regarding WhiteHorse, please refer to the Receiver's Third Interim Report on Quest. The Receiver is currently in negotiations with two (2) prospective buyers introduced by WhiteHorse.

**B. Recovery of Real Property.**

In addition to the assets discussed in conjunction with the expansion of the Receivership in Section IV.A, the Receiver also has 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. 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. On or about May 23, 2006, Neil Moody as Trustee of the Neil V. Moody Revocable Trust purchased the Bellasara Property for \$2,160,000. The Bellasara Property has two known encumbrances: a primary mortgage loan in the amount of \$956,000 and a home equity line of credit from Wells Fargo with an initial balance of \$880,000. The primary mortgage loan from MSC Mortgage, LLC was assigned to Wells Fargo soon after Moody's purchase of the Bellasara Property and subsequently assigned in 2009 to Bank of America. The primary loan is currently serviced by Wells Fargo.<sup>7</sup> Neither bank ever filed a claim in the Receivership relating to either of the two loans. The Receiver is also aware that La Bellasara Condominium Association, Inc. has asserted that it is owed approximately \$154,626.30 in unpaid condominium assessments. The condominium association also did not file a claim in the Receivership.

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<sup>7</sup> Counsel for Wells Fargo represented that, as of December 30, 2016, the amount due on the primary loan was \$1,537,026.12 and, as of December 31, 2016, the amount due on the second loan was \$1,314,955.10.

On April 15, 2015, the Receiver filed a verified motion to approve the sale of the Bellasara Property (Doc. 1174). On April 29, 2015, the Court granted the motion in its entirety (Doc. 1177). In pertinent part, the Order approved the sale of the Bellasara Property for \$2,300,000 and approved the Receiver's request to allow him to hold the proceeds in trust until the disputes between the Receiver and the banks and the condominium association are resolved. On June 1, 2015, the Receiver received the net amount of \$2,147,993.69 from the sale of the property after payment of commissions and normal costs associated with the sale. As noted above, the Receiver presently is holding these proceeds in a separate account. As discussed in Section V. below, the Receiver prevailed on a motion for a determination that Wells Fargo's failure to comply with the claims process extinguished its purported interest in Receivership properties, including the Bellasara Property. Wells Fargo filed an appeal of this decision and the appellate court reversed the Court's order. The Receiver is considering possible resolution of this matter.

**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. Deficiency Judgment and Promissory Note.**

The Receiver has a deficiency judgment against the former owner of a condominium who had executed a promissory note payable to Mrs. Nadel. The Receiver foreclosed on the condominium and obtained a deficiency judgment in the amount of \$99,963.37. The

Receiver recorded this judgment and is attempting to collect on it. (*See* Exhibit B for information regarding the disposition of the condominium.)

As mentioned above in Section IV.A.5, the Receiver also has a promissory note from Quest and the Downeys to Valhalla Investment Partners in the amount of \$1,100,000. Quest made monthly interest payments on this note through January 2013.

## **2. 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.<sup>8</sup>

Chris Moody cooperated with the Receiver in connection with the turnover of all of his assets. Neil Moody initially did not cooperate with the Receiver. Accordingly, the Receiver instituted an action against him individually and in his capacity as Trustee of the Neil Moody Revocable Trust and the Neil Moody Charitable Foundation. On January 6, 2011, the Receiver reached an agreement with Neil Moody to settle claims brought by the Receiver against him and his related entities. The Court approved this settlement on

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<sup>8</sup> For information regarding the enforcement action instituted against the Moodys, please refer to the Fourteenth Interim Report and prior Interim Reports.

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.

**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 transfers from Receivership Entities to Neil and Sharon Moody, Donald and Joyce Rowe, and certain of their affiliated entities; (3) the recovery of other transfers, such as commissions, from other individuals and/or entities; and (4) the recovery of certain charitable contributions made with scheme proceeds. The Receiver also initiated litigation against Holland & Knight, Wells Fargo Bank, and Anne Nadel. With the exception of matters involving Wells Fargo and one profiteer, the Receiver has resolved all litigation. For information regarding litigation brought by the Receiver and settlements reached with defendants, please refer to prior Interim Reports.

**1. Recovery of “Investment” – Related Transfers from Investors.**

The Receiver 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. The Receiver discovered approximately \$35 million in such “false profits.” 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 determined by the claims process).

As of May 10, 2017, the Receiver has reached 159 agreements to settle with Profiteers and non-profit organizations in the amount of **\$25,674,831.09** and obtained 19 judgments against Profiteers in the amount of **\$6,402,639.38** for a total combined amount of **\$32,077,470.47** (plus additional non-cash assets).<sup>9</sup> The Court has approved all of the settlements. The only action pending during the time covered by this Interim Report is *Wiand v. Lee*, Case No. 8:10-cv-0092-EAK-MAP, wherein the defendant appealed the Court’s decision in favor of the Receiver and the appellate court remanded for a determination of prejudgment interest.

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<sup>9</sup> This includes \$127,114.23 which was awarded to the Receiver in an arbitration proceeding encompassing two clawback cases. The defendants paid the Receiver the entire amount awarded while the Receiver’s motion to confirm the award was pending before the Court. This also includes a judgment in the amount of \$6,477.30 for attorneys’ fees and costs which the Receiver obtained against a profiteer in connection with his frivolous objections to the Receiver’s determination of claims he submitted in the claims process.

In *Lee*, the parties participated in mediation conferences before Magistrate Judge Porcelli aimed at resolving the prejudgment issue as well as an impleader action brought against Ms. Manon Sommers-Lee. The impleader action seeks to recover a residence which was funded with proceeds Mr. Lee obtained as a result of Nadel's scheme and is now in the possession of Ms. Sommers-Lee (the "**Lee Property**"). The parties were unable to reach a resolution at mediation. On February 2, 2015, Vernon Lee filed a petition for relief under Chapter 7 of the Bankruptcy Code. The Court determined to administratively close the case due to the bankruptcy on March 20, 2015. The Receiver is proceeding with this matter before the bankruptcy court. On March 18, 2015, the Receiver filed a motion to dismiss the bankruptcy. This motion was denied on May 1, 2015. On May 5, 2015, the Receiver filed a proof of claim for \$1,391,269.41 representing the full amount of the judgment plus interest. On May 8, 2015, the Receiver filed a complaint objecting to the discharge and seeking an equitable lien or a constructive trust on the Lee Property. On November 20, 2015, the Receiver filed a motion for summary judgment with respect to entitlement to the Lee Property. A hearing on this motion was held on January 22, 2016. No ruling has been issued on this motion.

## 2. **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 seeking to recover damages in excess of \$168 million relating to the bank's close and extensive relationship

with the Ponzi scheme underlying this Receivership. The parties engaged in extensive motion practice. For more information regarding motions and other procedural history, please refer to the Receiver's Seventeenth Interim Report and prior Interim Reports.

On June 10, 2014, the defendant filed a motion for summary judgment seeking judgment in its favor on all claims remaining against it. The Receiver opposed this motion and also filed a renewed motion for partial summary judgment on June 10, 2014. On February 9, 2015, the District Court granted summary judgment in favor of Wells Fargo on all counts. Due to the significant impact this unexpected ruling had in limiting the Receiver's claims against Wells Fargo, on March 10, 2015, the Receiver filed a motion to prosecute an appeal of this decision (Doc. 1162). On March 27, 2015, the Court granted the Receiver's motion to appeal this decision (Doc. 1167). Oral argument was held on May 19, 2016. On January 26, 2017, the appellate court issued an opinion affirming the District Court's granting of summary judgment in favor of Wells Fargo.

### **3. Receiver's Litigation Against Rowe**

The Receiver sued Donald Rowe, individually ("**Rowe**") and as Trustee of the Wall Street Digest Defined Benefit Pension Plan ("**Plan**"), Joyce Rowe, and Carnegie Asset Management, Inc. ("**CAM**") (collectively "**Rowe Defendants**") to recover sums received from the Receivership Entities. The Receiver and the Rowe Defendants entered into a settlement agreement, which was approved by the court on February 5, 2013 (Doc. 963). As part of that settlement, the Rowe Defendants consented to entry of a joint and several

judgment in the amount of \$4,028,385.00, the Rowe Judgment, which was entered by the Court on February 25, 2013 (*Rowe*, Doc. 124).<sup>10</sup>

After entry of the Rowe Judgment, the Receiver conducted discovery in aid of execution and learned that the Rowe Defendants made blatant efforts to shed their assets by transferring them to third parties with the intent to hinder the Receiver's collection efforts. To recover those fraudulently transferred assets, the Receiver filed a motion to commence proceedings supplementary and to implead the third parties who received these assets. As a result of these efforts, through various settlements the Receiver recovered \$2,244,068.11, personal property with an approximate value of \$10,000,<sup>11</sup> and an annuity which he surrendered for \$241,717.33 on April 10, 2017. The Receiver also obtained final judgments of garnishment in the total amount of \$60,778.70, which have been paid in full. For more information regarding these settlements and judgments, please refer to the Receiver's Fifteenth and Sixteenth Interim Reports.

On October 15, 2013, the Receiver also directed a writ to MetLife Investors USA Insurance Company ("**MetLife**") to garnish an annuity the Rowes purchased from MetLife. On July 27, 2015, the Court entered an order approving a settlement agreement to resolve the dispute over the MetLife Annuity and the Defendants' remaining obligations under the Rowe Judgment. The settlement agreement provided that the Rowe Defendants would pay

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<sup>10</sup> For more information regarding the Rowe litigation and settlement please refer to the Thirteenth Interim Report and prior Reports.

<sup>11</sup> The Receiver sold this property through auction and received the net amount of \$1,146.00 from these sales.

\$200,000 to the Receiver from either the proceeds of a mortgage on their homestead or from the MetLife Annuity. The Rowe Defendants represented and warranted that they do not have sufficient non-exempt assets to satisfy the remaining amount owed under the Judgment. On September 1, 2015, the Receiver received payment of \$200,000 from the MetLife Annuity.

The Receiver also seized a 2007 Lexus LS from Donald Rowe and recovered \$24,605.25 from the sale of the Lexus. As of May 10, 2017, the Receiver has recovered a total of **\$2,892,315.39** on the Rowe Judgment.<sup>12</sup>

**V. 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 (Doc. 390) (“**Claims Motion**”), which the Court granted on April 21, 2010 (Doc. 391). Pursuant to the Court’s Order, any person or entity who failed to submit a proof of claim to the Receiver so that it was actually received by the Receiver on or before September 2, 2010, the Claim Bar Date, is barred and precluded from asserting any claim against the Receivership or any Receivership Entity.

The Receiver received 504 claims, of which 478 claims were submitted in connection with 473 investor “accounts”<sup>13</sup> (“**Investor Claimants**”). The Receiver also received 26 claims from other purported creditors (“**Non-Investor Claimants**”) (Investor Claimants and

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<sup>12</sup> This amount includes the surrender value of the annuity obtained in connection with the Receiver’s settlement with the Hardin Trust and distributions in the total amount of \$120,000 the Receiver took from this annuity from April 24, 2014 through April 4, 2016.

<sup>13</sup> 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**.”

Non-Investor Claimants are collectively referred to as “**Claimants**”), including two claims from taxing authorities. 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 distribution, and (4) establish objection procedure (“**Claims Determination Motion**”) (Doc. 675). The Receiver recommended that \$131,308,943.50 in Investor Claims and two tax lien claims be allowed. On March 2, 2012, the Court granted the Claims Determination Motion except with respect to a claim submitted by Wells Fargo (the “**March 2 Order**”) (Doc. 776).

The Court reserved ruling on the Wells Fargo 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.) 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. (*See* Section IV.E.2 above and Doc. 955.) On December 7, 2015, the Receiver filed a motion for a determination that Wells Fargo’s failure to comply with the Court’s claims process extinguished its purported interests in Receivership properties. The Court granted this motion on February 2, 2016. Wells Fargo filed an appeal of this Court’s decision on March 2, 2016. Oral argument was held on December 8, 2016. On February 22, 2017, the Eleventh Circuit Court of Appeals reversed the Court’s determination that Wells Fargo was required to file timely proof of claims to protect its secured interests in the Bellasara and Laurel Preserve Properties.

Beginning April 27, 2012 through December 11, 2015, the Receiver filed motions seeking the approval of five interim distributions in the total amount of approximately \$60 million on a *pro rata* basis (Docs. 825, 945, 1085, 1113, and 1212). The motions also sought the establishment, increase, and/or release of reserves as appropriate. The Court granted each of these motions (Docs. 839, 946, 1087, 1114, and 1213). These distributions provided a recovery of 46.65% of the Allowed Amount of the claims entitled to receive them. All interim distribution checks from these distributions have been negotiated.

More recently, on December 20, 2016, the Receiver filed a motion seeking the approval of (1) a sixth interim distribution of \$2,000,000.00 on a *pro rata* basis, representing an additional recovery of 1.52% of the Allowed Amount of claims receiving a distribution at that time, bringing the total recovery to approximately 48.18% of the Allowed Amount of these claims and (2) an increase in reserves of \$111,963.37 (Doc. 1253). On December 21, 2016, Wells Fargo filed a limited objection to this motion which essentially asserted that the Receiver should be required to reserve more funds for its purported claims (Doc. 1254). The Receiver replied to the limited objection on January 9, 2017 (Doc. 1258). On January 10, 2017, the Court overruled the limited objection and granted the Receiver's motion in its entirety (Doc. 1259). All interim distribution checks have been mailed to Claimants holding claims which were determined to be entitled to participate in the interim distributions and as of April 24, 2017, twenty-one checks totaling the amount of \$115,732.56 from this interim distribution have not been negotiated.<sup>14</sup>

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<sup>14</sup> Claim Number 391 is not allowed to participate in any distributions of Receivership assets until and if all Class 1 Claims receive 50% of their Allowed Amounts. Because the  
(footnote cont'd)

**VI. Overview of Remaining Assets.**

As of April 24, 2017, the total funds in all Receivership accounts are approximately **\$8,296,326.96**, which includes \$2,769,187.73 being held in reserves for objections in the claims process and \$4,377,456.84 being held in separate accounts until a claim to these funds is resolved. The Receiver has secured the approval of a tax refund in the amount of **\$2,351,562.00** in connection with amended tax returns the Receiver filed on behalf of Arthur Nadel.

As discussed above, the Receiver has already distributed a total of approximately **\$62 million** to Claimants with Allowed Claims which were entitled to receive distributions, representing a total recovery of approximately 48.18% 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 in bankruptcy court involving the collection of a judgment and prejudgment interest against a clawback defendant; (3) continuing to engage in other collection efforts on judgments obtained in connection with litigation; and (4) exploring a resolution of disputes with Wells Fargo.

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interim distributions have provided a combined recovery of 48.18% to such Class 1 Claims, this claim was not entitled to participate in the interim distributions. Accordingly, the amounts apportioned to Claim Number 391 were not distributed and reverted to the Receivership.

**A. Remaining Properties and Other Assets.**

The Receiver is in possession of essentially four properties which remain to be sold. Of these four properties, one of them is heavily encumbered by liens from two institutions in the combined amount of approximately \$2,260,157.00. Given the decline in property values in recent years, the amount the Receiver anticipates he will be able to recover from sale of this property may not greatly exceed the amount of the encumbrances. As mentioned above, the Receiver contested Wells Fargo's claim to certain properties due to its failure to file claims in the claims process; however, the appellate court determined that Wells Fargo was not required to file a timely claim to protect secured interests it may have. 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 acquired the Moodys' interests in various 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.

The Receiver expanded the Receivership to include Quest, a Texas oil and gas company. As stated in Section IV.A.5 above, the Receiver believes that the oil well leases held by the Quest Receivership have potential value and may be sold for the benefit of

investors and other creditors (*see also* Doc. 1145). The Receiver is marketing Quest and will continue to operate it in an effort to preserve and maximize its value until it is sold. The Receiver has initiated a claims process for the Quest Receivership solely for claims against Quest. All claims were to be submitted to the Receiver on or before October 12, 2016. The Receiver has put the review of these claims on hold pending the resolution of a dispute regarding the Hatchett Lease which is currently pending before the Court. The Receiver intends to promptly proceed with his review of these claims once that dispute is resolved.

**B. Remaining Clawback Litigation.**

All clawback cases which were pending in district court and arbitration have been resolved. As discussed above, there is one case remaining in bankruptcy court which involves a clawback defendant's appeal of the Court's decision in favor of the Receiver and the appellate court's remand for a determination of prejudgment interest. Please refer to Section IV.E.1 for more information regarding this matter.

**C. Settlements and Outstanding Judgments.**

As noted above, as of May 10, 2017, the Receiver has settled 159 cases brought against Profiteers and non-profit organizations for the total amount of \$25,674,831.09. The Receiver has collected \$25,722,333.35 on these settlements and no amounts remain to be paid.<sup>15</sup> The Receiver also has obtained 19 judgments against Profiteers and non-profit organizations for the total amount of \$6,402,639.38. The Receiver has collected \$3,009,380.22 of the total judgment amount. The Receiver is proceeding with collection

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<sup>15</sup> The total amount collected includes \$47,502.26 in interest which was paid in connection with settlement payments which were paid over time.

efforts on the outstanding judgments as appropriate. While the Receiver is hopeful that he will recover funds on the majority of these judgments, the Receiver believes it is unlikely that he will be able to fully satisfy them.

The Receiver also has a judgment against the Rowe Defendants in the amount of \$4,028,385.00. The Receiver has recovered \$2,892,315.39 on this judgment. (*See* Section IV.E.3 above.) The Receiver does not anticipate that he will be able to collect any further funds in connection with this judgment.

**D. Litigation involving Wells Fargo.**

The Receiver instituted an action against Wells Fargo and Timothy Best seeking to recover damages and fraudulent transfers in excess of \$168 million relating to the bank's close and extensive relationship with the Ponzi scheme underlying this case. On June 10, 2014, the parties filed motions for summary judgment. On February 9, 2015, the District Court granted summary judgment in favor of Wells Fargo on all counts. On March 10, 2015, the Receiver filed a motion to prosecute an appeal of this decision due to the nature of the ruling and the impact it would have on the Receivership to the detriment of innocent victims (Doc. 1162). On March 27, 2015, the Court granted the Receiver's motion to appeal this decision (Doc. 1167). Oral argument was held on May 19, 2016. On January 26, 2017, the appellate court issued an opinion affirming the District Court's granting of summary judgment in favor of Wells Fargo.

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. On December 7, 2015, the Receiver filed a motion for a

determination that Wells Fargo's failure to comply with the Court's claims process extinguished its purported interests in Receivership properties. The Court granted this motion on February 2, 2016. Wells Fargo filed an appeal of this Court's decision on March 2, 2016. Oral argument was held on December 8, 2016. On February 22, 2017, the Eleventh Circuit Court of Appeals reversed the Court's determination that Wells Fargo was required to file timely proof of claims to protect its secured interests in the Bellasara and Laurel Preserve Properties.

**VII. The Next Ninety Days.**

The Receiver will proceed with pending litigation and collection efforts. He will continue to thoroughly consider and review any settlement offers 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 also will continue the operations of 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](http://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 either to email [jruzzo@wiandlaw.com](mailto:jruzzo@wiandlaw.com) or call Jeffrey Rizzo at 813-347-5100.

Dated this 12th day of May, 2017.

Respectfully submitted,

**s/Burton W. Wiand**

Burton W. Wiand, Receiver

**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that on May 12, 2017, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system.

**s/Michael Lamont**

Michael Lamont, FBN 0527122

[mlamont@wiandlaw.com](mailto:mlamont@wiandlaw.com)

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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 08/01/16 to 03/31/17**

<b>Fund Accounting (See Instructions):</b>				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 08/01/16):			7,982,012.16
	<b><i>Increases in Fund Balance:</i></b>			
Line 2	Business Income	392,312.72		
Line 3	Cash and Securities			
Line 4	Interest/Dividend Income	23,971.08		
Line 5	Business Asset Liquidation	-		
Line 6	Personal Asset Liquidation			
Line 7	Third-Party Litigation Income	-		
Line 8	Miscellaneous - Other (see attached)	-		
	<b>Total Funds Available (Line 1 - 8):</b>		416,283.80	8,398,295.96
	<b><i>Decreases in Fund Balance:</i></b>			
Line 9	Disbursements to Investors	1,966,695.04		
Line 10	Disbursements for Receivership in Operations			
Line 10a	Disbursements to Receiver or Other Professionals	242,744.33		
Line 10b	Business Asset Expenses	334,183.73		
Line 10c	Personal Asset Expenses			
Line 10d	Investment Expenses			
Line 10e	Third-Party Litigation Expenses			
	1. Attorney Fees			
	2. Litigation Expenses			
	<b>Total Third-Party Litigation Expenses</b>			
Line 10f	Tax Administrator Fees and Bonds			
Line 10g	Federal and State Tax Payments	42,734.59		
	<b>Total Disbursements for Receivership Operations</b>		2,586,357.69	\$2,586,357.69
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			
	<b>Total Plan Development Expenses</b>			

*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 08/01/16 to 03/31/17**

<b>Fund Accounting (See Instructions):</b>		<b>Detail</b>	<b>Subtotal</b>	<b>Grand Total</b>
<i>Line 11b</i>	<i>Distribution Plan Implementation Expenses:</i>			
	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			
	<b>Total Plan Implementation Expenses</b>			
	<b>Total Disbursements for Distribution Expenses Paid by the Fund</b>			
<i>Line 12</i>	<i>Disbursements to Court/Other:</i>			
<i>Line 12a</i>	<i>Investment Expenses/Court Registry Investment System (CRIS) Fees</i>			
<i>Line 12b</i>	<i>Federal Tax Payments</i>			
	<b>Total Disbursements to Court/Other:</b>			
	<b>Total Funds Disbursed (Lines 9 - 11)</b>			2,586,357.69
<i>Line 13</i>	<i>Ending Balance (As of 03/31/17)</i>			5,811,938.27
<i>Line 14</i>	<i>Ending Balance of Fund - Net Assets:</i>			5,811,938.27
<i>Line 14a</i>	<i>Cash &amp; Cash Equivalents</i>			5,811,938.27
<i>Line 14b</i>	<i>Investments</i>			
<i>Line 14c</i>	<i>Other Assets or Uncleared Funds</i>			
	<b>Total Ending Balance of Fund - Net Assets</b>			5,811,938.27

*See accountants' compilation report*

# EXHIBIT B

**Receivership Assets Sold or Otherwise Disposed**

Asset	Description of Asset	Loans/Liens	Disposition	Amount Received/ Waived
<b>Real Property/Business Operations</b>				
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**

<b>Asset</b>	<b>Description of Asset</b>	<b>Loans/Liens</b>	<b>Disposition</b>	<b>Amount Received/Waived</b>
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**

<b>Asset</b>	<b>Description of Asset</b>	<b>Loans/Liens</b>	<b>Disposition</b>	<b>Amount Received/ Waived</b>
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**

<b>Asset</b>	<b>Description of Asset</b>	<b>Loans/Liens</b>	<b>Disposition</b>	<b>Amount Received/ Waived</b>
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 in reserve until Wells Fargo's claim to them is resolved.	\$2,229,463.15 (being held in reserves until a claim to these proceeds is resolved)
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**

<b>Asset</b>	<b>Description of Asset</b>	<b>Loans/Liens</b>	<b>Disposition</b>	<b>Amount Received/ Waived</b>
15576 Fruitville Road, Sarasota, Florida	Residential property	\$209,264.92 due on loan from Northern Trust as of July 15, 2013	On July 18, 2013, the Court approved the sale of this property for \$181,500 and an agreement with Northern Trust wherein the bank agreed to accept 60% of the net sale proceeds in full satisfaction of the loan with the remaining 40% of the net proceeds to be paid to the Receiver (Doc. 1044).	\$68,450.55
30393 Upper Bear Creek Road, Evergreen, Colorado	Residential property	\$377,749.50 due on loan from Freddie Mac (serviced by Wells Fargo Bank) as of July 31, 2013	On July 18, 2013, the Court approved the sale of this property for \$750,000 and approved the Receiver's intent to satisfy the outstanding amount on the Freddie Mac loan at closing with the balance of the sale proceeds going to the Receivership estate (Doc. 1043).	\$322,677.60
Respiro, Inc.	Respiro, headquartered in Sarasota, Florida, provided home respiratory services and medical equipment products.	None known	On October 1, 2013, the Court granted the Receiver's motion to sell Respiro's assets (Doc. 1075). In pertinent part, Respiro's assets were sold to Martix Medical, LLC ("Matrix") for \$65,000 subject to a possible decrease of the purchase price by \$250 for each deficient and/or missing patient file. Matrix reviewed Respiro's files and deducted (i) \$6,750 based on both missing and deficient files, and (ii) \$12,500 for amounts billed by Matrix since assuming control of Respiro but which had been paid to Respiro. This resulted in a net purchase price of \$45,750. Matrix paid this amount to the Receivership on October 4, 2013.	\$45,750.00

**Receivership Assets Sold or Otherwise Disposed**

<b>Asset</b>	<b>Description of Asset</b>	<b>Loans/Liens</b>	<b>Disposition</b>	<b>Amount Received/ Waived</b>
Tradewind, LLC.	Tradewind owned and controlled 31 hangars at the Newnan-Coweta airport in Georgia.	\$876,505.30 due on a loan with the Bank of Coweta	On March 27, 2014, the Court granted the Receiver's motion to sell Tradewind's assets (Doc. 1110). In pertinent part, Tradewind's assets were sold to a private buyer for \$1,200,000 and the Court approved the resolution of the outstanding balance of the Bank of Coweta loan from the proceeds of the sale. The resolution of this loan balance also resolved a claim submitted by the bank in the claims process. The Receivership received the net amount of \$322,482.43 from the sale of Tradewind's assets.	\$322,482.43
Fairview, North Carolina	Residential property	Remaining principal balance of approximately \$248,941.73 on loan from Branch Banking and Trust Company ("BB&T")	On November 18, 2014, the Court approved the sale of this property for \$287,500 (Doc. 1151). On July 28, 2015, the Court approved a settlement agreement wherein the parties agreed that the Receiver would pay BB&T \$10,000 to resolve BB&T's claim to any portion of the sale proceeds for this property (Doc. 1187). The remainder of the sale proceeds was deposited into the Receivership accounts.	\$257,270.59

**Receivership Assets Sold or Otherwise Disposed**

<b>Asset</b>	<b>Description of Asset</b>	<b>Loans/Liens</b>	<b>Disposition</b>	<b>Amount Received/ Waived</b>
464 Golden Gate Point, Unit 703, Sarasota, Florida	Residential property	Primary mortgage loan in the amount of \$956,000 and a home equity line of credit with an initial balance of \$880,000	On April 29, 2015, the Court approved the sale of this property for \$2,300,000 and approved the Receiver's request to hold the proceeds until disputes regarding the proceeds are resolved (Doc. 1177).	\$2,147,993.69 which presently are being held in a separate account
3343 U.S. Route 2 and 3353 U.S. Route 2, Marshfield, Vermont	Two adjacent parcels of real property	Federal tax lien for \$49,710.12 and property taxes of \$12,066.69 in arrears	On March 16, 2016, the Court approved the sale of these properties for \$90,000 free and clear of the federal tax lien and approved the Receiver's request to satisfy the outstanding property taxes from the sale proceeds. The Receiver received the net amount of \$69,242.55 after payment of the property taxes and costs associated with the sale (Doc. 1230).	\$69,242.55

**Receivership Assets Sold or Otherwise Disposed**

<b>Asset</b>	<b>Description of Asset</b>	<b>Loans/Liens</b>	<b>Disposition</b>	<b>Amount Received/ Waived</b>
<b>Aircraft and Vehicles</b>				
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**

<b>Asset</b>	<b>Description of Asset</b>	<b>Loans/Liens</b>	<b>Disposition</b>	<b>Amount Received/ Waived</b>
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 diminitive 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 diminitive 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 diminitive 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 diminitive 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**

<b>Asset</b>	<b>Description of Asset</b>	<b>Loans/Liens</b>	<b>Disposition</b>	<b>Amount Received/ Waived</b>
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
Car	2009 BMW 535i	Payoff balance of \$13,433.88 on loan with BMW Financial Services	BMW, previously used by Paul Downey in connection with Quest, was sold for \$17,000.00 (see Order, Doc. 1050). After payment of the outstanding loan on the vehicle, the Receiver received \$3,566.12.	\$3,566.12
Car	2007 Lexus LS	None known	Seized from Donald and Joyce Rowe and sold for \$26,750 at a sheriff's public auction. After payment of fees and costs, the Receiver received \$24,605.25 from the sale.	\$24,605.25
<b>Other Assets Recovered</b>				
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

**Receivership Assets Sold or Otherwise Disposed**

<b>Asset</b>	<b>Description of Asset</b>	<b>Loans/Liens</b>	<b>Disposition</b>	<b>Amount Received/Waived</b>
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
Three bank accounts	Two bank accounts held in Art Nadel's name and one bank account held in the name of the Clark-Nadel Revocable Trust which had been frozen at the beginning of the Receivership	None known	On August 4, 2015, the Court entered an order granting the Receiver's motion for possession of these bank accounts and modifying the asset freeze to permit Wells Fargo Bank to release the money in the accounts to the Receiver and close the accounts (Doc. 1189). On August 19, 2015, the Receiver received \$13,610.94, which was the total amount held in these accounts.	\$13,610.94
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 ( <i>see</i> Order, Doc. 97).	\$3,500.00

**Receivership Assets Sold or Otherwise Disposed**

<b>Asset</b>	<b>Description of Asset</b>	<b>Loans/Liens</b>	<b>Disposition</b>	<b>Amount Received/ Waived</b>
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). 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
Paintings	Various paintings obtained from David Band in connection with a settlement involving transfers from Donald Rowe	None known	The paintings were sold through auction. The Receiver received net proceeds of \$1,146 from the sale of the paintings.	\$1,146.00
<b>Receivables/Notes/Securities</b>				

**Receivership Assets Sold or Otherwise Disposed**

<b>Asset</b>	<b>Description of Asset</b>	<b>Loans/Liens</b>	<b>Disposition</b>	<b>Amount Received/ Waived</b>
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**

<b>Asset</b>	<b>Description of Asset</b>	<b>Loans/Liens</b>	<b>Disposition</b>	<b>Amount Received/ Waived</b>
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
First America Bank Corp. ("First America") shares	36,000 shares held in the name of Neil Moody		On May 5, 2015, First America was acquired by HCFB Holding Company. The plan of merger provided for approximately \$33 million for all outstanding shares of First America. The consideration per share was \$8.00. This was an all cash tender with no other options. The Receiver redeemed the shares held by the Receivership for the total amount of \$288,000.	\$288,000.00

# EXHIBIT C

**Chris Moody's Assets**

Asset	Purchase Price or % of Interest Acquired	Share Information	Loans/Liens	Status/Disposition
<b>Real and Personal Property</b>				
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. This property has been foreclosed on by the bank holding 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. This property has been foreclosed upon by the bank holding the debt.

Asset	Purchase Price or % of Interest Acquired	Share Information	Loans/Liens	Status/Disposition
Hideaway Bay Club, Unit K2, Little Gasparilla, FL (1/3 ownership in Vacation Condominium)	\$150,000.00			The Receiver brought an action to recover money received from Chris Moody in connection with this condominium. On November 26, 2013, the Receiver filed a motion to approve a settlement of the action (Doc. 1090). In pertinent part, the settlement provides that the defendants will pay the Receiver \$70,000. The Court approved the settlement on November 26, 2013 (Doc. 1092) and the \$70,000 has been paid to the Receiver.
1997 Jeep (Barbie)				Sold for \$7,875 on or about March 2, 2010 (Order, Doc. 357).
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.

Asset	Purchase Price or % of Interest Acquired	Share Information	Loans/Liens	Status/Disposition
<b>Financial Accounts/Securities</b>				
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 bankruptcy 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.

Asset	Purchase Price or % of Interest Acquired	Share Information	Loans/Liens	Status/Disposition
<b>Business Interests</b>				
C.D.M. Leasing LLC	100%			This is an inactive Florida Limited Liability Company. The company owned three vehicles which were being leased to Receivership Entity Respiro, Inc. On March 15, 2013, the Court granted the Receiver's motion to transfer title to the vehicles to Respiro (Doc. 989). The company does not have any other assets.
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 Mayyaka, 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.

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.

Asset	Purchase Price or % of Interest Acquired	Share Information	Loans/Liens	Status/Disposition
<b>Receivables/Notes</b>				
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 assets of Respiro were sold on October 4, 2013 for \$45,750. This sale was approved by the Court (Doc. 1075).

**Chris Moody's Assets**

<b>Asset</b>	<b>Purchase Price or % of Interest Acquired</b>	<b>Share Information</b>	<b>Loans/Liens</b>	<b>Status/Disposition</b>
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
<b>Real and Personal Property</b>				
464 Golden Gate Pt., Apt. 703, Sarasota, Florida	\$2,160,000.00		a primary mortgage loan in the amount of \$956,000 and a home equity line of credit 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 obtained Court approval of a contract for the sale of this property for \$2,300,000. The Receiver obtained \$2,147,993.69 in proceeds from this sale and presently is holding them in a separate account.
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 \$18,983.84 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.
<b>Financial Accounts/Securities</b>				
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**

<b>Asset</b>	<b>Purchase Price or % of Interest Acquired</b>	<b>Share Information</b>	<b>Loans/Liens</b>	<b>Status/Disposition</b>
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 redeemed these shares in May 2015 for the total amount of \$288,000.
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**

<b>Asset</b>	<b>Purchase Price or % of Interest Acquired</b>	<b>Share Information</b>	<b>Loans/Liens</b>	<b>Status/Disposition</b>
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		12,500 Series C preferred shares and 549 Series AB-1 preferred shares		The Receiver has obtained possession of these shares and is attempting to sell them.
KineMed, Inc.		162,008 common shares, 587,687 AA preferred shares		The Receiver has obtained possession of these shares. KineMed has informed the Receiver that no market exists for the shares and that the shares cannot be sold, transferred, or otherwise disposed of without registration under the Securities Act or the availability of an exemption thereunder. This company filed for bankruptcy under Chapter 11 of the Bankruptcy Code on May 4, 2016. The Receiver will take appropriate action to protect the Receivership's interests.
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.

**Neil Moody's Assets**

<b>Asset</b>	<b>Purchase Price or % of Interest Acquired</b>	<b>Share Information</b>	<b>Loans/Liens</b>	<b>Status/Disposition</b>
Gold Reef International Inc. n/k/a Montana Gold Mining		20,000 common shares		The Receiver has obtained 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.
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.
<b>Business Interests</b>				
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.

**Neil Moody's Assets**

<b>Asset</b>	<b>Purchase Price or % of Interest Acquired</b>	<b>Share Information</b>	<b>Loans/Liens</b>	<b>Status/Disposition</b>
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.
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
<b>Receivables/Notes</b>				
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 Eleventh 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**

<b>Asset</b>	<b>Purchase Price or % of Interest Acquired</b>	<b>Share Information</b>	<b>Loans/Liens</b>	<b>Status/Disposition</b>
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.