

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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

CASE NO.: 8:09-cv-0087-T-33CPT

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,

Relief Defendants.

STATUS REPORT REGARDING QUEST ENERGY MANAGEMENT GROUP, INC.

On July 24, 2019, Burton W. Wiand, as receiver (the “**Receiver**”) for Quest Energy Management Group, Inc. (“**Quest**”) filed his Verified Motion For Approval Of Private Sale Of Assets Of Quest Energy Management Group, Inc. (the “**Motion**”). Doc. 1403. On August 9, 2019, the Court granted the Motion (and another motion seeking approval of settlements with certain secured creditors). *See* Docs. 1406, 1407. The Court also ordered the Receiver to file a status report “regarding the status of the proceedings and the necessity of further judicial involvement, especially as it concerns judicial involvement following

completion of the contemplated sale of Quest Energy Management Group, Inc.” Doc. 1408. Per the Court’s order, the Receiver identifies several remaining issues.

First, the Receiver must close the sale and obtain the \$1 million payment. Ordinarily, this would not involve judicial action, but just before the Court approved the sale, the buyer indicated it wanted to cancel the transaction. The Receiver’s position is that the agreement, if cancelled, allows the Receiver to retain the funds deposited. Further, the broker working with the buyer has now said that the buyer wants additional time to close. A motion will be filed shortly to determine whether the Receiver can retain the deposit. The Receiver will continue to negotiate with the purchaser and, if necessary, pursue other potential buyers.

Second, the Receiver has recently asked the Court to overrule an objection to a claim determination. *See* Doc. 1412. Specifically, an investor submitted an objection to the Receiver’s determination that her claim be allowed as a Class 3 claim because she believes she holds a secured interest and should be a Class 2 claimant. Unfortunately, misrepresentations about security interests were part of the fraud perpetrated by the former principals of Quest, and this claimant does not have a secured claim. As such, the Receiver has moved the Court to overrule the objection. The Receiver has also served his motion on the investor, who will have an opportunity to submit an opposition.

Third, the Receiver will ask the Court to approve an additional settlement of an objection to a claim determination. Specifically, an investor submitted a claim for more than \$5 million, which the Receiver recommended be denied. Through the objection procedure, the claimant agreed to reduce the amount of his claim to \$20,457.10 in exchange for being

treated as a Class 3 claimant. The filed motion and this forthcoming motion will resolve all claim objections.

Fourth, if the contemplated sale of Quest's assets closes and the buyer pays the \$1 million purchase price, the Receiver will move the Court to approve a distribution to claimants. *See, e.g.*, Docs. 845, 945, 1085, 1113, 1212, 1308 (approving distributions in the Nadel receivership). As the Receiver has warned, given the size of the claims by Class 1 and Class 2 claimants (even after the discounts negotiated by the Receiver), it is likely that material funds will not be available to make a distribution to Class 3 claimants. The Receiver will provide more detailed calculations in his motion to approve any distribution. The Receiver anticipates making only one distribution.

Fifth, after completing the distribution, the Receiver will move the Court to close the receivership as to Quest, which will involve customary yet miscellaneous requests for relief, including approval of final administrative fees, authorization to destroy unneeded records, and discharge of the Receiver and his professionals.

As previously noted in other filings, the Receiver has administered Quest independent of the broader Nadel receivership as directed by the Hon. Richard A. Lazzara. Briefly, the Receiver has resolved all litigation in the Nadel receivership. The Receiver is attempting to sell a large tract of land in North Carolina, and a small tract of land in Florida, as well as certain miscellaneous assets. The land sales will require Court approval. The large tract is the only significant asset remaining in the Nadel receivership and negotiations are currently ongoing. Once these assets are sold or possibly abandoned (in the case of small or worthless assets), the Receiver will move the Court to approve a final distribution to claimants and to

close the broader receivership and thus the case. The Receiver is endeavoring to complete these tasks as soon as practicable, but they are subject to market conditions and negotiations with third-parties.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on August 21, 2019, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system.

s/Jared J. Perez

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