

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

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

Defendants.

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

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.

**RECEIVER'S UNOPPOSED VERIFIED MOTION
TO APPROVE SALE OF JEWELRY BY PUBLIC AUCTION**

Pursuant to 28 U.S.C. § 754, Fed. R. Civ. P. 66, and Rule 3.01 of the Local Rules of the Middle District of Florida, Burton W. Wiand, as Receiver (the "Receiver"), respectfully moves the Court for entry of an order in substantially the form attached as Exhibit 1, allowing the Receiver to sell the Receivership Estate's jewelry by public auction.

BACKGROUND

On January 21, 2009, the Securities and Exchange Commission (“Commission”) initiated this action to prevent the defendants from further defrauding investors of hedge funds operated by them. That same day, the Court entered an order appointing Burton W. Wiand as Receiver for Defendants Scoop Capital, LLC (“Scoop Capital”) and Scoop Management, Inc. (“Scoop Management”) and Relief Defendants Scoop Real Estate, L.P.; Valhalla Investment Partners, L.P.; Valhalla Management, Inc.; Victory Fund, Ltd.; Victory IRA Fund, Ltd.; Viking IRA Fund, LLC; Viking Fund, LLC; and Viking Management, LLC (the “Order Appointing Receiver”). (*See generally* Order Appointing Receiver (Doc. 8).)

The Court subsequently granted several motions to expand the scope of the Receivership to include other entities owned or controlled by Arthur Nadel (“Nadel”). (*See generally* Docs. 17, 44, 68, 81, 153, 172, 454.) All of the entities and the trust in receivership are hereinafter collectively referred to as the “Receivership Entities.”

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

[t]ake immediate possession of all property, assets and estates of every kind of the [Receivership Entities], whatsoever and wheresoever located belonging to or in the possession of the [Receivership Entities], including but not limited to all offices maintained by the [Receivership Entities], rights of action, books, papers, data processing records, evidences of debt, bank accounts, savings

accounts, certificates of deposit, stocks, bonds, debentures and other securities, mortgages, furniture, fixtures, office supplies and equipment, and all real property of the [Receivership Entities] wherever situated, and to administer such assets as is required in order to comply with the directions contained in this Order, and to hold all other assets pending further order of this Court

(*Id.* at 2.)

THE JEWELRY AND THE RECEIVER'S MARKETING EFFORTS

The Receiver filed a Motion to Enjoin State Court Proceedings and for Possession of Jewelry (Doc. 177) and on September 3, 2009 the Court granted the Motion (Doc. 190). Subsequently, possession of the jewelry that was the subject of the motion was transferred to the Receiver ("Queen's Wreath Jewelry"). The Queen's Wreath Jewelry was evaluated by several local jewelers at the request of the Receiver. The Receiver was presented several offers to purchase all of the Queen's Wreath Jewelry for between \$150,000.00 and \$191,500.00. The Receiver declined the offers as he did not believe that they fairly represented the fair market value of the Queen's Wreath Jewelry.

The Receiver also took possession of certain jewelry from Marguerite "Peg" Nadel, the spouse of Nadel, which was purchased with funds derived from Nadel's Ponzi scheme ("Nadel Jewelry").¹ The Nadel Jewelry was purchased for an approximate retail value of over \$10,000.00 according to Nadel's records.

The Receiver also took possession of certain jewelry as a result of his settlement in the action to recover Ponzi scheme proceeds transferred to Sharon Moody in connection with her investments in the Receivership Entities (Docs. 516 & 517) ("Moody Jewelry"). The

¹ Mrs. Nadel voluntarily gave the Nadel Jewelry to the Receiver after being presented with documentation seized by the FBI from Nadel's Sarasota, Florida home which verified the purchases.

Moody Jewelry was purchased for an approximate retail value of \$300,000.00 according to her representations to the Receiver.

Unless otherwise indicated in this Motion, all of the Receivership Estate's jewelry will be hereinafter referred to as "Jewelry". The Jewelry is more fully described in Exhibit 2.

The Receiver marketed the Queen's Wreath Jewelry to potential purchasers through his website, www.nadelreceivership.com, in a specific "Assets for Sale" section. The Nadel Jewelry and Moody Jewelry have also been marketed through the Receiver's website. The Receiver also sought the expertise of various national jewelry consigners, auctioneers and gemologists, such as Sotheby's Diamonds and Christie's, in an effort to determine a viable means of marketing and disposing of the Jewelry. In most instances, these national consigners and auctioneers requested that the Receiver ship the Jewelry out of state for evaluation, which the Receiver was unwilling to do, or after reviewing photographs and information were not interested in assisting the Receiver.

The Receiver began communicating with representatives of Leslie Hindman Auctioneers, Inc. ("LHA") in November 2010. LHA is a full service auction house and industry leader with over thirty years of expertise and experience. LHA is internationally known as a key player in the global auction market and conducts up to forty sales a year specializing in Fine Furniture and Decorative Arts; Fine Art; Fine Books and Manuscripts; Fine Jewelry and Timepieces; and Vintage Couture and Accessories. See www.lesliehindman.com. Alexander Eblen, G.G., Director of LHA's Fine Jewelry and Timepiece Department, met with the Receiver at his office in Tampa and on January 10, 2011, evaluated the Jewelry and discussed the potential for selling the Jewelry on a straight

consignment basis, through a private sale or through public auctions. LHA subsequently presented the Receiver with estimate ranges for each piece of jewelry and determined that the Jewelry could sell at public auction for an overall price of between approximately \$300,000.00 and \$550,000.00.²

After careful consideration, the Receiver has determined that selling the Jewelry at public auction is in the best interest of the Receivership Estate as he believes it provides the best opportunity to market the Jewelry to the widest audience and maximize its value. On February 15, 2011, the Receiver entered into a Consignment Agreement with LHA under which LHA would sell the Jewelry at public auction (the "Agreement"). See Exhibit 3. The Agreement states that LHA shall retain a flat 8% commission from the proceeds of the sale and it sets forth the fees and expenses associated with the consignment and public auction of the Jewelry. The Jewelry will be featured in LHA's next public auction which is scheduled for April 10, 2011. Should any items not sell in April 2011, the Receiver intends to include the items in LHA's public auctions scheduled for September and December of 2011.

The Receivership Estate will net approximately \$275,000.00 if all of the Jewelry is sold at the very low end of LHA's estimates, after the payment of LHA commission and other expenses set forth in the Agreement. The Receiver believes that proceeding with the sale of the Jewelry at public auction through LHA is in the best interests of the Receivership, and accordingly, the Receiver respectfully requests that this Court enter an order in

² The estimated auction values and reserve prices (i.e. the minimum amount that will be accepted) have not been included in this Motion to maintain the potential for the best possible sale price and to prevent potential purchasers from gaining any unfair advantage. However, the Receiver can provide that information to the Court in camera if the Court wishes to review it.

substantially the form attached as Exhibit 1, approving the sale of the Jewelry by public auction.

MEMORANDUM OF LAW

The Court's power to supervise an equity receivership and to determine the appropriate actions to be taken in the administration of the receivership is extremely broad. *SEC v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992); *SEC v. Hardy*, 803 F.2d 1034, 1038 (9th Cir. 1986). The Court's wide discretion derives from the inherent powers of an equity court to fashion relief. *Elliott*, 953 F.2d at 1566; *SEC v. Safety Finance Service, Inc.*, 674 F.2d 368, 372 (5th Cir. 1982). The relief sought by the Receiver falls squarely within those powers. Furthermore, the relief sought is in furtherance of the duties and authorities bestowed upon the Receiver by the Order Appointing Receiver.

WHEREFORE, the Receiver moves the Court for entry of an order in substantially the form of the proposed Order attached as Exhibit 1 approving the sale of the Jewelry more specifically described in Exhibit 2 by public auction and in accordance with the terms set forth in the Agreement attached hereto as Exhibit 3.

CERTIFICATE UNDER LOCAL RULE 3.01(g)

Undersigned counsel has conferred with counsel for the SEC and is authorized to represent to the Court that this motion is unopposed.

VERIFICATION OF RECEIVER

I, Burton W. Wiand, Court-Appointed Receiver in the above-styled matter hereby certify that the information contained in this Motion is true and correct to the best of my knowledge and belief.



Burton W. Wiand, Court-Appointed Receiver

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on March 10, 2011, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system. I further certify that I mailed the foregoing document and the notice of electronic filing by first-class mail to the following non-CM/ECF participants.

Arthur Nadel, Register No. 50690-018
FCI BUTNER LOW
Federal Correctional Institution
P.O. Box 999
Butner, NC 27509

s/Gianluca Morello

Gianluca Morello, FBN 034997

gmorello@wiandlaw.com

WIAND GUERRA KING P.L.

3000 Bayport Drive

Suite 600

Tampa, FL 33607

Tel: 813-347-5100

Fax: 813-347-5199

*Attorney for the Receiver, Burton W. Wiand
W. Wiand*

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

SECURITIES AND EXCHANGE
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VIKING IRA FUND, LLC,
VIKING FUND, LLC, AND
VIKING MANAGEMENT, LLC.

Relief Defendants. /

ORDER

Before the Court is the Receiver's Unopposed Verified Motion to Approve Sale of Jewelry by Public Auction (the "Motion") (Dkt. ____). Upon due consideration of the Receiver's powers as set forth in the Order Appointing Receiver (Dkt. 8), the Orders Reappointing Receiver (Dkts. 140, 316 and 493), and applicable law, it is **ORDERED AND ADJUDGED** that Motion (Dkt. ____) is **GRANTED**.

EXHIBIT 1

The Receiver is hereby authorized to sell the Jewelry more fully described in Exhibit 2 of the Motion by public auction and according to the terms and in the manner set forth in the Motion.

DONE and ORDERED in chambers in Tampa, Florida this ____ day of March, 2011.

RICHARD A. LAZZARA
UNITED STATES DISTRICT JUDGE

COPIES FURNISHED TO:
Counsel of Record

Description

1. A Platinum and Diamond Ring, Michael Beaudry, containing one cushion cut diamond weighing approximately 8.48 carats, two half moon shape diamonds measuring approximately 7.00 x 3.60 mm each and numerous round brilliant cut diamonds weighing approximately 0.60 carat total.

Accompanied by a Gemological Institute of America diamond grading certificate number 5131045850, dated February 7, 2011, stating Shape: Cushion Brilliant, Carat Weight: 8.48, Color Grade: G, Clarity Grade: VS2, Fluorescence: None.

2. A Platinum and Diamond Ring, Michael Beaudry, containing one cushion cut diamond weighing approximately 7.02 carats, two half moon shape diamonds weighing approximately 0.66 carat total and numerous round brilliant cut diamonds weighing approximately 0.68 carat total.

Accompanied by a Gemological Institute of America colored diamond grading certificate number 16315067, dated October 24, 2007

3. A Platinum and Fancy Yellow Diamond Ring, Michael Beaudry, containing one radiant cut fancy yellow diamond weighing approximately 6.21 carats, two half moon shape diamonds weighing approximately 0.67 carat total and numerous round brilliant cut diamonds weighing approximately 0.66 carat total.

Accompanied by a Gemological Institute of America colored diamond grading certificate number 14292772, dated March 9, 2005, stating Shape: Cut Cornered Rectangular Modified Brilliant, Carat Weight: 6.21, Clarity Grade: Internally Flawless, Color Origin: Natural, Color Grade: Fancy Yellow, Even, Fluorescence: None.

4. A Platinum and Diamond Bracelet, Michael Beaudry, containing seven radiant cut diamonds weighing approximately 5.55 carats total and numerous round brilliant cut diamonds weighing approximately 2.01 carats total.

Length 7 inches.

5. A Platinum, 18 Karat Rose Gold and Diamond Ring, Michael Beaudry, containing one oval brilliant cut diamond weighing approximately 2.22 carats, numerous round brilliant cut fancy pink diamonds weighing approximately 0.29 carat total and numerous round brilliant cut diamonds weighing approximately 0.28 carat total.

Accompanied by a Gemological Institute of America colored diamond grading certificate number 14788273, dated October 13, 2005

6. A Platinum and Diamond Ring, Michael Beaudry, containing one oval brilliant cut diamond weighing approximately 2.12 carats and numerous round brilliant cut diamonds weighing approximately 0.57 carat total.

Accompanied by a Gemological Institute of America diamond grading certificate number 15721053, dated January 31, 2007, stating Shape: Oval Brilliant, Carat Weight: 2.12, Color Grade: H, Clarity Grade: VS2, Fluorescence: Faint.

7. A Platinum, 18 Karat Yellow Gold and Fancy Yellow Diamond Ring, Michael Beaudry, containing one radiant cut fancy light yellow diamond weighing approximately 3.16 carats, numerous round brilliant cut fancy yellow diamonds weighing approximately 0.15 carat total and numerous round brilliant cut diamonds weighing approximately 0.40 carat

Accompanied by a Gemological Institute of America colored diamond grading certificate number 15236098 dated September 19, 2006, stating Shape: Cut Cornered Rectangular Mixed Brilliant, Carat Weight: 3.16, Color Origin: Natural, Color Grade: Fancy Light Yellow, Even, Clarity: SI1, Fluorescence: None.

8. An 18 Karat White Gold and Diamond Necklace, containing 264 round brilliant cut diamonds weighing approximately 15.84 carats total.

note: attributed to Hammerman Brothers.

9. A Platinum and Diamond Necklace, Michael Beaudry, containing one rose cut diamond weighing approximately 2.48 carats, one cushion cut diamond weighing approximately 0.42 carat, four marquise shape diamonds weighing approximately 0.96 carat total, one lily cut diamond weighing approximately 0.47 carat and numerous

round brilliant cut diamonds weighing approximately 0.84 carat total, suspended from a chain containing numerous collet set round brilliant cut diamonds collet set weighing approximately 3.57 carats total.
Length 18 inches.

10. A Platinum, 18 Karat Yellow Gold and Diamond Bracelet, Michael Beaudry, containing six pear shape diamonds weighing approximately 2.72 carats total, numerous round brilliant cut fancy yellow diamonds weighing approximately 1.12 carats total and numerous round brilliant cut diamonds weighing approximately 1.59 carats total.
Length 7 inches.
11. An 18 Karat White Gold and Diamond Cuff Bracelet, containing 73 round brilliant cut diamonds weighing approximately 7.00 carats total set within a honeycomb pattern, lower half of bracelet having a textured surface.
12. An 18 Karat White Gold, Spessartite Garnet and Diamond Ring, containing one oval brilliant cut spessartite weighing approximately 9.00 carats and numerous round brilliant cut diamonds weighing approximately 2.66 carats total.
13. A Pair of Platinum and Diamond Ear Pendants, Michael Beaudry, containing two cushion cut diamonds weighing approximately 0.63 carat total and numerous round brilliant cut diamonds weighing approximately 0.55 carat total.
14. A Platinum, 22 Karat Yellow Gold and Diamond Bracelet, Michael Beaudry, containing numerous princess cut diamonds weighing approximately 2.07 carats total and numerous round brilliant cut diamonds weighing approximately 1.32 carats total.
Length 7 inches.
15. An 18 Karat Yellow Gold and Diamond Freeform Link Bangle Bracelet, containing 34 round brilliant cut diamonds weighing approximately 0.68 carat total.
16. A Pair of Platinum and Diamond Ear Pendants, Michael Beaudry, containing two pear shape diamonds weighing approximately 0.82 carat total, two oval brilliant cut diamonds weighing approximately 0.68

carat total and numerous round brilliant cut diamonds weighing approximately 0.74 carat total.

17. An 18 Karat White Gold, Cultured South Sea Pearl and Diamond Ring, containing one pearl measuring approximately 18.47 mm in diameter and numerous round brilliant cut diamonds weighing approximately 1.90 carats total.
18. A 14 Karat Yellow Gold and Diamond Quartz Wristwatch, containing numerous round brilliant and single cut diamonds weighing approximately 1.30 carats total.
Stamp: 14K ITALY LJ.
19. A Pair of Platinum and Diamond Ear Pendants, Michael Beaudry, containing two kite shape diamonds weighing approximately 0.49 carat total, two asscher cut diamonds weighing approximately 0.34 carat total and numerous round brilliant cut diamonds weighing approximately 0.35 carat total.
20. A Pair of Platinum and Diamond Heart Shape Earrings, Michael Beaudry, containing two heart shape diamonds weighing approximately 0.79 carat total and numerous round brilliant cut diamonds weighing approximately 0.52 carat total.
21. A Pair of Platinum, 18 Karat Yellow Gold and Diamond Ear Pendants, Michael Beaudry, containing two radiant cut diamonds weighing approximately 0.49 carat total, 36 round brilliant cut fancy yellow diamonds weighing approximately 0.22 carat total, two princess cut diamonds weighing approximately 0.12 carat total and six round brilliant cut diamonds weighing approximately 0.18 carat total.
22. A Pair of Platinum and Diamond Ear Pendants, Michael Beaudry, containing two pear shape diamonds weighing approximately 0.79 carat total and numerous round brilliant cut diamonds weighing approximately 0.31 carat total.
23. An 18 Karat White Gold, Amethyst and Diamond Ring, containing one cushion shape checkerboard top amethyst measuring approximately 18.15 x 18.15 mm and numerous round brilliant cut diamonds weighing approximately 1.32 carats total.

24. A Platinum and Diamond Pendant, Michael Beaudry, containing one heart shape brilliant cut diamond weighing approximately 0.61 carat and numerous round brilliant cut diamonds weighing approximately 0.33 carat total.
25. A Pair of Platinum and Diamond Ear Pendants, Michael Beaudry, containing two marquise shape diamonds weighing approximately 0.55 carat total and numerous round brilliant cut diamonds weighing approximately 0.49 carat total.
26. A Platinum and Diamond Eternity Band, Michael Beaudry, containing numerous round brilliant cut diamonds weighing approximately 1.56 carats total.
27. An 18 Karat Yellow Gold and Diamond Link Bracelet, containing 60 round brilliant cut diamonds set in rectangular sections separated by rope texture borders.
28. A Platinum, 18 Karat Yellow Gold and Fancy Color Diamond Eternity Band, Michael Beaudry, containing numerous round brilliant cut fancy yellow diamonds weighing approximately 0.37 carat total and numerous round brilliant cut diamonds weighing approximately 0.57 carat total.
29. An 18 Karat White Gold, Cultured Freshwater Pearl and Diamond Pendant, containing four pearls of various colors measuring approximately 6.00 - 7.00 mm in diameter and numerous round brilliant cut diamonds weighing approximately 0.98 carat total, suspended from an 18 karat white gold double strand chain containing 24 round brilliant cut diamonds weighing approximately 0.42 carat total.
note: this combines two separate items from appraisal list.
30. A Pair of 18 Karat White Gold, Cultured Freshwater Pearl and Diamond Ear Pendants, containing eight pearls of various colors measuring approximately 6.00 - 7.00 mm in diameter and numerous round brilliant cut diamonds weighing approximately 1.72 carats total.
31. A Set of 18 Karat White Gold, Rubber and Diamond Jewelry, consisting of a necklace containing numerous round brilliant cut diamonds

weighing approximately 0.42 carat total, together with a ring containing numerous round brilliant cut diamonds weighing approximately 0.63 carat total.

32. A 14 Karat Yellow Gold and Diamond Bangle Bracelet, containing two rows of round brilliant cut diamonds weighing approximately 1.00 carat total, lower section having a rope texture.
33. A 14 Karat Yellow Gold and Diamond Hinged Bangle Bracelet, containing numerous round brilliant cut diamonds weighing approximately 0.83 carat total arranged in central diagonal rows and side parallel rows.
34. A Group of Two Beaded Necklaces, consisting of one gold tone necklace containing red coral and one gold tone necklace containing lapis lazuli and coral.
35. A 14 Karat Yellow Gold and Diamond Pendant, containing a central marquise cut diamond weighing approximately 0.35 carat and eight round brilliant cut diamonds weighing approximately 0.04 carat total.
36. Gold-Toned Buddha Pendant
37. Gold-Toned Chain
38. A Platinum and Diamond Necklace, Michael Beaudry, containing numerous round brilliant cut diamonds weighing approximately 4.35 carats total. Length 16 inches.

LESLIE HINDMAN AUCTIONEERS

CONSIGNMENT AGREEMENT

Burton W. Wiand, as Receiver
Securities and Exchange Commission versus Nadel, et. al.
3000 Bayport Drive, Suite 600
Tampa, FL 33607
PH: 813-347-5100 / FX: 813-347-5173

The undersigned Consignor hereby agrees with Leslie Hindman Auctioneers, Inc. ("LHA") that the property as listed on the Receipt belonging to Consignor (the "Property") will be sold at public auction by us as your agent, in addition to any subsequent consignments with (LHA), in accordance with our Conditions of Sale printed in our catalogues and with the terms set forth below. As used herein, "we," "us" and "ours" mean Leslie Hindman Auctioneers, Inc. or any company affiliated with LHA offering the Property for sale under this Agreement, and "you" and "your" means the individual, corporation or other entity listed above as Consignor. This Agreement shall remain in effect for a period of one year from the date of execution.

- 1. Date of Sale.** The Property will be offered for sale at auction. Dates of sale and the division of the Property into lots shall be determined by us and are subject to change without notice in our sole discretion. We may withdraw any Property before sale if we deem it unsuitable for sale for any reason whatsoever or if we believe that you have breached the terms of this Agreement.
- 2. Commissions, Buy-in-Fee and Buyer's Premiums.** Commission is charged on a per lot basis based on a percentage of the final hammer price. The hammer price is the amount of the winning bid, per lot or item, prior to any additional fee or buyer's premium which may be charged by LHA. You agree that we shall be paid and shall be authorized to retain a flat 8% commission from the proceeds of the sale.

We agree to waive our standard buy-in fee with respect to any lot which fails to sell.

In addition to the commission or fees above for the Consignor, LHA is authorized to charge the purchaser of the Property or any lot a buyer's premium based upon the hammer price not to exceed: twenty-two percent (22%) of the first \$200,000.00, plus twenty percent (20%) of the portion of the hammer price from \$200,001.00 and \$500,000.00; plus twelve percent (12%) of the portion of the hammer price over \$500,000.00. For lots sold online, LHA is authorized to charge the purchaser of the Property or any lot a buyer's premium based upon the hammer price not to exceed: twenty five percent (25%) of the first \$200,000.00, plus twenty-three percent (23%) of the portion of the hammer price from \$200,001.00 and \$500,000.00; plus fifteen percent (15%) of the portion of the hammer price over \$500,000.00.

1338 West Lake Street
Chicago, Illinois 60607

ph: 312.280.1212 fx: 312.280.1211

www.lesliehindman.com

The commission, buyer's premium and any buy-in fee generated by any sale or auction of the Property or lot shall at all times be the sole property of LHA. You consent and LHA reserves the right to pay a fee derived from any commission, buyer's premium or buy-in fee to any person or entity which introduces property or clients to LHA or which otherwise assists LHA, without further notice or consent of Consignor.

3. **Packing and Shipping Charges.** You agree to pay all packing and shipping charges to our premises. In the event the Property does not sell, you agree to pay all packing and shipping from our premises. Should LHA advance sums to a third party for packing and shipping, these charges may be deducted from the proceeds of the sale or invoiced separately. LHA charges a ten percent (10%) service fee for all sums advanced to third parties for Any service fee charged by LHA for packing and shipping charges shall not to exceed \$150.00.
4. **Illustration Charges.** We agree to waive our standard catalogue illustration charge of \$80.00 per photograph. All property will be photographed and illustrated for online catalogues; however, we agree to waive our standard online illustration charge of \$10.00 per lot.
5. **Other Charges.** Charges for services related to this agreement which you have approved either verbally or in writing will be deducted from the proceeds of the sale or billed to you. Some of our typical services include, but are not limited to, framing, restoration, and independent appraisals including gemological tests or certificates of authenticity. A \$30-50 handling fee will be charged for each unframed item in a lot, depending on the size. A service charge of ten percent (10%) of the cost will apply to any service authorized by you.
6. **Insurance.** We agree to waive our standard insurance costs of one and a half percent (1.5%) of the hammer price. Neither LHA nor any insurer shall be liable for damage to glass or frame(s). In addition, we are not responsible for damage resulting from preexisting conditions, defects, humidity, temperature changes or normal wear and tear.

LHA is not responsible for insurance coverage until arrival of Property at our location(s) or with one of our agents unless otherwise agreed upon prior to shipment.

If LHA has agreed prior to loss to insure Property, Consignor agrees that Property will be packed and unpacked by packers who are trained and skilled in utilizing procedures and materials necessary to protect the covered property.

Subject to the aforementioned conditions, in the event of loss or damage to your Property, we will pay you as follows:

- a. If the Property has not been offered for sale, settlement shall be based on our most recent median estimate.
- b. If the Property is sold, settlement shall be based on the hammer price less commission.
- c. If the Property is "bought-in" (i.e. the Property did not sell because the bidding failed to meet the reserve or for any other reason), settlement shall be based on the reserve price less commission. If no reserve price has been determined, settlement shall be based on the low estimate less commission.

LHA's liability to you resulting from loss or damage to any Property shall not exceed the above mentioned insurance coverage of such Property.

7. **Possession and Authenticity of Property and Authority to Consign and Sell.** Consignor is a Receiver appointed by the United States District Court, Middle District of Florida in the matter of *SECURITIES AND EXCHANGE COMMISSION V. ARTHUR NADEL, ET AL.*, CASE NO: 8:09-CV-87-T-26TBMIN ("Receivership") and possession of some of the Property to be consigned was given to the Consignor pursuant to a Court Order entered on September 9, 2009. The remaining Property to be consigned was voluntarily given to the Consigner in connection with his efforts to marshal assets in the Receivership. Consigner is unable to make any representations, express or implied, of any type, kind, character or nature, including but not limited to the suitability of the Property. Consignor is unaware of any encumbrances on the Property. Consignor is authorized to dispose of the Property pursuant to the Orders entered in the Receivership subjected to the approval by the United States District Court, Middle District of Florida. Consignor shall obtain approval from the United States District Court, Middle District of Florida to sell the Property pursuant to the terms outlined in this agreement in advance of the Date of Sale. Consignor agrees to assume all of the obligations in this agreement. Consignor agrees to supply any additional information or documents which we may require concerning the Property or the Receivership to the extent available.
8. **Estimates and Catalogue Descriptions.** The estimates and catalogue descriptions set forth on your receipt or in our catalogues are statements of opinion only. Such opinions are not to be deemed a representation or warranty by us in any way of the genuineness, authorship, attribution, provenance, period, culture, source, origin, condition or authenticity of the Property, or a representation or warranty as to what price the Property will actually bring at auction.
9. **Reserves.** A reserve price (the price below which the Property will not be sold) may be set on any Property with a low estimate of \$500 or above. The reserve price is confidential and shall not exceed the low estimate established by us. Reserves do not include premiums or taxes. You shall not, directly or indirectly, bid on the Property and it is understood that any bids to protect the reserve will be made by us as your agent. Furthermore, we may sell any Property below the reserve provided that we pay you on the settlement date the amount you would have been entitled to receive had the Property sold for the reserve price less all applicable commissions and charges. Until its reconsignment or removal from our premises, we reserve the right to sell unsold Property at or above the reserve price. Proceeds from such a sale are subject to all commissions and charges as if the Property had sold at auction.
10. **Withdrawal of Property.** You agree that the Property or any lots or portions thereof may not be withdrawn by you after the execution of this Agreement unless the Consignor is ordered to do so by the United States District Court, Middle District of Florida. There shall be no penalty or withdrawal fee charged to the Consignor for any reason. We are further authorized as your agent to accept the return and rescind the sale of any Property, at our election to do so, if we at any time in our sole discretion determine that the offering for sale of any Property has subjected us or you to any liability under warranty of authenticity, authority, or title. In such an event, we are authorized to refund or credit to the purchaser the purchase price of such returned Property and if we have remitted to you any proceeds of the rescinded sale, you agree to pay us upon request an amount equal to the remitted proceeds.

11. Unsold Property. In the event that your Property does not sell, provided LHA agrees to do so in writing, you may reconsign the Property under the protection and terms of this Agreement. The following terms and conditions apply if no agreement to reconsign your unsold Property is reached:

- a. All unsold Property must be removed from our premises after paying all commissions and expenses owed to us in full including but not limited to commission, insurance and other charges in articles 2 through 6.
- b. Property will be held for pick-up without charge to you for a period of twenty (20) business days following the auction. Thereafter, a charge of \$10 per lot per day will be payable by you in consideration for storage.
- c. If Property is not reconsigned or picked up within forty-five (45) calendar days following the auction, we will have no liability for any damage or loss to property left on our premises.
- d. Property which is left unconsigned on our premises for any reason in excess of sixty (60) calendar days shall be returned to the Consignor at which time all outstanding fees and costs shall be paid by the Consignor upon first receiving a detailed and reasonable invoice of unpaid fees and costs. The balance of any funds recovered in excess of storage charges will be remitted to you.
- e. LHA may, in its sole discretion, elect to extend any insurance policy as to any unsold property or to obtain such additional security personnel or measures reasonably necessary to protect the unsold property left in LHA's possession, and Consignor shall be responsible for such additional expenses.

12. Use of Name. We are hereby authorized to use your name as the owner of the Property in our catalogue, advertising, and promotional efforts unless you check the box below. If authorized, we will use the form of your name which appears in this Agreement unless you indicate otherwise below.

~~Use of my name is not permitted:~~

My name may appear as:

Burton W. Wiand, Receiver in the matter of SEC v. Nadel, et al.


We are also authorized to use the names of any and all Receivership entities that were previously operated or controlled by Arthur Nadel, Marguerite "Peg" Nadel, Christopher Moody and Neil Moody, including, but not limited to Valhalla Investment Partners, Viking Fund, Viking IRA Fund, Victory Fund, Victory IRA Fund and Scoop Real Estate.

13. Settlement. A settlement check will be mailed to you thirty (30) calendar days following the sale date for items sold less our commission and any applicable charges; an itemized settlement statement of proceeds and deductions will be included. We shall not be responsible for settlement on any items sold at auction wherein the purchaser defaults. In the event of a default by the purchaser, then, at our discretion, we may cancel the sale and return the Property to you, or

enforce payment by the purchaser. We shall not be liable for paying you unless and until we have received full payment from the purchaser.

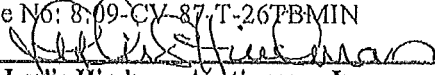
14. **Indemnification and Hold Harmless.** Consignor agrees to defend, indemnify and hold harmless LHA and its shareholders, officers, directors, agents, employees, attorneys, affiliates, successors and assigns, notwithstanding their fault, liability, or negligence, from and against any and all demands, claims, actions, damages, losses, liabilities and expenses (including attorney's fees) of any kind of any person or entity relating in any manner to the Property or this Agreement, including, but not limited to, Consignor's breach of or interference with this Agreement, any sale or auction or purchase of any of the Property, any representation or warranty of Consignor or breach thereof, or any issue related to the title, genuineness, authenticity or authority to assign or sell any Property, or otherwise relating in any way to the sale by us of any Property consigned under this Agreement, whether or not it has been returned to us.
15. **Entire Agreement; Modifications.** This Agreement contains the entire agreement among the parties relating to the rights herein granted and the obligations herein assumed, and there are no other agreements, promises, covenants, conditions, limitations, representations or warranties other than those expressly referred to herein. This Agreement may not be amended, modified, or extended in any respect except by a written instrument executed by all parties.
16. **Severability.** The provisions of this Agreement are severable. If any provision in this Agreement is declared invalid or unenforceable, the ruling shall not affect the validity and enforceability of any other provision in the Agreement, and the Agreement shall remain enforceable unless the invalidity or unenforceability of such provision defeats the overall purpose of this Agreement. The parties further authorize the court to reform or enforce any such provision to the full extent of applicable law.
17. **Governing Law; Venue.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois, without regard to its choice of law principles. We and you hereby (i) agree that all disputes and matters whatsoever arising under, in connection with, or incident to this Agreement shall be exclusively litigated as a summary proceeding in *SECURITIES AND EXCHANGE COMMISSION V. ARTHUR NADEL, ET AL.*, CASE NO: 8:09-CV-87-T-26TBMIN AND BEFORE THE UNITED STATES DISTRICT COURT, MIDDLE DISTRICT OF FLORIDA, TAMPA DIVISION, in Hillsborough County in the State of Florida, to the exclusion of the courts of any other state or country, and (ii) irrevocably submits to the exclusive jurisdiction of the UNITED STATES DISTRICT COURT, MIDDLE DISTRICT OF FLORIDA, TAMPA DIVISION, in Hillsborough County in the State of Florida, in any action or proceeding arising out of or relating to this Agreement, and hereby irrevocably waives any objection to the laying of venue of any such action or proceeding in any such court and any claim that any such action or proceeding has been brought in an inconvenient forum. A final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.
18. **Survival.** In the event of the expiration or termination of this Agreement for any reason, the promises, representations, warranties and obligations set forth in Paragraphs 2-7, 10-12, 14 and 17 of this Agreement shall expressly survive such termination or expiration. 0410

AGREED AND ACCEPTED:

 2/15/2011
Date

CONSIGNOR

Burton W. Wiand, As Receiver in the matter of
SEC v. Arthur Nadel, et al.
Case No: 8:09-CV-87-T-26TBMIN

 Feb 15 '11
Date

For Leslie Hindman Auctioneers, Inc.