UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v. Case No. 8:09-cv-87-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,

Relief Defendants.
_____/

MOTION TO APPROVE PROPOSED NOTICE OF SETTLEMENT

Burton W. Wiand, as Receiver (the "**Receiver**"), moves the Court for an order approving the proposed notice of settlement with Goldman Sachs Execution & Clearing, L.P. ("**GSEC**"), attached hereto as **Exhibit A** (the "**Notice**"), and the proposed abbreviated notice for publication, as described below (the "**Short Form Notice**"). Concurrent with this motion, the Receiver is filing the Receiver's Motion To Approve Settlement (the "**Settlement Motion**"), which requests that the Court approve the settlement of the Receiver's potential claims against GSEC for, *inter alia,* $9,850,000. In addition, the

Settlement Motion requests that the Court enter an order barring any claims against GSEC by investors or by potential joint tortfeasors, including claims for contribution or indemnity (the "**Bar Order**"). The Receiver wishes to provide notice of the settlement to investors, potential joint tortfeasors, and other interested parties because the Bar Order may affect their rights.

To that end, the Notice provides that recipients will have until January 17, 2012 to object or otherwise respond to the Settlement Motion. If the Court grants this motion, the Receiver will promptly send by U.S. First Class Mail the Notice to the last known address of (1) investors in the Receivership entities known to the Receiver and (2) potential joint tortfeasors known to the Receiver. In addition, to provide notice to other potentially interested parties, the Receiver will place for publication on one day in the Sarasota Herald Tribune and a newspaper of national publication the Short Form Notice (or an abbreviated notice that is substantially similar) as follows:

> Burton W. Wiand, the court-appointed receiver in *Securities and Exchange Commission v. Arthur Nadel, et al.*, Case No. 8:09-cv-87-T-26TBM (M.D. Fla.), for, among others, Valhalla Investment Partners, L.P.; Viking Fund, LLC; Viking IRA Fund, LLC; Victory Fund, Ltd.; Victory IRA Fund, Ltd.; Scoop Real Estate, L.P. and Traders Investment Club, has entered into a settlement agreement with Goldman Sachs Execution & Clearing, L.P. ("GSEC"). The settlement may affect your rights, as it includes a request to the Court for an order permanently barring and enjoining investors in receivership entities and potential joint tortfeasors (*i.e.*, individuals and entities that may bear some liability in connection with the fraudulent scheme underlying this matter) from commencing or continuing a claim, action, or proceeding of any kind and in any forum against GSEC that arises from or relates to the services that GSEC performed for receivership entities. A notice of settlement, a copy of the settlement agreement, and the Receiver's motion to approve the settlement agreement are available on the Receiver's website at www.nadelreceivership.com. Any person who objects to the settlement must do so in accordance with the procedures set forth in the notice of settlement by January 17, 2012.

The legal and factual basis for the notices discussed in this motion is addressed in the Settlement Motion.

WHEREFORE, the Receiver respectfully requests that the Court enter an Order approving (1) the proposed Notice, attached hereto as **Exhibit A**, and the procedures described therein and in this motion, and (2) the proposed Short Form Notice, so that the Receiver can promptly provide notice to interested parties.

LOCAL RULE 3.01(g) CERTIFICATION

Pursuant to Local Rule 3.01(g), counsel for the Receiver has conferred with counsel for the Securities and Exchange Commission and is authorized to represent to the Court that the Commission has no objection to the relief requested in this motion.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on December 14, 2011, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system.

I FURTHER CERTIFY that on December 14, 2011, I mailed the foregoing document and the notice of electronic filing by first-class mail to the following non-CM/ECF participants:

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

s/Gianluca Morello
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Attorneys for the Receiver, Burton W. Wiand

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,
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.
_____/

Case No. 8:09-cv-87-T-26TBM

PLEASE READ THIS NOTICE AS YOUR RIGHTS MAY BE AFFECTED

NOTICE TO INVESTORS AND OTHERS OF RECEIVER'S MOTION TO APPROVE SETTLEMENT WITH GOLDMAN SACHS EXECUTION & CLEARING, L.P., INCLUDING PROPOSED BAR ORDER

On December 9, 2011, Burton W. Wiand, as Receiver for *inter alia* certain Defendants and the Relief Defendants (the "**Receiver**"), filed a motion (the "**Motion**") with the Court for approval of a settlement agreement (the "**Settlement Agreement**") between the Receiver, on behalf of the entities for which he serves as Receiver (the "**Receivership Entities**"), and Goldman Sachs Execution & Clearing, L.P. ("**GSEC**"). The Settlement Agreement calls for GSEC to pay to the Receiver $9,850,000 (for the ultimate benefit of the receivership estate) in exchange for the Receiver's release of all claims that could have been asserted against GSEC in an arbitration, including any and all claims, demands, rights, promises, and obligations arising from or related in any way to GSEC's involvement with or provision of services to any account, product, fund, entity, or venture established, operated, or controlled by Arthur Nadel or any Receivership Entity, which includes hedge funds Valhalla Investment Partners, L.P.; Viking Fund, LLC; Viking IRA Fund, LLC; Victory Fund, Ltd.; Victory IRA Fund, Ltd.; and Scoop Real Estate, L.P. In addition, the Motion requests that the Court enter an order barring any claims against GSEC by investors or by potential joint tortfeasors, including claims for contribution or indemnity. A copy of the Motion is available on the Receiver's website at www.nadelreceivership.com.[1] The Settlement Agreement is attached to the Motion as Exhibit A.

Any objections or other responses to the Motion must: (i) be made in writing; (ii) bear the caption of this case (the "SEC Receivership Action"), including the case number, at the top of the first page; (iii) be signed by the objecting or responding party, or that party's attorney; (iv) be filed with the Clerk of the Court no later than January 17, 2012; and (v) contemporaneously be served on the Receiver, who will provide copies to the parties in the case. The address of the Clerk

[1] If you do not have internet access or are otherwise unable to retrieve a copy of the Motion, please contact the Receiver's counsel.

EXHIBIT A

of the Court is Sam M. Gibbons U.S. Courthouse, 801 North Florida Avenue, Tampa, Florida 33602. The address of the Receiver is Wiand Guerra King P.L., 3000 Bayport Drive, Suite 600, Tampa, FL 33607. Unless the Court orders otherwise, a public hearing on the Motion will not be held. At any time after January 17, 2012, the Court may rule on the Motion or direct such further proceedings as it deems appropriate.

The following sections summarize the background of the settlement with GSEC and the terms of the Settlement Agreement.

The Receiver's Investigation Of Arthur Nadel And GSEC

The Receiver's investigation has revealed that Arthur Nadel ("**Nadel**") used certain financial institutions in connection with his Ponzi scheme. GSEC (formerly known as Spear, Leeds & Kellogg, L.P.) was one such institution. GSEC provided clearing services for Shoreline Trading Group LLC ("**Shoreline**"), an introducing Broker/Dealer that dealt directly with Nadel and certain Relief Defendants' securities transactions. The Receiver gathered information relating to Nadel's transactions and contacted GSEC to discuss its role in providing such services to Nadel and Relief Defendants. From the beginning, GSEC cooperated with the Receiver and, in fact, produced a large volume of documents and was responsive to all requests for documents made by the Receiver over time. Further, in November 2010, GSEC entered into a tolling agreement, at the Receiver's request, so the parties could fully investigate matters and work to resolve them in an amicable fashion without concern for applicable statutes of limitation.

The Receiver's investigation revealed information indicating that while GSEC had no actual knowledge of Nadel's scheme and provided only customary prime brokerage services at the request of Shoreline, GSEC may have failed to appropriately respond to certain "red flags" that could, upon further inquiry, have revealed Nadel's scheme. In addition, the Receiver determined that GSEC may have failed to raise certain questions with respect to accounts controlled by Nadel. Based upon those conclusions, the Receiver determined to seek compensation for the Receivership estate from GSEC.

GSEC has maintained, and continues to maintain, that its conduct was in no way inappropriate, that it did not fail to comply with its duties and obligations, and that its position as a clearing broker limits any liability the Receiver might assert against it. However, due to practical concerns and a desire to resolve what could be a protracted dispute resolution process, GSEC determined early on to attempt to negotiate a resolution to the Receiver's claims in order to avoid the obvious expense and disruption that would be caused by protracted litigation.

The Receiver's Negotiations With GSEC And Settlement Considerations

Once the Receiver and GSEC had exchanged significant amounts of information and had communicated their various views with respect to GSEC's potential liability, the Receiver and GSEC's counsel engaged in negotiations with respect to the specifics of a potential resolution of their dispute. These negotiations focused on potential liability, defenses, and risk to the parties, as well as the potential valuation of the Receiver's claims.

In determining to accept $9,850,000 from GSEC in resolution of all claims against that entity, the Receiver considered a number of significant factors. First, the Receiver considered the risks associated with litigating his claims. Primary among those risks is the fact that GSEC is a clearing firm and not an introducing broker (here, the introducing broker is Shoreline). "Generally, clearing brokers execute, clear, and settle trades for the introducing brokers who have direct relationships with the client." *SFM Holdings, Ltd. v. Banc of America Securities, LLC*, 600 F.3d 1334, 1338 (11th Cir. 2010). Because introducing brokers serve as intermediaries between clients and clearing firms, courts have held that, absent special circumstances, clearing firms are generally insulated from many potential claims.

Second, the Receiver considered the potential value of his claims against GSEC. The Receiver could have attempted to hold GSEC responsible for its portion of all investor losses arising from Nadel's scheme, which amount is approximately $168 million, according to GSEC's comparative fault, but the Receiver is unaware of any case in which a clearing firm has been held responsible for all losses arising from a Ponzi scheme. In addition, the Receiver considered the amount of money that Nadel transferred from Relief Defendants' accounts at GSEC to outside accounts at another financial institution. The amount of such transfers is approximately $10 million. These transfers allowed Nadel to perpetrate and perpetuate his Ponzi scheme. The Receiver contends that such transfers were improper and that GSEC did not follow relevant guidelines and internal policies and procedures applicable to third-party transfers. Finally, the Receiver considered the fees and margin interest that GSEC earned for providing clearing services to Relief Defendants. In that regard, Relief Defendants paid approximately $13.5 million in fees and interest to GSEC and Shoreline, collectively, although the majority of those fees and interest went to Shoreline rather than to GSEC.

Based on the information reviewed by the Receiver, the settlement with GSEC constitutes a recovery by the Receivership of an amount well in excess of all revenues earned by GSEC as a result of its indirect dealings with Nadel. Litigation of claims against GSEC could easily cost the Receivership in excess of $1 million and would in no way guarantee the significant benefit to the Receivership estate that will occur as a result of the settlement reached with GSEC. As such, it is the Receiver's opinion that the amount of this settlement constitutes a fair valuation of any potential liability that GSEC might have as a result of its involvement with accounts controlled by Nadel, given the applicable claims, defenses, and risks.

The Terms Of The Settlement Agreement

In exchange for the settlement payment of $9,850,000, the Settlement Agreement contains the following terms required to provide assurances of finality:

1. Upon receipt and clearing of the full settlement payment, the Receiver, on behalf of the Receivership Entities and their employees, agents, representatives, beneficiaries, investors, creditors, and assigns, shall be deemed to have released and forever discharged GSEC, its parents, subsidiaries, and affiliates, and their respective officers, directors, employees, agents, successors, and assigns of and from any and all claims which could have been asserted in an arbitration by the Receiver, as well as any and all other claims, demands, rights, promises, and obligations arising from or related in any way to GSEC's involvement with or provision of services to any account, product, fund, entity, or venture established, operated, or controlled by Arthur Nadel or any Receivership Entity or the allegations of the SEC Receivership Action.

2. Upon the Receiver's receipt and clearing of the full settlement payment, GSEC shall be deemed to have waived any claim that it had, has, or hereafter may have against the Receiver and/or any Receivership Entity relating to GSEC's involvement with any account, product, fund, entity, or venture established, operated, or controlled by Arthur Nadel or any Receivership Entity or the allegations of the SEC Receivership Action.

3. The Receiver will request that in any order granting the Motion, the Court order that all individuals or entities who invested money in a Receivership Entity, as well as all persons or entities who may have liability to the Receiver, the Receivership Entities, or such investors arising or resulting from the fraudulent scheme underlying the SEC Receivership Action, together with their respective heirs, trustees, executors, administrators, legal representatives, agents, successors and assigns, are permanently enjoined and barred from commencing or pursuing a claim, action or proceeding of any kind and in any forum against GSEC that arises from or relates to the clearing, execution, and/or prime brokerage services that GSEC performed

for Receivership Entities, including the Relief Defendants, or the allegations of the SEC Receivership Action.

4. GSEC will agree to continue to cooperate reasonably with the Receiver's efforts to gather information and otherwise fulfill his Court-ordered obligations imposed in this action, including by providing additional information relating to entities placed in receivership in this case which the Receiver may request through document requests or other discovery tools available to the Receiver under applicable laws and rules.

Should you have any questions or require further information concerning the proposed settlement terms or the process for submitting a response to the Receiver's Motion, please contact the Receiver's counsel, Jared Perez, either by email at jperez@wiandlaw.com or by telephone at (813) 347-5100. Please take note that all responses concerning the Receiver's motion must be filed with the Court on or before January 17, 2012.

Dated: December 14, 2011

s/Burton W. Wiand

Burton W. Wiand, as Receiver