

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

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

CASE NO.: 8:09-cv-0087-T-26TBM

Defendants,

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

Relief Defendants.

_____ /

**DECLARATION OF BURTON W. WIAND, AS RECEIVER, IN SUPPORT
OF THE RECEIVER'S UNOPPOSED MOTION TO EXPAND RECEIVERSHIP TO
INCLUDE TRADERS INVESTMENT CLUB**

Burton W. Wiand declares as follows:

1. I am an attorney with Wiand Guerra King P.L. in Tampa, Florida. I have personal knowledge of, or have obtained knowledge through my investigation of matters

during the course of this Receivership, regarding the matters asserted herein and am competent to testify thereto.

2. In the January 21, 2009, Order Appointing Receiver (Doc. 8), the Court appointed me Receiver over (a) defendants Scoop Capital, LLC (“Scoop Capital”) and Scoop Management, Inc. (“Scoop Management”) and (b) relief 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 (Scoop Real Estate, Valhalla Investment Partners, Victory IRA Fund, Victory Fund, Viking IRA Fund, and Viking Fund are collectively referred to as the “Hedge Funds”).

3. The Receivership was expanded to include Venice Jet Center, LLC and Tradewind, LLC (Doc. 17); Laurel Mountain Preserve, LLC, Laurel Preserve, LLC, the Marguerite J. Nadel Revocable Trust UAD 8/2/07, and the Laurel Mountain Preserve Homeowners Association, Inc. (Doc. 44); The Guy-Nadel Foundation, Inc. (Doc. 68); Lime Avenue Enterprises, LLC, and A Victorian Garden Florist, LLC (Doc. 79); Viking Oil & Gas, LLC (Doc. 153); and Home Front Homes, LLC (Doc. 172). All of the entities in receivership are collectively identified herein as the Receivership Entities.

4. By early afternoon on January 21, 2009, I had entered and obtained control of the offices of the Receivership Entities (the “Office”) and had begun my investigation into the affairs of the Receivership Entities.

5. I have been assisted in my investigation by my attorneys, accountants, information technology experts, and others. Since I obtained control of the Receivership Entities, I, my attorneys, and/or my accountants have had discussions and other

communications with Arthur Nadel (“Nadel”) and a number of people associated with Nadel and/or the Receivership Entities, including officers of some of the Receivership Entities and persons responsible for maintaining the financial books of the Receivership Entities and other businesses controlled by Nadel, for operating other businesses controlled by Nadel, for performing accounting services, and for administering the Hedge Funds. We have also had communications and gathered information from many investors in the Hedge Funds.

6. We have also reviewed documents located in the Office, documents obtained from the accountant for the Receivership Entities, information stored on the Receivership Entities’ computer network, documents obtained from other businesses controlled by Nadel, documents obtained from numerous third parties, and information available in the public record.

7. My investigation has revealed that Nadel defrauded investors through his control of the Hedge Funds’ advisers and managers. A review of any monthly trading account statement for any of the Hedge Funds would have shown that the trading activity, yields, and amounts in those accounts significantly differed from the information provided to investors in purported periodic Hedge Fund performance statements.

8. On February 24, 2010, Nadel pled guilty to all counts in his indictment, which charged that he ran the scheme underlying this case from 1999 forward.

9. My investigation has also revealed that other operations controlled by Nadel, including Traders Investment Club (“Traders”), were funded with proceeds of Nadel’s fraudulent scheme, including through direct transfers of funds from Victory Fund (“Victory”).

10. Records reviewed to date show that Traders was a Florida partnership that was formed in January 1999 to operate as a purported “investment club.” Records in my possession show that Traders was operated until December 2005.

11. Nadel controlled Traders and purported to buy and sell securities on its behalf in an effort to generate trading profits. During its existence, Traders had approximately 35 different investors, or limited partners. Most of these investors were also simultaneously investors in one or more Hedge Funds.

12. Aside from raising money for Traders from investors, Nadel funded it with unlawful transfers from the Hedge Funds. I have obtained records, including account statements and cashed checks, from the bank accounts Nadel maintained on behalf of Traders at Wachovia Bank, N.A., and its predecessor, SouthTrust Bank. These records show that Nadel improperly transferred money from certain Receivership Entities, including Victory, to Traders. Specifically, at least \$1,925,000 was transferred to Traders from Victory. True and correct copies of these checks are attached hereto as Composite Exhibit 1. These transfers were made to fund distributions of fictional trading gains to Traders’ investors.

13. In 2005, Nadel purported to “wind up” Traders, and he distributed money remaining in the Traders accounts as “purported principal and trading gains” directly to investors or to the Hedge Funds as a purported “roll-over” into the pertinent investors’ Hedge Fund “accounts.” None of the investors in Traders incurred a loss from their investment in Traders.

14. According to the records obtained in connection with my investigation, there is a significant discrepancy between the actual trading results of Traders and the amounts Nadel reported to investors. For example, during the months of August, September, and October 2003, Nadel represented to investors that Traders achieved monthly gains of \$96,768, \$82,978.21, and \$106,483.93, respectively. However, Traders' actual trading statements during the same time period indicate that Nadel only achieved returns of approximately \$9,000, \$20,000 and \$0, respectively.

15. In connection with Traders' 2003 tax return, Nadel represented that Traders had total assets of \$3,945,746.53 at the end of the year. Traders' actual trading and bank statements, however, indicate that it had a total of approximately \$564,000 in its accounts.


16. Aside from directing me to "marshal and safeguard all of the assets" of the Receivership Entities and "take whatever actions are necessary for the protection of the investors" (Order Reappointing Receiver at 1), the Order Reappointing Receiver imposes on me a duty to "institute such . . . legal proceedings, for the benefit and on behalf of the Receivership Entities and their investors and other creditors as the Receiver deems necessary . . . against any transfers of money or other proceeds directly or indirectly traceable from investors in the Receivership Entities . . ." (*Id.* at 2.) It also directs me to "apply to this Court for an Order giving the Receiver possession of" funds of "persons who have invested in the Receivership Entities [that] have been transferred to other persons or entities." (*Id.* at 23.)

17. It is clear that Nadel commingled funds from the Receivership Entities and Traders and intertwined their business operations. Including Traders in this Receivership

would help with the marshalling and safeguarding all of the assets of the Defendants or Relief Defendants.

I declare under penalty of perjury pursuant to 28 U.S.C. § 1746 that the foregoing is true and correct.

Dated this 6th day of August, 2010.



Burton W. Wiand

VICTORY FUND, LTD.
1668 MAIN STREET
SARASOTA, FL. 34236

1007
63-943/631
BRANCH 73501

1/31/03 DATE

PAY TO THE ORDER OF TRADERS INVESTMENT CLUB \$ 200,000⁰⁰

TWO HUNDRED THOUSAND ⁰⁰/₁₀₀ DOLLARS

SouthTrust Bank
Sarasota, FL

FOR _____ *Stephanie Miller*

⑆063109430⑆ 70 676 479⑈ 1007



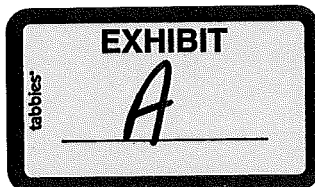
REDS4033 000019 033181210211 NNNNN NNNNN NNNNNN 000194 LMDREBSA 006990

ALA SOUTHTRUST
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150117228 013103 5119 02 95501
01/31/03 0501 70 6175 56075
12:39 CREDIT 0075
70676479
\$200,000.00

*for deposit
Traders Investment Club*

REQUEST 0000339475600000000 200000.00
ROLL REDE 20030131 0150117228+
JOB REDE P ACCT 0032000706764790
REQUESTOR MRI.ANIR BOWLING

Stephanie Miller
FL4953



Nadel Receivership
WACH002702



VICTORY FUND, LTD.
1668 MAIN STREET
SARASOTA, FL 34236

1011

63-943/631
BRANCH# 73501

4/17/03
DATE

PAY TO THE ORDER OF

TRADERS INVESTMENT CLUB

\$ 175,000⁰⁰

ONE HUNDRED SEVENTY-FIVE THOUSAND ⁰⁰/₁₀₀ DOLLARS



SouthTrust
Bank
Sarasota, FL

Arthur Hadel

FOR

⑆063109430⑆ 70 676 479⑈ 1011



REDS425 000010 025181018211 NNNNNN NNNNNN NNNNNN 000015 LMDREDSA 002949

ALA SOUTHTRUST

>062000080<

⑆140147317 041803 5165 02 95501

*For deposit
Traders Investment Club*

REQUEST 00004072259010000000 175000.00
ROLL REDE 20030418 0140147317+
JOB REDE P ACCT 0950000070676479
REQUESTOR MELANIE BOWLING

Stephanie Miller
FL4953



VICTORY FUND, LTD.
1688 MAIN STREET
SARASOTA, FL 34236

1013

83-943/631
BRANCH 73301

4/30/03 DATE

PAY TO THE ORDER OF

TRADERS INVESTMENT CLUB

\$125,000⁰⁰

One hundred twenty-five thousand ⁰⁰/₁₀₀ DOLLARS

SouthTrust Bank
Sarasota, FL

Ar M... ..

FOR

⑆063109430⑆ 70 676 479⑆ 1013



REDSAC25 000010 025181018211 NNNNN NNNNN NNNNN 000017 LMDREDSA 002951

ALA SOUTHTRUST

>062000080<

⑆140050802 043003 6006 02 95501

04/30/03 0301 39 0872 F674E1

10:19 CHILDAY

70676479

\$125,000.00

*for deposit
Traders Investment Club*

REQUEST 00004072259010000000 125000.00
ROLL REDE 20030430 0140050802+
JOB REDE P ACCT 0950000070676479
REQUESTOR MELANIE BOWLING

Stephanie Miller
FL4953



VICTORY FUND, LTD.
1668 MAIN STREET
SARASOTA, FL 34236

1015

63-943/631
BRANCH 71501

5/1/03

DATE

PAY TO THE ORDER OF TRADERS INVESTMENT CLUB \$10,000⁰⁰

TEN THOUSAND 00/100

DOLLARS



Armed and Dangerous

FOR

⑆083109430⑆ 70 676 479⑈ 1015

for the Traders

ALA SOUTHTRUST BANK





VICTORY FUND, LTD.
1669 MAIN STREET
SARASOTA, FL 34236

1016

63-943/631
BRANCH 73501

5/2/03
DATE

PAY TO THE
ORDER OF

TRADERS INVESTMENT CLUB

\$415,000⁰⁰

FOUR HUNDRED FIFTEEN THOUSAND⁰⁰ / 100⁰⁰ DOLLARS



Arden Bradley

FOR

⑆063109430⑆ 70 676 479⑈ 1016



FOR DEPOSIT
TRADERS INVESTMENT CLUB

ALA SOUTHTRUST
>062000080<
150234985 050503 1025 02 95501

05/05/03 0901 57 0100 F67421
04:50 CMLIDAY 0093
70676479

⑆415,000.00

REDSA025 000010 025181018211 NNNNN NNNNN NNNNN 000021 LWREDSA 002955

REQUEST 00004072259010000000 415000.00
ROLL REDE 20030505 0150234985+
JOB REDE P ACCT 0950000070676479
REQUESTOR MELANIE BOWLING

Stephanie Miller
FL4953



VICTORY FUND, LTD.
1668 MAIN STREET
SARASOTA, FL 34236

1021

63-943/631
BRANCH 73501

6/7/04

DATE

PAY TO THE ORDER OF

TRADERS INVESTMENT CLUB | \$50,000⁰⁰

FIFTY THOUSAND⁰⁰/100

DOLLARS



Security Features
Date of Issue

SouthTrust
Bank
Sarasota, FL

[Signature]

FOR

⑆063109630⑆ 70 676 479⑈ 1021

© HAWLAND 2001

⑆00⑆000⑆000⑆

ALA SOUTHTRUST
150216568 080700 062000080<
10558 02 95501
06/07/04 0501 70 Q151 F5944

*For deposit
of money in account with
SouthTrust Bank*



REDSAC25 000010 025181018211 NNNNNN NNNNNN NNNNNN 000118 LMDREDSA 003052

REQUEST 00004072259010000000 50000.00
ROLL REDE 20040607 0150216568+
JOB REDE P ACCT 0950000070676479
REQUESTOR MELANIE BOWLING

Stephanie Miller
FL4953

VICTORY FUND, LTD.
1668 MAIN STREET
SARASOTA, FL 34236

1022

6/25/04 DATE

63-943/631
BRANCH 73501

PAY TO THE ORDER OF TRADERS INVESTMENT CLUB \$ 300,000⁰⁰

THREE HUNDRED THOUSAND⁰⁰/100 DOLLARS

SouthTrust Bank
Sarasota, FL

FOR Arden Patel

⑆063109430⑆ 70 676 479⑈ 1022



For all deposits
30-day notice
Management fee
Financial Advisor
Special rates
of interest

ALA SOUTHTRUST
>062000080<
130165547 062804 1066 02 95501

FOR DEPOSIT ONLY
TRADERS INVESTMENT CLUB

REQUEST 0000407225901000000 300000.00
ROLL REDE 20040628 0130165547+
JOB REDE P ACCT 0950000070676479
REQUESTOR MELANIE BOWLING

Stephanie Miller
FL4953

REDSAQ25 000010 025181016271 NNNNNNNNNNNNNNNNNNNN 000124 LINDREDA 003038