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.
_______________________________________/

RECEIVER'S MOTION TO APPROVE SETTLEMENT

Burton W. Wiand, as Receiver, moves the Court for an order approving settlement of *Burton W. Wiand, as Receiver v. Donald Rowe et al.*, Case No.: 8:10-cv-245-T-17MAP (M.D. Fla.) (the "**Rowe Action**"), on the basis of the Settlement Agreement attached as Exhibit A.

MEMORANDUM IN SUPPORT

The Securities and Exchange Commission (the "**Commission**" or "**SEC**") instituted this action to "halt [an] ongoing fraud, maintain the status quo, and preserve investor assets ...." (Doc. 1, Compl., ¶ 7.) Mr. Wiand was appointed by this Court as the Receiver for defendants other than Arthur Nadel ("**Nadel**") and for relief defendants. (*See* Order Reappointing Receiver (Doc. 140).) Additionally, 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); Home Front Homes, LLC (Doc. 172); Traders Investment Club (Doc. 454); Summer Place Development Corporation (Doc. 911); and Respiro, Inc. (Doc. 916). All of the entities in receivership are collectively identified herein as the Receivership Entities.

Pursuant to the Order Reappointing Receiver (Doc. 493), the Receiver has the duty and authority to:

> 2. Investigate the manner in which the affairs of the Receivership Entities were conducted and institute such actions and 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; provided such actions may include, but not be limited to, seeking imposition of constructive trusts, disgorgement or profits, recovery and/or avoidance of fraudulent transfers under Florida Statute § 726.101, et. seq. or otherwise, rescission and restitution, the collection of debts, and such orders from this Court as may be necessary to enforce this Order.

Further, the Order Reappointing Receiver (at paragraph 6) authorizes the Receiver to "[d]efend, compromise or settle legal actions ... in which the Receivership Entities or the Receiver is a party ... with authorization of this Court ...."

The Receiver sued Donald Rowe, individually ("**D. Rowe**") and as Trustee of The Wall Street Digest Defined Benefit Pension Plan (the "**Plan**"); Joyce Rowe ("**J. Rowe**," and collectively with D. Rowe, the "**Rowes**"); and one of the Rowes' entities, Carnegie Asset Management, Inc. ("**CAM**"), to recover sums received from the Receivership Entities with a view to marshaling assets for an eventual distribution to investors with verifiable claims in an equitable and appropriate manner (the Rowes, the Plan, and CAM are collectively referred to as "**Defendants**"). The Receiver alleged that D. Rowe, the publisher of a subscription-based investment newlsetter called "The Wall Street Digest" (the "**Digest**"), played a key role in Nadel's Ponzi scheme by soliciting for several years the majority of investors in the purported investment funds underlying this case (the "**Hedge Funds**"). He did this by including glowing recommendations of and touting the Hedge Funds and Nadel and his associate, Neil Moody ("**Moody**"), in the Digest and in standalone "reports" circulated to the Digest's subscribers as "America's Top-Ranked Money Manager" and with similar praise. In exchange for soliciting investors, D. Rowe, through CAM and another defunct entity he controlled, Wall Street On Line, received "fees" (1) in the form of a percentage of the purported performance of the investments he solicited for the Hedge Funds and (2) following the end of the relationship between D. Rowe and Nadel and Moody, in the form of "settlement" payments relating to a dispute over additional "fees" D. Rowe believed he was owed.

The Receiver further alleged that none of the Defendants were licensed to offer or sell securities or investment advisory services in Florida and were otherwise not registered as a broker-dealer, investment advisor, or a representative of a broker-dealer or investment advisor; that they did not adequately disclose to potential investors they solicited that they were being compensated for doing so; and that their solicitations constituted a general solicitation for the sale of unregistered securities. All of this, the Receiver also alleged, violated state and federal securities laws. Of these "fees," $1,158,049.93 were paid to CAM; $445,650.73 were paid to Carnegie Wealth Management, Inc., another defunct entity previously owned by D. Rowe; $1,065,245.06 were paid to Wall Street On Line; and $31,918.84 were paid directly to D. Rowe. As such, Defendants or entities controlled by one or both of the Rowes received "fees" totaling $2,700,864.56.

Further, each of the Rowes and also the Plan invested in Hedge Funds and each received "false profits" (*i.e.*, an amount from Hedge Funds which exceeded the amount each of them invested). Specifically, D. Rowe received from his investment a total of $2,090,818.31 in transfers, of which $770.818.31 were false profits; J. Rowe received from her investment a total of $2,310,750.58 in transfers, of which $1,655,750.58 were false profits; and the Plain received from its investment a total of $2,201,816.03 in transfers, of which $1,601,816.03 were false profits. In sum, Defendants collectively received a total of $6,603,384.92 from their investments in the Hedge Funds, $4,028,384.92 of which were false profits. All of these matters are alleged in paragraphs 101 through 114 and the Exhibits of the Second Amended Complaint filed in the Rowe Action (*Rowe* Doc. 116).

In light of Defendants' role in Nadel's Ponzi scheme and their violations of federal and state securities laws, in the Rowe Action the Receiver sought recovery of all of the "fees" received by Defendants and also all transfers they received from the scheme in connection with their investments (in other words, with respect to those investment-related transfers, the Receiver did not only seek false profits). Specifically, under the Receiver's primary claim pursuant to Florida Statutes Section 726.105(1)(a), the Receiver was entitled to avoid every transfer from the scheme to Defendants (whether as "fees" or purported trading gains or principal redemptions) subject to a partial affirmative defense provided by Fla. Stats. § 726.109(1). Under that provision, Defendants had a partial affirmative defense in connection with investment related transfers which would allow them to retain an amount up to the amount of their principal investments in the scheme if they received the transfers in "good faith." Similarly, with respect to the transfers of "fees," Defendants had an affirmative defense to the extent they could establish both that they received them in "good faith" and that they provided "reasonably equivalent value" for the "fees." In light of the allegations discussed above relating to Defendants' role and misconduct, among other things, the Receiver did not believe Defendants could establish their "good faith" under Section 726.109(1) and consequently he sought recovery of all transfers from the scheme to Defendants.

As shown by the attached Settlement Agreement, the Receiver and Defendants, subject to the approval of this Court, have agreed to settle the Rowe Action, including on the following terms: (1) the Rowes will consent to entry of a joint and several judgment against them, the Plan, and CAM in favor of the Receiver in the amount of $4,028,385 on all claims which will be asserted in an amended complaint which the Receiver and Defendants will jointly move for leave to file; and (2) Defendants will also pay the Receiver $250,000, which amount will be paid from the surrender of or a loan securitized by a $400,000 annuity held by Defendants, which Florida law ordinarily exempts from creditor claims. In turn, the Receiver will treat the balance of that annuity as exempt from creditor claims, but he is otherwise not limited in pursuing collection efforts in accordance with applicable laws. In addition, as part of the settlement the Receiver will use best efforts to seek to enjoin two currently pending proceedings against Defendants brought by investors in Nadel's scheme: *R. Formica et al. v. D. Rowe et al.*, Case No. 8:11-cv-516-MSS-EAJ (M.D. Fla.), and *J. Bell, II et al. v. D. Rowe et al.*, Case No. 2009 CA 4925 NC (Fla. 12th Judicial Cir. Ct., Sarasota County). The Court, however, need not consider those injunctions to decide this motion because the settlement is not contingent on them, and the Receiver will brief their merits and the benefits of those injunctions to the Receivership estate after other steps contemplated by the attached settlement agreement have been taken.

In reaching this agreement, the Receiver considered a number of factors, including each Defendant's ability to pay – which consideration includes the fact that CAM and the Plan are defunct – and the risks of a bankruptcy discharge of any judgment the Receiver could obtain against Defendants after a trial. While at trial the Receiver would have sought a judgment totalling $9,304,249.48, if successful the judgment would have been apportioned among Defendants with the Rowes likely subject to a judgment amount of $4,433,487.73 and the remainder of the judgment apportioned against defunct entities. In addition, there would have been a significant risk that any judgment obtained after a trial would have been dischargeable in bankruptcy. As such, there would have been a real possibility that the Receiver would have been left with a judgment having very little, if any, value. Instead, as part of the settlement, the Receiver is receiving a lower judgment amount (*i.e.*, in the amount of Defendants' false profits, or $4,028,385), but that judgment will be against all Defendants jointly and severally and will be obtained after taking measures which should significantly decrease the risk of it being found dischargeable in any bankruptcy. Further, the Receiver will receive another $250,000 procured through an asset (*i.e.*, an annuity) which is ordinarily exempt from creditor claims like those arising from the judgment contemplated by the settlement. With respect to moving to enjoin the *Formica* and *Bell* cases, the benefits will be detailed in a subsequent motion for the injunctions, but generally the injunctions would benefit the Receivership Estate by preserving the Rowes' assets during the Receiver's efforts to collect on the judgment. In reaching this settlement, the Receiver has also considered other factors, including the risks and expense of litigation.

The settlement reflected by the Settlement Agreement is in the best interests of the Receivership, the investors in the Receivership Entities, and Defendants, because resolution of the claim reduces risk to all parties and conserves judicial resources.

WHEREFORE, the Receiver moves the Court to approve the settlement reflected by the attached Settlement Agreement.

LOCAL RULE 3.01(g) CERTIFICATE OF COUNSEL

The undersigned counsel for the Receiver is authorized to represent to the Court that the SEC has no objection to the Court's granting this motion except that the SEC takes no position with respect to the portion of the Settlement Agreement under which the Receiver agrees to file a motion to enjoin the *Formica* and *Bell* cases.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on February 4, 2013, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system.

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

EXHIBIT A

AGREEMENT

WHEREAS, by orders dated January 21, 2009, June 3, 2009, January 19, 2010, September 23, 2010, and October 29, 2012, the Court in Securities & Exchange Commission v. Arthur Nadel, et al., Case No. 8:09-cv-87-T-26TBM (M.D. Fla.) (the "**SEC Receivership Action**"), appointed Burton W. Wiand as Receiver (the "**Receiver**") for Scoop Capital, LLC; Scoop Management, Inc.; 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; Viking Management, LLC; 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; and Respiro, Inc. (collectively, the "**Receivership Entities**"); and

WHEREAS, the Receiver sued Donald Rowe, individually and as Trustee of the Wall Street Digest Defined Benefit Pension Plan; Joyce Rowe; and Carnegie Asset Management, Inc. (the "**Defendants**") in an action styled Burton W. Wiand, as Receiver v. Donald Rowe, et al., Case No. 8:10-cv-245-T-17MAP (M.D. Fla.) (the "**Rowe Action**"), seeking the return of certain funds received by Defendants from or at the direction of one or more of the Receivership Entities; and

WHEREAS, the Receiver and Defendants wish to amicably resolve this matter; and

WHEREAS, any resolution of this action is subject to approval by the Court presiding over the SEC Receivership Action (the "**SEC Receivership Court**");

NOW, THEREFORE, and subject to the approval of the SEC Receivership Court, Defendants and the Receiver have agreed to the following to resolve the Rowe Action:

(1) Payment of $250,000 by Defendants to the Receiver (the "**Payment**") in accordance with the procedure set forth below;

(2) The entry in the Rowe Action of a joint and several judgment against Defendants on all counts in the Third Amended Complaint, as that term is defined below, in the amount of $4,028,385 (the "**Judgment**"); and

(3) Defendants' cooperation with and assistance to the Receiver to fully effectuate each of the matters set forth above, including, but not limited to, the filing of a joint motion for leave to file a third amended complaint, which amended complaint will be substantially in the form attached hereto as **Exhibit 1** (the "**Third Amended Complaint**"), and for the Court's entry of the Judgment (the "**Joint Motion**"). Based upon allegations and claims in the Third Amended Complaint, Defendants hereby acknowledge and agree that the Judgment is non-dischargeable under bankruptcy or similar laws, including under 11 U.S.C §523(a)(19), and that each of the Receiver's claims in the Third Amended Complaint seeks recovery of an amount in excess of the Judgment amount. Further, Defendants acknowledge and agree this agreement is not intended to be a novation, but instead is merely intended to set forth the agreement of the parties to entry of a joint and several judgment on the claims asserted in the Third Amended Complaint.

The Receiver and Defendants agree that promptly after execution of this agreement by all parties, the Receiver will file a motion with the SEC Receivership Court seeking approval of this agreement. Within 15 calendar days after entry of an Order by the Receivership Court approving this agreement, (a) Defendants will transfer the Payment to the Receiver's counsel's escrow account and (b) the parties will file the Joint Motion in the Rowe Action. Immediately upon entry of an Order in the Rowe Action granting leave to file the Third Amended Complaint, the filing of the Third Amended Complaint, and the Court's entry of the Judgment, the Receiver's counsel is authorized to complete the Payment set forth above by transferring the Payment from its escrow account to the Receiver.

The Receiver and Defendants agree that the Payment will be made from one of the following: (1) conversion of an annuity issued by Met Life bearing number [redacted]0039 into cash (the "**Annuity**"), in which case the Receiver will treat the balance of the cash resulting from the conversion of the Annuity up to $150,000 minus reasonable fees associated with the conversion process as exempt from his collection efforts on the Judgment; or (2) proceeds of a loan collateralized or otherwise secured by the Annuity, in which case the Receiver will treat the Annuity, up to a value of $400,000, as exempt from his collection efforts on the Judgment. The parties to this agreement acknowledge and agree the Receiver's commitment to treat any item as exempt from his collection efforts on the Judgment is limited only to the extent set forth in this paragraph, and that in all other respects the Receiver is free to pursue all collection efforts authorized by applicable laws.

Promptly after all of the following occur: receipt by the Receiver of the Payment and clearing of the Payment in the Receiver's account; the Court's entry of an order granting leave to file the Third Amended Complaint and filing of that amended complaint; and the Court's entry of the Judgment, the Receiver will file a motion with the SEC Receivership Court that seeks to enjoin the following cases from proceeding: (1) *R. Formica et al. v. D. Rowe et al.*, Case No. 8:11-cv-516-MSS-EAJ (M.D. Fla.), and (2) *Joseph T. Bell, II et al. v. D. Rowe et al.*, Case No. 2009 CA 4925 NC (Fla. 12th Judicial Cir. Ct., Sarasota County). This agreement is not contingent upon entry of an Order by the SEC Receivership Court granting such motion, but the Receiver agrees to employ best efforts to seek entry of such an Order, including by informing the SEC Receivership Court about the benefits to the Receivership of such injunctions.

In the event that Payment is not made in accordance with the procedures set forth above; the Court does not grant leave to file the Third Amended Complaint; and/or the Court does not enter the Judgment, the Receiver and Defendants acknowledge and agree that this agreement will be null and void and that they will be left in the same position in which they were, with all attendant rights, at the time the agreement was executed.

Each Defendant agrees to waive and does hereby waive any claim that he, she, or it had, has, or hereafter may have against the Receiver and/or the Receivership Estate.

The Receiver and Defendants agree this Agreement shall be governed by and be enforceable under Florida law in the United States District Court for the Middle District of Florida, Tampa Division.

The Receiver and Defendants also agree that electronically transmitted copies of signature pages will have the full force and affect of original signed pages.

In witness whereof the parties have set their hands as of the dates indicated.

By: ____________________
Donald Rowe, individually and as trustee of the Wall Street Digest Defined Benefit Pension Plan

Date: 1-27-13

By: Joyce Rowe
Joyce Rowe

Date: 1-27-13

By Donald Rowe as authorized representative of Carnegie Asset Management, Inc., a dissolved corporation

Date: 1-27-13

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Burton W. Wiand, as Receiver of the Receivership Entities

Date: 1/28/2013

EXHIBIT 1

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

BURTON W. WIAND, as Receiver for 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.,

Plaintiff,

v.

Case No.: 8:10-cv-245-T-17MAP

DONALD ROWE, individually and as Trustee of THE WALL STREET DIGEST DEFINED BENEFIT PENSION PLAN; JOYCE ROWE; AND CARNEGIE ASSET MANAGEMENT, INC.;

Defendants.

______________________________________/

THIRD AMENDED COMPLAINT

Burton W. Wiand (the "Receiver"), as Receiver for Valhalla Investment Partners, L.P. ("Valhalla Investment"); Viking Fund, LLC ("Viking Fund"); Viking IRA Fund, LLC, ("Viking IRA Fund"); Victory Fund, Ltd. ("Victory Fund"); Victory IRA Fund, Ltd. ("Victory IRA Fund"); and Scoop Real Estate, LP ("Scoop Real Estate") (collectively, the "Hedge Funds"),[1] by and through his undersigned counsel, hereby files suit against Donald

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[1] Mr. Wiand also was appointed Receiver for Scoop Capital, LLC ("Scoop Capital"); Scoop Management, Inc. ("Scoop Management'); Valhalla Management, Inc. ("Valhalla Management"); Viking Management, LLC ("Viking Management"); 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

Rowe, individually and as Trustee of the Wall Street Digest Defined Benefit Pension Plan, Joyce Rowe, and Carnegie Asset Management, Inc. (collectively "Defendants"), and alleges as follows:

INTRODUCTION

1. The United States District Court for the Middle District of Florida originally appointed Mr. Wiand as Receiver for the Hedge Funds by Order Appointing Receiver dated January 21, 2009, and subsequently reappointed him Receiver by Order Reappointing Receiver dated June 3, 2009 (collectively, the "Orders Appointing Receiver").

2. The Court entered the Orders Appointing Receiver in an enforcement action brought by the Securities and Exchange Commission (the "Commission") styled, *Securities and Exchange Commission v. Arthur Nadel et al.*, Case No. 8:09-cv-87-T-26TBM (M.D. Fla.) (the "Commission Proceeding").

3. The Receiver was appointed pursuant to the Court's inherent equity powers to carry out the purposes of the Commission Proceeding, which was brought pursuant to Sections 17(a)(1), 17(a)(2), and 17(a)(3) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Commission Rule 10b-5.

4. Under the Orders Appointing Receiver, to carry out the Commission's mandates and the purposes of the Commission Proceeding, the Receiver was directed to, *inter alia*, administer and manage the business affairs, funds, assets, choses in action and any

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Garden Florist, LLC; Viking Oil and Gas, LLC; Home Front Homes LLC; Traders Investment Club; Summer Place Development Corp.; and Respiro, Inc., but he does not sue on their behalf. Collectively, all of the entities in receivership are referred to as the "Receivership Entities."

other property of the Hedge Funds and of the rest of the Receivership Entities; marshal and safeguard all of the assets; and take whatever actions necessary for the protection of the investors, including instituting legal proceedings against individuals or entities that have wrongfully or improperly received funds or other proceeds directly or indirectly traceable from investors in the Hedge Funds.

5. The Receiver brings this action to recover money transferred to Defendants that originated from the Hedge Funds and to recover damages to the Hedge Funds arising from Defendants' conduct.

JURISDICTION AND VENUE

6. On information and belief, Defendant Donald Rowe ("D. Rowe") is a resident of Sarasota County, Florida.

7. On information and belief, Defendant Joyce Rowe ("J. Rowe") is a resident of Sarasota County, Florida.

8. On information and belief, Defendant Carnegie Asset Management, Inc. is a resident of Sarasota County, Florida. On information and belief, Carnegie Wealth Management is a division of Carnegie Asset Management and both Carnegie Asset Management and Carnegie Wealth Management are collectively referred to as "CAM" herein.

9. The Court has subject matter jurisdiction over this matter pursuant to 15 U.S.C. § 78aa, 28 U.S.C. § 754, and principles of ancillary or supplemental jurisdiction under 28 U.S.C. § 1367. This Complaint is brought to accomplish the objectives of the Orders

Appointing Receiver, and thus this matter is ancillary to the Court's exclusive jurisdiction over the receivership estate.

10. The Court has personal jurisdiction over Defendants pursuant to 28 U.S.C. §§ 754 and 1692.

11. Venue in this District and Division is proper under 28 U.S.C. § 754 as this action is related to the Commission Proceeding pending in this District and the Receiver was appointed in this District.

THE PARTIES

12. Burton W. Wiand is the duly appointed and acting Receiver for the Receivership Entities. The Receivership Entities on whose behalf the Receiver asserts the claims in this complaint are: (1) Valhalla Investment; (2) Viking Fund; (3) Viking IRA Fund; (4) Victory Fund; (5) Victory IRA Fund; and (6) Scoop Real Estate.

13. Arthur Nadel ("Nadel"), through Scoop Capital and Scoop Management and, along with Christopher Moody ("Chris Moody") and Neil Moody ("Neil Moody") (Chris Moody and Neil Moody are collectively referred to as the "Moodys"), through Valhalla Management and Viking Management (Scoop Capital, Scoop Management, Valhalla Management, and Viking Management are referred to collectively as the "Fund Managers"), managed the Hedge Funds and misrepresented their performance.

14. Nadel defrauded investors through his control of the Fund Managers and of the Hedge Funds. Before committing this fraud, Nadel had been disbarred from the practice of law in New York State in a publicly disseminated decision.

15. A large number of investors in the Hedge Funds received no distributions from the Hedge Funds of purported trading or other investment profits (collectively, "trading profits") and/or of purported principal redemptions, or they received such distributions in an amount that was less than the amount they invested and under circumstances which satisfied the "good faith" standard under the Florida Uniform Fraudulent Transfer Act, Fla. Stat. §726.101, et seq. ("FUFTA"), and which were not unjust. As such, each of those investors suffered a net loss.

16. On the other hand, D. Rowe and J. Rowe received distributions of purported trading profits or purported principal redemptions in connection with their investment in one or more of the Hedge Funds under circumstances which do not satisfy FUFTA's "good faith" standard and are unjust. As such, the Receiver seeks to recover those distributions under FUFTA. In the alternative, the Receiver seeks disgorgement of that amount pursuant to equitable claims of unjust enrichment.

17. As alleged below, in connection with Nadel's fraud, the Hedge Funds paid "management" and "performance" fees based on the purported value and performance of the Hedge Funds. Defendant CAM received a share of those fees. Another entity controlled by D. Rowe, Wall Street Online, also received a share of those fees. However, that entity is defunct and, on information and belief, its assets remain under D. Rowe's control. The Receiver seeks to avoid those transfers to Defendants CAM and D. Rowe under FUFTA. In the alternative, the Receiver seeks disgorgement of that amount pursuant to equitable claims of unjust enrichment.

18. Defendant CAM also received certain funds from the Hedge Funds under the terms of a purported "Non-Solicitation Agreement." This Agreement merely represents a financial settlement pursuant to which money from the Hedge Funds was transferred to Defendant CAM for "management" and "performance" fees D. Rowe claimed he was supposed to receive for his referral and solicitation of investors to the Hedge Funds. This Agreement was fraudulent and nothing more than a document crafted by lawyers designed for the sole purpose of paying improper fees to Defendant CAM. The Receiver seeks to avoid those transfers to Defendant CAM under FUFTA. In the alternative, the Receiver seeks disgorgement of that amount pursuant to equitable claims of unjust enrichment.

19. The Receiver also seeks to recover damages from Defendants because, as alleged below, their conduct aided and abetted Nadel in committing and continuing his fraudulent scheme, all to the detriment and damage to the Hedge Funds, and also constituted fraud in and of itself, and violated federal and Florida securities laws.

The Hedge Funds

Valhalla Investment

20. Valhalla Investment is a Delaware Limited Partnership formed in March 1999 which, until January 2009, did business in Sarasota, Florida as a private placement investment fund.

21. At all relevant times, Valhalla Investment's General Partner was Valhalla Management. Valhalla Management was also the manager of Valhalla Investment and was responsible for administering all facets of Valhalla Investment, including its investment and trading activities.

22. Valhalla Management charged fees to and collected fees from Valhalla Investment for its purported management services. Those fees included (a) a quarterly "Performance Allocation" that was calculated as a percentage of purported net profits from investment and trading activities and (b) a monthly "Management Fee" that was calculated as a percentage of the purported net asset value of the fund.

23. Pursuant to its responsibility to administer Valhalla Investment's investment and trading activities, Valhalla Management "retained" Nadel and an entity he formed, owned, and controlled, Scoop Management, as the investment advisor. As the investment advisor, Nadel purported to direct and execute the vast majority of Valhalla Investment's investment and trading activities, and also provided office space, office management, and all "back office" services.

24. In return for Nadel's purported services, Valhalla Investment paid Scoop Management a flat monthly "Service Fee." Further, Valhalla Management paid Scoop Management a portion of the fees it collected from Valhalla Investment.

25. Valhalla Investment is a creditor of Nadel under FUFTA.

26. Valhalla Investment is owned, in part, by the limited partners (or investors) who invested in the fund in return for limited partnership interests.

Viking Fund

27. Viking Fund is a Delaware Limited Liability Company formed in March 2001 which, until January 2009, did business in Sarasota, Florida as a private placement investment fund.

28. At all relevant times, Viking Funds' Managing Member was Viking Management. Viking Management was also the manager of Viking Fund and was responsible for administering all facets of Viking Fund, including its investment and trading activities.

29. Viking Management charged fees to and collected fees from Viking Fund for its purported management services. Those fees included (a) a quarterly "Performance Allocation" that was calculated as a percentage of purported net profits from investment and trading activities and (b) a quarterly "Management Fee" that was calculated as a percentage of the purported net asset value of the fund.

30. Pursuant to its responsibility to administer Viking Fund's investment and trading activities, Viking Management "retained" Nadel and Scoop Management as the investment advisor. As the investment advisor, Nadel purported to direct and execute the vast majority of Viking Fund's investment and trading activities, and also provided office space, office management, and all "back office" services.

31. In return for Nadel's purported services, Viking Fund paid Scoop Management a flat monthly "Service Fee." Further, Viking Management paid Scoop Management a portion of the fees it collected from Viking Fund.

32. Viking Fund is a creditor of Nadel under FUFTA.

33. Viking Fund is owned, in part, by the members (or investors) who invested in the fund in return for membership interests.

Viking IRA Fund

34. Viking IRA Fund is a Delaware Limited Liability Company formed in March 2001 which, until January 2009, did business in Sarasota, Florida as a private placement investment fund.

35. At all relevant times, Viking IRA Fund's Managing Member was Viking Management. Viking Management was also the manager of Viking IRA Fund and was responsible for administering all facets of Viking IRA Fund, including its investment and trading activities

36. Viking Management charged fees to and collected fees from Viking IRA Fund for its purported management services. Those fees included (a) a quarterly "Performance Allocation" that was calculated as a percentage of purported net profits from investment and trading activities and (b) a quarterly "Management Fee" that was calculated as a percentage of the purported net asset value of the fund.

37. Pursuant to its responsibility to administer Viking IRA Fund's investment and trading activities, Viking Management "retained" Nadel and Scoop Management as the investment advisor. As the investment advisor, Nadel purported to direct and execute the vast majority of Viking IRA Fund's investment and trading activities, and also provided office space, office management, and all "back office" services.

38. In return for Nadel's purported services, Viking IRA Fund paid Scoop Management a flat monthly "Service Fee." Further, Viking Management paid Scoop Management a portion of the fees it collected from Viking IRA Fund.

39. Viking IRA Fund is a creditor of Nadel under FUFTA.

40. Viking IRA Fund is owned, in part, by the members (or investors) who invested in the fund in return for membership interests.

Victory Fund

41. Victory Fund is a Florida Limited Partnership which, until January 2009, did business in Sarasota, Florida as a private placement investment fund. Prior to November 2002, Victory Fund was known as Scoop Investments, LP ("Scoop Invesments"). Scoop Investments was formed in May 2001.

42. Beginning in December 2002, Victory Fund's General Partner was an entity formed, owned, and controlled by Nadel, Scoop Capital. Before that time, Victory Fund's and its predecessor's, Scoop Investments', General Partner was Intex Trading Corp., another company formed, owned, and controlled by Nadel.

43. Nadel and Scoop Management were the "Investment Manager," or investment advisor, of Victory Fund. As the investment advisor, Nadel purported to direct and execute Victory Fund's investment and trading activities, and also provided office space, office management, and all "back office" services.

44. In return for Nadel's purported services, Victory Fund paid Scoop Management (a) a quarterly "Management Fee" that was calculated as a percentage of the purported net asset value of the fund and (b) a flat monthly "Service Fee."

45. Victory Fund is a creditor of Nadel under FUFTA.

46. Victory Fund is owned, in part, by the limited partners (or investors) who invested in the fund in return for limited partnership interests.

Victory IRA Fund

47. Victory IRA Fund is a Florida Limited Partnership formed in March 2003, which, until January 2009, did business in Sarasota, Florida as a private placement investment fund.

48. At all relevant times, Victory IRA Fund's General Partner was Scoop Capital.

49. Nadel and Scoop Management were the "Investment Manager," or investment advisor, of Victory IRA Fund. As the investment advisor, Nadel purported to direct and execute Victory IRA Fund's investment and trading activities, and also provided office space, office management, and all "back office" services.

50. In return for Nadel's purported services, Victory IRA Fund paid Scoop Management (a) a quarterly "Management Fee" that was calculated as a percentage of the purported net asset value of the fund and (b) a flat monthly "Service Fee."

51. Victory IRA Fund is a creditor of Nadel under FUFTA.

52. Victory IRA Fund is owned, in part, by the limited partners (or investors) who invested in the fund in return for limited partnership interests.

Scoop Real Estate

53. Scoop Real Estate is a Delaware Limited Partnership formed in October 2003 which, until January 2009, did business in Sarasota, Florida as a private placement investment fund.

54. At all relevant times, Scoop Real Estate's General Partner was Scoop Captial. Scoop Capital was also the manager of Scoop Real Estate and was responsible for administering all facets of Scoop Real Estate, including its investment and trading activities.

55. Scoop Capital charged fees to and collected fees from Scoop Real Estate for its purported management services. Those fees included (a) a periodic allocation to it of a percentage of the fund's net profits; (b) a periodic allocation to it of a percentage of the gross profits generated by the sale of certain fund assets; and (c) a quarterly "Management Fee" that was calculated as a percentage of the purported net asset value of the fund.

56. Pursuant to its responsibility to administer Scoop Real Estate's investment and trading activities, Scoop Capital "retained" Nadel and Scoop Management as the investment advisor. As the investment advisor, Nadel purported to direct and execute the vast majority of Scoop Real Estate's investment and trading activities, and also provided office space, office management, and all "back office" services.

57. In return for Nadel's purported services, Scoop Real Estate paid Scoop Management a flat monthly "Service Fee."

58. Scoop Real Estate is a creditor of Nadel under FUFTA.

59. Scoop Real Estate is owned, in part, by the limited partners (or investors) who invested in the fund in return for limited partnership interests.

Fund Managers

Valhalla Management

60. Valhalla Management is a Florida Corporation, was incorporated in February 1999 with its principal place of business in Sarasota, Florida, and acted as the General Partner and manager of Valhalla Investment.

61. At all relevant times, Neil Moody or Neil Moody and Chris Moody were the sole principals of Valhalla Management. Further, Neil Moody was its Director and President and Chris Moody was its Vice-President and Treasurer.

62. Nadel, through Scoop Management, provided investment advisory services to Valhalla Management. Although the Moodys were the fiduciaries of Valhalla Management, they effectively abdicated control and oversight and allowed Nadel to take charge of Valhalla Management and, specifically, its investment and trading activities, which allowed Nadel to use Valhalla Management to perpetrate the Ponzi scheme discussed below.

Viking Management

63. Viking Management is a Florida Limited Liability Company, was formed in May 2001 with its principal place of business in Sarasota, Florida, and acted as the Managing Member and manager of Viking Fund and Viking IRA Fund.

64. At all relevant times, Neil Moody or Neil Moody and Chris Moody were the sole principals of Viking Management. Further, Neil Moody was its Managing Member and President and Chris Moody was its Co-Managing Member.

65. Nadel, through Scoop Management, provided investment advisory services to Viking Management. Although the Moodys were the fiduciaries of Viking Management, they effectively abdicated control and oversight and allowed Nadel to take charge of Viking Management and, specifically, its investment and trading activities, which allowed Nadel to use Viking Management to perpetrate the Ponzi scheme discussed below.

Scoop Capital

66. Scoop Capital is a Florida Limited Liability Company, was formed in June 2001 with its principal place of business in Sarasota, Florida, and acted as the General Partner of Victory Fund, Victory IRA Fund, and Scoop Real Estate.

67. Nadel created, owned, and controlled Scoop Capital and was its President and Managing Member.

68. Nadel's control of Scoop Capital allowed him to perpetrate the Ponzi scheme discussed below.

69. Nadel used Scoop Capital to divert proceeds of his Ponzi scheme for his and his family's benefit, including through his control of Scoop Capital's bank and other financial accounts.

Scoop Management

70. Scoop Management is a Florida Corporation and was incorporated in April 2001 with its principal place of business in Sarasota, Florida.

71. Nadel created and owned Scoop Management and was its President and Director. Nadel controlled Scoop Management and all of its operations, and performed all of Scoop Management's trading activities for the Hedge Funds.

72. At all relevant times, Scoop Management was the investment advisor for Valhalla Management and Viking Management and, in that role, provided trading, research, and operational services for Valhalla Management and Viking Management and, more specifically, for Valhalla Investment, Viking Fund, and Viking IRA Fund.

73. At all relevant times, Scoop Management was the investment advisor for Scoop Capital and, before it became Victory Fund's General Partner, for Intex Trading Corp., and in that role provided trading, research, and operational services for Scoop Capital and Intex Trading Corp. and, more specifically, for Victory Fund and its predecessor Scoop Investments and for Victory IRA Fund and Scoop Real Estate.

74. In other words, Nadel, through his control of Scoop Management, was responsible for trading and making trading decisions for each of the Hedge Funds and effectively controlled all of the Fund Managers.

75. Nadel's control of Scoop Management allowed him to perpetrate the Ponzi scheme discussed below.

76. Nadel used Scoop Management to divert proceeds of his fraudulent scheme for his and his family's benefit, including through his control of Scoop Management's bank and other financial accounts.

FACTS COMMON TO ALL CAUSES OF ACTION

A. NO MEANINGFUL DISTINCTION BETWEEN FUND MANAGERS

77. Although different Hedge Funds had different Fund Managers, in actuality there was no meaningful distinction between the Fund Managers. Indeed, although each Fund Manager was created by either Neil Moody or Nadel, Nadel and Neil Moody were collaborating from the inception of the first Hedge Fund, Valhalla Investment.

78. The Fund Managers shared the same office, personnel, office management, back office operations, accountant, and legal counsel.

79. Further, Nadel and the Moodys frequently referred to the Fund Managers as the "Nadel/Moody Group," described the Hedge Funds as having the "same management team," and referred to the Hedge Funds collectively as "our funds."

80. The Fund Managers also typically used the same letterhead, with all of the Fund Managers and Hedge Funds listed on it, and periodic correspondence to investors was sent to all investors on behalf of all Fund Managers and Hedge Funds. Those letters also discussed general performance and strategy across all Hedge Funds.

B. THE PONZI SCHEME

81. From 1999 through January 2009, over $350 million was raised from approximately 370 investors 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 the Moodys through the offer and sale of securities in the form of interests in the Hedge Funds as part of a single, continuous Ponzi scheme (the "scheme").

82. The Hedge Funds were actually or effectively controlled by Nadel through his control of Scoop Management and Scoop Capital and the Moodys' abdication of their obligations.

83. In relevant part, Nadel and the Moodys represented to investors and potential investors that their investment money was or would be used to trade securities, including the QQQQ exchange-traded fund. On information and belief, investors invested with Nadel and the Hedge Funds based on those representations.

84. The Hedge Funds derived their assets from investors' principal investments.

85. Although investors' principal investment money was invested with one or more Hedge Funds in accordance with the pertinent investors' instructions, in actuality Nadel treated the Hedge Funds as a single source of money, and investors' money was commingled in the Hedge Funds' accounts.

86. Nadel traded the money invested in the Hedge Funds in a pooled and commingled fashion through a single master trading account. Specifically, when trading, Nadel would pool all of the available money raised from investors and invested in the different Hedge Funds, along with money in his personal or other non-Hedge Fund accounts that he controlled (collectively, "Nadel's accounts"), in a single account and use it to purchase securities. Then, at the close of the trading session, Nadel allocated the completed trades as he wished among the accounts of the Hedge Funds and Nadel's accounts. Typically, Nadel allocated profitable trades to Nadel's accounts, including accounts in his name or in the name of Scoop Management or Scoop Capital, and unprofitable trades to the accounts of the Hedge Funds.

87. The Hedge Funds' investment returns and performance as represented to investors and potential investors from 1999 forward (as applicable based on then existing Hedge Funds) were false and were based on grossly overstated performance numbers created by Nadel. The true results of the trading activity that actually occurred were never reported to investors or potential investors.

88. Nadel caused the Hedge Funds to pay tens of millions of dollars in fees. Because those fees were based on grossly inflated returns, Nadel improperly and wrongfully diverted money from the Hedge Funds.

89. Aside from paying fees, Nadel caused the Hedge Funds to make distributions to investors that the investment performance of the Hedge Funds never supported. Through those distributions, Nadel improperly and wrongfully diverted money from the Hedge Funds.

90. For investors who did not request distributions, fictitious trading and investment profits were "credited" to the investors' purported accounts with the Hedge Funds. These fictitious profits were likewise unsupported by the Hedge Funds' investment performance and only served to further increase the Hedge Funds' insolvency.

91. The negative cash flow of the Hedge Funds made the eventual collapse of the scheme inevitable.

C. NADEL IMPROPERLY CAUSED THE HEDGE FUNDS TO PAY FICTITIOUS TRADING PROFITS AND PURPORTED PRINCIPAL REDEMPTIONS TO INVESTORS

92. 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 11.43% and 55.12% per year. For most years, they falsely represented the investments were generating returns of between 20% and 50%.

93. The monthly "statements" and other communications identified the purported positive investment results of Nadel's purported trading "gains" (referred to herein as "trading gains").

94. Although those representations were false, in furtherance of the scheme Nadel intentionally and wrongfully caused the Hedge Funds to pay investors purported trading

gains. Accordingly, on at least a quarterly basis, Nadel and the Fund Managers caused the Hedge Funds to pay to investors sums of money that were equivalent to the trading gains purportedly earned by those investors as reflected in their "account statements."

95. Similarly, following requests from investors for redemptions of their principal investments, in furtherance of the scheme Nadel intentionally and wrongfully caused the Hedge Funds to pay relevant investors sums of money that were equivalent to all or part of the principal invested by those investors.

96. These (and all other) distributions which Nadel caused the Hedge Funds to make to investors were paid from the fruits of the scheme. Specifically, they were paid almost exclusively from: (1) principal investment money from new investors; (2) existing investors' principal investment money; and (3) additional principal investment money from existing investors.

97. These distributions were not distributions of actual trading gains or of the recipients' principal investments.

98. Because the "account statements" did not reflect the true nature of Nadel's and the Hedge Funds' activities, by intentionally and wrongfully causing the Hedge Funds to pay those amounts to investors, Nadel improperly diverted assets of the Hedge Funds to both perpetrate and perpetuate the scheme.

99. The investors relied upon the fictitious and overstated trading gains purportedly achieved by Nadel and the purported payment of principal redemptions upon request to make additional investments with Nadel and the Hedge Funds and to refer friends, family, and business colleagues to do the same.

100. The principal investment money from new investors, the existing investors' principal investment money, and the existing investors' additional principal investment money should have been used for the stated purpose of the Hedge Funds' business, which was to trade securities in an effort to generate trading gains, and for Scoop Real Estate, to also invest in real property.

101. The Hedge Funds were harmed by this unauthorized course of conduct, which was effectuated by Nadel through his control of Scoop Management and Scoop Capital and his *de facto* control of the rest of the Fund Managers in furtherance of his scheme. This conduct dissipated assets of the Hedge Funds.

D. TRANSFERS TO DEFENDANTS DONALD ROWE, THE WALL STREET DIGEST DEFINED BENEFIT PENSION PLAN, AND JOYCE ROWE RELATING TO INVESTMENTS

102. Defendant D. Rowe, both in his individual capacity and as Trustee of the Wall Street Digest Defined Benefits Pension Plan (the "Pension Plan "), and Defendant J. Rowe were investors in one or more of the Hedge Funds and received purported trading gains and/or purported principal redemptions.

103. Specifically, as detailed in Exhibits A, B and C attached hereto and incorporated herein, based on the records reviewed by the Receiver as of the filing of this complaint, between 1999 and 2008 Nadel caused one or more of the Hedge Funds to pay purported trading gains and/or purported principal redemptions to Defendants. These distributions are itemized in the "Distributions" portion of Exhibits A, B and C, which detail

the date and amount of each such distribution and the Hedge Fund(s) from which the distribution was paid.[1]

104. To allow Defendants to keep distributions they received in connection with their investment would be inequitable and unjust, including to the investors of the Hedge Funds as a whole.

105. All money Nadel wrongfully caused the Hedge Funds to transfer or pay to Defendants was diverted and misappropriated by Nadel in furtherance of his scheme. Thus, all of the money transferred or paid to Defendants was improperly diverted assets of one or more of the Hedge Funds.

E. DEFENDANTS' ROLE IN THE SCHEME

106. Defendants D. Rowe, J. Rowe, and CAM, all of who were investment industry professionals, were instrumental in perpetuating and expanding Nadel's scheme by soliciting investors for the Hedge Funds through numerous material misrepresentations and admissions. D. Rowe also controlled the Pension Plan and CAM and acted as the investment adviser and an agent for those entities. D. Rowe published subscription-based investment newsletters and flyers recommending that his subscribers invest in the Hedge Funds, but those recommendations were not based on any real diligence or analysis; instead, they were simply designed to make D. Rowe and J. Rowe money. For example, the October 2003 edition of the Wall Street Digest, like many other editions, included a half-page promotion of two Hedge Funds and was headlined, "America's Top-Ranked Money Manager."

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[1] On Exhibits A, B and C, "Valhalla" refers to Valhalla Investment; "Viking" refers to Viking Fund; "Viking IRA" refers to Viking IRA Fund; "Victory" refers to Victory Fund; "Victory IRA" refers to Victory IRA Fund; and "Scoop" refers to Scoop Real Estate.

107. From at least 2000 through 2004, D. Rowe's brochures were headlined by attention-getting statements in conspicuous typeface, such as "Did Your Money Manager Return 55% in 2000 and 19.8% in 2001?," "The Best Track Record I've Ever Seen," and "Market Beating Performance in 2003." These brochures contained extremely glowing accounts of the Hedge Funds' purported returns in comparison to the S&P 500 stock index, and they otherwise touted Nadel and Moody's supposed talents as investment managers. They also expressed D. Rowe's strong endorsement of the Hedge Funds and instructed interested recipients to contact him for additional information.

108. Although D. Rowe was the Digest's sole author, Defendant J. Rowe was also responsible for drafting, editing, and dissemination of the newsletter materials and therefore both she and D. Rowe made the misrepresentations and omissions at issue. In addition, J. Rowe assisted with the management of the Digest and was an employee of the Digest from approximately 1989 until 2009 and was also an officer of CAM.

109. D. Rowe also spoke with Digest subscribers who called to ask questions about his recommendations. In those calls, D. Rowe made material misrepresentations by repeating his recommendations of the Hedge Funds. For example, D. Rowe informed an investor that he had "checked [Nadel Moody] out" and there were no problems. D. Rowe also advised that investing in the Hedge Funds would be an "ideal program" for an investor's retirement money.

110. D. Rowe and J. Rowe represented to Digest subscribers and investors that D. Rowe had personally conducted a "due diligence visit to the offices of Nadel & Moody." Indeed, in touting the Hedge Funds, D. Rowe and J. Rowe also represented that "[a]fter 26

years of reviewing the track records of over 11,000 mutual funds, 6,000 money managers and 5,800 hedge funds, Nadel's computerized investment program has produced the best track records and most consistent returns [D. Rowe has] ever seen." These representations were false and designed solely to induce investors to invest in Nadel's ponzi scheme.

111. D. Rowe and J. Rowe were critical to the scheme, as they single-handedly solicited the majority of investors in the Hedge Funds for a number of years. Their motive for promoting the Hedge Funds was clear: Nadel and Moody had agreed to pay D. Rowe a percentage of fees earned from investors solicited by them.

112. D. Rowe and J. Rowe's solicitation of investors for the Hedge Funds and the fees they received for those solicitations were unlawful, as neither D. Rowe, J. Rowe, nor the interests in the Hedge Funds that investors purchased were registered under pertinent securities laws. Indeed, D. Rowe knew the fees he received were illegal. Defendants were not licensed to offer or sell securities or investment advisory services in the State of Florida. None of the Defendants was a registered broker-dealer or investment advisor or a representative of a registered broker-dealer or investment advisor.

113. Since Defendants were not licensed, Defendants were not permitted to receive those fees or similar compensation for the referral or solicitation of investors to the Hedge Funds.

114. Defendants did not adequately disclose to potential investors they solicited or referred that they were being compensated for doing so.

115. Further, Defendants' solicitation of investors constituted a general solicitation, which violated federal securities law since the offer and sale of interests in the Hedge Funds involved a private placement.

116. The receipt of fees or similar compensation to Defendants for the referral or solicitation of investors to the Hedge Funds was fraudulent and in violation of federal and state laws.

117. D. Rowe and J. Rowe also violated stated and federal securities laws by publishing that the "Nadel Moody Group" was a registered investment adviser. Whether an investment adviser is registered with securities regulators is a material event for an investor because of the in-depth reporting requirements and greater regulatory scrutiny that accompanies registration, thus significantly lowering risk to the investor. As such, D. Rowe and J. Rowe's representations that Nadel and Moody were registered investment advisers constituted material misrepresentations.

118. As alleged above, the Hedge Funds paid management and performance fees based on the purported value and performance of the funds to Fund Managers (the "fees"). In turn, as detailed in Exhibit D attached hereto and incorporated herein, Fund Managers transferred a portion of those fees to Defendant CAM and Defendant Donald Rowe, via his now defunct entity, Wall Street Online, for referring and soliciting investors. Some of those transfers were made to Defendant CAM under the terms of a purported "Non-Solicitation Agreement." Because the Hedge Funds and Fund Managers were operated as part of the scheme and the fees were based on grossly inflated returns and values, the payment of those fees improperly and wrongfully diverted money from the Hedge Funds.

119. Specifically, as detailed in Exhibit D, based on the records reviewed by the Receiver as of the filing of this complaint, between 1999 and 2008 Nadel caused one or more of the Hedge Funds to pay fees that were subsequently transferred from Fund Managers to Defendant CAM and to Defendant Donald Rowe, via Wall Street Online. These distributions are itemized in Exhibit D, which details the date and amount of each such distribution and the Fund Manager(s) from which the distribution was paid.

120. These transfers consisted of proceeds of the scheme. Specifically, they were made almost exclusively from: (1) principal investment money from new investors; (2) existing investors' principal investment money; and (3) additional principal investment money from existing investors.

121. Under the circumstances alleged in this complaint, to allow Defendants to keep those and any other fees received by Defendants would be inequitable and unjust, including to the investors of the Hedge Funds as a whole.

122. All money Nadel wrongfully caused the Hedge Funds and Fund Managers to transfer or pay to Defendants was diverted and misappropriated by Nadel in furtherance of his scheme. Thus, all of the money transferred or paid to Defendants was improperly diverted assets of one or more of the Hedge Funds.

COUNT I
Florida Statutes § 726: Uniform Fraudulent Transfer Act
Transfers Relating to Investment – Defendant Donald Rowe

123. The Receiver re-alleges each and every allegation contained in Paragraphs 1 through 122.

124. By intentionally and wrongfully causing the transfer to Defendant Donald Rowe of investors' commingled principal investment money in connection with Defendant's investments, including as purported trading gains and principal redemptions as identified in Exhibit A, under the circumstances alleged in this complaint, the Hedge Funds identified in Exhibit A and the rest of the Hedge Funds, through the Receiver, have a right to repayment of at least that amount from Defendant.

125. In light of this right to repayment (and independently because Nadel's conduct alleged in this complaint with respect to the Hedge Funds amounted to embezzlement, breach of fiduciary duty, breach of contract, fraud, and/or other violations of law), the Hedge Funds have a claim against Nadel and consequently are creditors of Nadel under FUFTA. Accordingly, Nadel is a debtor under that act.

126. The transfers relating to Defendant's investments that Nadel caused the Hedge Funds to make to Defendant were inherently fraudulent because the transfers were made as part of the scheme.

127. Those transfers were fraudulent under Florida Statutes § 726.105(1)(a) because Nadel caused Hedge Funds to make the transfers with actual intent to hinder, delay, or defraud creditors of Nadel, the Fund Managers, and/or the Hedge Funds.

128. Those transfers also were fraudulent under Florida Statutes § 726.105(1)(b) because: (a) Nadel caused Hedge Funds to make those transfers; and (b)(i) Nadel, the Fund Managers, and the Hedge Funds were engaged or were about to engage in a business or transaction for which their remaining assets were unreasonably small in relation to the business or transaction; or (ii) Nadel intended that he, the Fund Managers, and/or the Hedge

Funds incur, or believed or reasonably should have believed they would incur, debts beyond their ability to pay as they became due.

129. On behalf of the Hedge Funds from which money was transferred to Defendant as identified in Exhibit A, the Receiver is entitled to avoid and recover all transfers Nadel caused those Hedge Funds to make to Defendant in connection with his investment (and to any other pertinent remedy, including those available under Florida Statutes § 726.108).

130. On behalf of the other Hedge Funds, the Receiver is entitled to avoid and recover those transfers because (i) money was commingled among the Hedge Funds and (ii) Nadel used the Hedge Funds as a single, continuous scheme.

WHEREFORE, the Receiver asks this Court to enter judgment against Defendant Donald Rowe avoiding all transfers from the Hedge Funds to Defendant in connection with his investment, together with interest and costs, and for such other and further relief as the Court may deem just and proper.

COUNT II
Unjust Enrichment
Transfers Relating to Investment – Defendant Donald Rowe

131. The Receiver re-alleges each and every allegation contained in Paragraphs 1 through 122.

132. This unjust enrichment claim is asserted in the alternative, in the event the statutory remedy asserted in Count I does not provide an adequate remedy at law.

133. Defendant Donald Rowe received a benefit when in furtherance and during the course of the scheme, Nadel wrongfully caused Hedge Funds to transfer money to Defendant in connection with his investment.

134. Defendant knowingly and voluntarily accepted and retained a benefit in the form of those transfers.

135. The circumstances alleged in this complaint render Defendant's retention of that benefit inequitable and unjust, including to the investors of the Hedge Funds as a whole, so Defendant must pay the Receiver, acting on behalf of the Hedge Funds, the value of the benefit received.

136. Defendant has been unjustly enriched at the expense of the Hedge Funds (and, ultimately, their investors) in the amount of transfers to Defendant in connection with his investment, and the Hedge Funds, through the Receiver, are entitled to judgment in that amount.

137. The Receiver, on behalf of the Hedge Funds, is entitled to the return of that money through disgorgement or any other applicable remedy.

WHEREFORE, the Receiver asks this Court to enter judgment against Defendant Donald Rowe in the amount of transfers from the Hedge Funds to Defendant in connection with his investment, together with interest and costs, and for such other and further relief as the Court may deem just and proper.

COUNT III
Florida Statutes § 726: Uniform Fraudulent Transfer Act
Transfers Relating to Investment– Defendant Joyce Rowe

138. The Receiver re-alleges each and every allegation contained in Paragraphs 1 through 122.

139. By intentionally and wrongfully causing the transfer to Defendant Joyce Rowe of investors' commingled principal investment money in connection with Defendant's investments, including as purported trading gains and principal redemptions as identified in Exhibit B, under the circumstances alleged in this complaint, the Hedge Funds identified in Exhibit B and the rest of the Hedge Funds, through the Receiver, have a right to repayment of at least that amount from Defendant.

140. In light of this right to repayment (and independently because Nadel's conduct alleged in this complaint with respect to the Hedge Funds amounted to embezzlement, breach of fiduciary duty, breach of contract, fraud, and/or other violations of law), the Hedge Funds have a claim against Nadel and consequently are creditors of Nadel under FUFTA. Accordingly, Nadel is a debtor under that act.

141. The transfers relating to Defendant's investments that Nadel caused the Hedge Funds to make to Defendant were inherently fraudulent because the transfers were made as part of the scheme.

142. Those transfers were fraudulent under Florida Statutes § 726.105(1)(a) because Nadel caused Hedge Funds to make the transfers with actual intent to hinder, delay, or defraud creditors of Nadel, the Fund Managers, and/or the Hedge Funds.

143. Those transfers also were fraudulent under Florida Statutes § 726.105(1)(b) because: (a) Nadel caused Hedge Funds to make those transfers; and (b)(i) Nadel, the Fund Managers, and the Hedge Funds were engaged or were about to engage in a business or

transaction for which their remaining assets were unreasonably small in relation to the business or transaction; or (ii) Nadel intended that he, the Fund Managers, and/or the Hedge Funds incur, or believed or reasonably should have believed they would incur, debts beyond their ability to pay as they became due.

144. On behalf of the Hedge Funds from which money was transferred to Defendant as identified in Exhibit B, the Receiver is entitled to avoid and recover all transfers Nadel caused those Hedge Funds to make to Defendant in connection with her investment (and to any other pertinent remedy, including those available under Florida Statutes § 726.108).

145. On behalf of the other Hedge Funds, the Receiver is entitled to avoid and recover those transfers because (i) money was commingled among the Hedge Funds and (ii) Nadel used the Hedge Funds as a single, continuous scheme.

WHEREFORE, the Receiver asks this Court to enter judgment against Defendant Joyce Rowe avoiding all transfers from the Hedge Funds to Defendant in connection with her investment, together with interest and costs, and for such other and further relief as the Court may deem just and proper.

COUNT IV
Unjust Enrichment
Transfers Relating to Investment – Defendant Joyce Rowe

146. The Receiver re-alleges each and every allegation contained in Paragraphs 1 through 122.

147. This unjust enrichment claim is asserted in the alternative, in the event the statutory remedy asserted in Count III does not provide an adequate remedy at law.

148. Defendant Joyce Rowe received a benefit when in furtherance and during the course of the scheme, Nadel wrongfully caused Hedge Funds to transfer money to Defendant in connection with her investment.

149. Defendant knowingly and voluntarily accepted and retained a benefit in the form of those transfers.

150. The circumstances alleged in this complaint render Defendant's retention of that benefit inequitable and unjust, including to the investors of the Hedge Funds as a whole, so Defendant must pay the Receiver, acting on behalf of the Hedge Funds, the value of the benefit received.

151. Defendant has been unjustly enriched at the expense of the Hedge Funds (and, ultimately, their investors) in the amount of transfers to Defendant in connection with her investment, and the Hedge Funds, through the Receiver, are entitled to judgment in that amount.

152. The Receiver, on behalf of the Hedge Funds, is entitled to the return of that money through disgorgement or any other applicable remedy.

WHEREFORE, the Receiver asks this Court to enter judgment against Defendant Joyce Rowe in the amount of transfers from the Hedge Funds to Defendant in connection with her investment, together with interest and costs, and for such other and further relief as the Court may deem just and proper.

COUNT V
Florida Statutes § 726: Uniform Fraudulent Transfer Act
Transfers Relating to Investment – Defendant Donald Rowe as Trustee of the Wall Street Digest Defined Benefit Pension Plan

153. The Receiver re-alleges each and every allegation contained in Paragraphs 1 through 122.

154. By intentionally and wrongfully causing the transfer to Defendant Donald Rowe as Trustee of the Wall Street Digest Defined Benefit Pension Plan of investors' commingled principal investment money in connection with Defendant's investments, including as purported trading gains and principal redemptions as identified in Exhibit C, under the circumstances alleged in this complaint, the Hedge Funds identified in Exhibit C and the rest of the Hedge Funds, through the Receiver, have a right to repayment of at least that amount from Defendant.

155. In light of this right to repayment (and independently because Nadel's conduct alleged in this complaint with respect to the Hedge Funds amounted to embezzlement, breach of fiduciary duty, breach of contract, fraud, and/or other violations of law), the Hedge Funds have a claim against Nadel and consequently are creditors of Nadel under FUFTA. Accordingly, Nadel is a debtor under that act.

156. The transfers relating to Defendant's investments that Nadel caused the Hedge Funds to make to Defendant were inherently fraudulent because the transfers were made as part of the scheme.

157. Those transfers were fraudulent under Florida Statutes § 726.105(1)(a) because Nadel caused Hedge Funds to make the transfers with actual intent to hinder, delay, or defraud creditors of Nadel, the Fund Managers, and/or the Hedge Funds.

158. Those transfers also were fraudulent under Florida Statutes § 726.105(1)(b) because: (a) Nadel caused Hedge Funds to make those transfers; and (b)(i) Nadel, the Fund Managers, and the Hedge Funds were engaged or were about to engage in a business or transaction for which their remaining assets were unreasonably small in relation to the business or transaction; or (ii) Nadel intended that he, the Fund Managers, and/or the Hedge Funds incur, or believed or reasonably should have believed they would incur, debts beyond their ability to pay as they became due.

159. On behalf of the Hedge Funds from which money was transferred to Defendant as identified in Exhibit C, the Receiver is entitled to avoid and recover all transfers Nadel caused those Hedge Funds to make to Defendant in connection with his investment (and to any other pertinent remedy, including those available under Florida Statutes § 726.108).

160. On behalf of the other Hedge Funds, the Receiver is entitled to avoid and recover those transfers because (i) money was commingled among the Hedge Funds and (ii) Nadel used the Hedge Funds as a single, continuous scheme.

WHEREFORE, the Receiver asks this Court to enter judgment against Defendant Donald Rowe as Trustee of the Wall Street Digest Defined Benefit Pension Plan avoiding all transfers from the Hedge Funds to Defendant in connection with his investment, together with interest and costs, and for such other and further relief as the Court may deem just and proper.

COUNT VI
Unjust Enrichment
Transfers Relating to Investment – Defendant Donald Rowe as Trustee of the Wall Street Digest Defined Benefit Pension Plan

161. The Receiver re-alleges each and every allegation contained in Paragraphs 1 through 122.

162. This unjust enrichment claim is asserted in the alternative, in the event the statutory remedy asserted in Count V does not provide an adequate remedy at law.

163. Defendant Donald Rowe as Trustee of the Wall Street Digest Defined Benefit Pension Plan received a benefit when in furtherance and during the course of the scheme, Nadel wrongfully caused Hedge Funds to transfer money to Defendant in connection with his investment.

164. Defendant knowingly and voluntarily accepted and retained a benefit in the form of those transfers.

165. The circumstances alleged in this complaint render Defendant's retention of that benefit inequitable and unjust, including to the investors of the Hedge Funds as a whole, so Defendant must pay the Receiver, acting on behalf of the Hedge Funds, the value of the benefit received.

166. Defendant has been unjustly enriched at the expense of the Hedge Funds (and, ultimately, their investors) in the amount of transfers to Defendant in connection with his investment, and the Hedge Funds, through the Receiver, are entitled to judgment in that amount.

167. The Receiver, on behalf of the Hedge Funds, is entitled to the return of that money through disgorgement or any other applicable remedy.

WHEREFORE, the Receiver asks this Court to enter judgment against Defendant Donald Rowe as Trustee of the Wall Street Digest Defined Benefit Pension Plan in the amount of transfers from the Hedge Funds to Defendant in connection with his investment, together with interest and costs, and for such other and further relief as the Court may deem just and proper.

COUNT VII
Florida Statutes § 726: Uniform Fraudulent Transfer Act
Fees – Defendants CAM and Donald Rowe

168. The Receiver re-alleges each and every allegation contained in Paragraphs 1 through 122.

169. By intentionally and wrongfully causing the transfer to Defendant CAM and to Defendant Donald Rowe, via Wall Street Online, of investors' commingled principal investments in an amount equivalent to the fees that Defendants received from the Hedge Funds as identified in Exhibit D under the circumstances alleged in this complaint, each of the Hedge Funds, through the Receiver, has a right to repayment of at least that amount from Defendants.

170. In light of this right to repayment (and independently because Nadel's conduct alleged in this complaint with respect to the Hedge Funds amounted to embezzlement, breach of fiduciary duty, breach of contract, fraud, and/or other violations of law), the Hedge Funds have a claim against Nadel and consequently are creditors of Nadel under FUFTA. Accordingly, Nadel is a debtor under that act.

171. The transfers of fees that Nadel caused the Hedge Funds to make to Defendants were inherently fraudulent because the transfers were made as part of the scheme.

172. Those transfers were fraudulent under Florida Statutes § 726.105(1)(a) because Nadel caused Hedge Funds to make the transfers with actual intent to hinder, delay, or defraud creditors of Nadel, the Fund Managers, and/or the Hedge Funds.

173. Those transfers also were fraudulent under Florida Statutes § 726.105(1)(b) because: (a) Nadel caused Hedge Funds to make those transfers; and (b)(i) Nadel, the Fund Managers, and the Hedge Funds were engaged or were about to engage in a business or transaction for which their remaining assets were unreasonably small in relation to the business or transaction; or (ii) Nadel intended that he, the Fund Managers, and/or the Hedge Funds incur, or believed or reasonably should have believed they would incur, debts beyond their ability to pay as they became due.

174. Those transfers also were fraudulent under Florida Statutes § 726.106(1) because neither Nadel, the Fund Managers, nor the Hedge Funds received a reasonably equivalent value in exchange for those transfers to Defendants, and Nadel, the Fund Managers, and the Hedge Funds were insolvent at all relevant times.

175. On behalf of the Hedge Funds from which money was transferred to Defendants, the Receiver is entitled to avoid and recover transfers equal to the fees that Nadel caused those Hedge Funds to pay to Defendants (and to any other pertinent remedy, including those available under Florida Statutes § 726.108).

176. On behalf of the other Hedge Funds, the Receiver is entitled to avoid and recover those transfers because (i) money was commingled among the Hedge Funds and (ii) Nadel used the Hedge Funds as a single, continuous scheme.

WHEREFORE, the Receiver asks this Court to enter judgment against Defendants Donald Rowe and CAM avoiding transfers from the Hedge Funds in the amount of fees received by Defendants, together with interest and costs, and for such other and further relief as the Court may deem just and proper.

COUNT VIII
Unjust Enrichment
Fees – Defendants CAM and Donald Rowe

177. The Receiver re-alleges each and every allegation contained in Paragraphs 1 through 122.

178. This unjust enrichment claim is asserted in the alternative, in the event the statutory remedy asserted in Count VII does not provide an adequate remedy at law.

179. Defendant CAM and Defendant Donald Rowe, via Wall Street Online, received a benefit when in furtherance and during the course of the scheme, Nadel wrongfully caused Hedge Funds to transfer money to Defendants in an amount equal to the fees received by Defendants.

180. Defendants knowingly and voluntarily accepted and retained a benefit in the form of those fees.

181. The circumstances alleged in this complaint render Defendants' retention of that benefit inequitable and unjust, including to the investors of the Hedge Funds as a whole,

so Defendants must pay the Receiver, acting on behalf of the Hedge Funds, the value of the benefit received.

182. Defendants have been unjustly enriched at the expense of the Hedge Funds (and, ultimately, their investors) in the amount of Defendants' fees, and the Hedge Funds, through the Receiver, are entitled to judgment in the amount of those fees.

183. The Receiver, on behalf of the Hedge Funds, is entitled to the return of that money through disgorgement or any other applicable remedy.

WHEREFORE, the Receiver asks this Court to enter judgment against Defendants Donald Rowe and CAM in the amount of fees received by Defendants, together with interest and costs, and for such other and further relief as the Court may deem just and proper.

COUNT IX
Common Law Aiding and Abetting Fraud

184. The Receiver re-alleges each and every allegation contained in Paragraphs 1 through 122.

185. Nadel operated a fraudulent scheme from 1999 to January 2009.

186. As set forth above, and incorporated by reference, Defendants, through D. Rowe's newsletters, flyers, and phone conversations with potential investors, made various material misrepresentations in connection with the purchase or sale of securities. These fraudulent misrepresentations were designed to induce investors to invest in the scheme and for Defendants' financial gain.

187. Defendants knew that Nadel's actions and operations violated the securities laws.

188. Defendants' efforts in soliciting investors through written and oral statements were not only fraudulent, but also gave substantial assistance to Nadel in the advancement and commission of his fraud.

189. In exchange for aiding Nadel, Defendants received millions of dollars in scheme proceeds.

190. Even assuming they did not have actual knowledge, their conduct in this regard is so outrageous as to constitute constructive knowledge of Nadel's fraudulent practices.

191. Defendants cannot avoid the imputation of knowledge because of their gross and outrageous conduct.

192. The Defendants' conduct allowed, aided and abetted Nadel in committing and continuing his fraudulent scheme, all to the detriment and damage to the Hedge Funds.

WHEREFORE, the Receiver asks this Court to enter judgment against Defendants, jointly and severally, for damages, together with interest and costs, and for such other and further relief as the Court may deem just and proper.

COUNT X
Violation of Section 15(a) of the Securities Exchange Act of 1934

193. The Receiver re-alleges each and every allegation contained in Paragraphs 1 through 122.

194. As set forth above, and incorporated by reference, none of the Defendants was a registered broker-dealer or investment advisor or a representative of a registered broker-dealer or investment advisor. Nevertheless, Defendants, through D. Rowe's newsletters and

flyers, conducted general solicitations regarding the purchase or sale of interests in the Hedge Funds and received illegal compensation.

195. Section 15(a)(1) of the Securities Exchange Act of 1934 (the "Exchange Act") prohibits anyone from "mak[ing] use of the mails or any means or instrumentality of interstate commerce to effect any transactions in, or to induce or attempt to induce the purchase or sale of any security" without registering with the SEC as a broker/dealer. It also prohibits the payment of performance-based fees to anyone that is not registered as a broker/dealer or an associated person of a broker/dealer.

196. Since Defendants were not licensed, Defendants were not permitted to receive those fees or similar compensation for the referral or solicitation of investors to the Hedge Funds.

WHEREFORE, the Receiver asks this Court to enter judgment against Defendants, jointly and severally, for rescission and damages, together with interest and costs, and for such other and further relief as the Court may deem just and proper.

<u>COUNT XI</u>
Violation of Fla. Stat. §517.12

197. The Receiver re-alleges each and every allegation contained in Paragraphs 1 through 122.

198. As set forth above, and incorporated by reference, none of the Defendants was a registered broker-dealer or investment advisor or a representative of a registered broker-dealer or investment advisor. Nevertheless, Defendants, through D. Rowe's newsletters and flyers, conducted general solicitations in connection with the purchase or sale of interests in the Hedge Funds and received illegal compensation.

199. Section 517.12 prohibits anyone who is not registered in such a capacity from selling or offering for sale a security and receiving commissions.

200. Since Defendants were not licensed, Defendants were not permitted to receive those fees or similar compensation for the referral or solicitation of investors to the Hedge Funds.

WHEREFORE, the Receiver asks this Court to enter judgment against Defendants, jointly and severally, for rescission and damages, together with interest and costs, and for such other and further relief as the Court may deem just and proper.

COUNT XII
Violations of the Investment Advisers Act of 1940

201. The Receiver re-alleges each and every allegation contained in Paragraphs 1 through 122.

202. As set forth above, and incorporated by reference, none of the Defendants was a registered broker-dealer or investment advisor or a representative of a registered broker-dealer or investment advisor. Nevertheless, Defendants, through D. Rowe's newsletters and flyers, conducted general solicitations in connection with the purchase or sale of interests in the Hedge Funds and received illegal compensation.

203. Section 203 of the Investment Advisers Act of 1940 prohibits any "investment adviser . . . [from] us[ing] . . . the mails or any means or instrumentality of interstate commerce in connection with his or its business as an investment adviser." Similarly, Section 205(a)(1) of the Investment Advisers Act prohibits the payment of fees based on the performance of clients' investments.

204. Since Defendants were not licensed, Defendants were not permitted to receive those fees or similar compensation for the referral or solicitation of investors to the Hedge Funds.

WHEREFORE, the Receiver asks this Court to enter judgment against Defendants, jointly and severally, for rescission and damages, together with interest and costs, and for such other and further relief as the Court may deem just and proper.

COUNT XIII
Violation of Section 10(b)-5 of the Securities Exchange Act of 1934

205. The Receiver re-alleges each and every allegation contained in Paragraphs 1 through 122.

206. As set forth above, and incorporated by reference, Defendants, through D. Rowe's newsletters, flyers, and phone conversations with potential investors, made material misstatements and omissions in connection with the sale of interests in the Hedge Funds. Defendants engaged in a scheme to defraud the Hedge Funds by (1) failing to disclose their fee arrangement with Nadel and Moody; (2) misrepresenting that Nadel, Moody, or the "Nadel-Moody Group" were registered investment advisers; and (3) misrepresenting that D. Rowe had conducted diligence on the Hedge Funds. Defendants who engaged in the scheme to defraud the Hedge Funds for this Nadel pled guilty and omitted to reveal that scheme in connection with the offer for an sale of the Hedge Funds' interests.

207. Defendants knowingly made these misstatements and omissions to induce the Hedge Funds to pay them millions of dollars in illegal compensation.

208. The Defendants' conduct proximately caused damage to the Hedge Funds by requiring them to pay these illegal fees. But for the Defendants' material misstatements and omissions, the Hedge Funds would not have paid illegal compensation to Defendants.

WHEREFORE, the Receiver asks this Court to enter judgment against Defendants, jointly and severally, for damages, together with interest and costs, and for such other and further relief as the Court may deem just and proper.

COUNT XIV
Violation of Fla. Stat. §517.301

209. The Receiver re-alleges each and every allegation contained in Paragraphs 1 through 122.

210. As set forth above, and incorporated by reference, Defendants, through D. Rowe's newsletters, flyers, and phone conversations with potential investors, made material misstatements and omissions in connection with the sale of interest in the Hedge Funds. Defendants engaged in a scheme to defraud the Hedge Funds by (1) failing to disclose their fee arrangement with Nadel and Moody; (2) misrepresenting that Nadel, Moody, or the "Nadel-Moody Group" were registered investment advisers; and (3) misrepresenting that D. Rowe had conducted diligence on the Hedge Funds. Defendants who engaged in the scheme to defraud the Hedge Funds for this Nadel pled guilty and omitted to reveal that scheme in connection with the offer for a sale of the Hedge Funds' interests.

211. Defendants knowingly made these misstatements and omissions to induce the Hedge Funds to pay them millions of dollars in illegal compensation.

212. The Defendants' conduct proximately caused damage to the Hedge Funds by requiring them to pay these illegal fees. But for the Defendants' material misstatements and omissions, the Hedge Funds would not have paid illegal compensation to Defendants.

WHEREFORE, the Receiver asks this Court to enter judgment against Defendants, jointly and severally, for damages, together with interest and costs, and for such other and further relief as the Court may deem just and proper.

COUNT XV
Violation of Sections 17(b) of the Securities Act of 1933

213. The Receiver re-alleges each and every allegation contained in Paragraphs 1 through 122.

214. As set forth above, and incorporated by reference, Defendants, through D. Rowe's newsletters, flyers, and phone conversations with potential investors, made material misstatements and omissions in connection with the sale of interests in the Hedge Funds. Defendants engaged in a scheme to defraud the Hedge Funds by failing to disclose his fee arrangement with Nadel and Moody.

215. Section 17(b) specifically prohibits anyone from "publish[ing], giv[ing] publicity to, or circulat[ing] any notice, circular, advertisement, newspaper, article, letter, investment service, or communication which, though not purporting to offer a security for sale, describes such security for a consideration received or to be received, directly or indirectly, from an issuer . . . without fully disclosing the receipt, whether past or present, of such consideration and the amount thereof." Indeed, Section 17(b) requires "full" disclosure of the receipt of consideration, past or prospective, including the amount.

216. Defendants knowingly made these omissions to induce the Hedge Funds to pay them millions of dollars in illegal fees.

217. The Defendants' conduct proximately caused the Hedge Funds to pay these illegal fees. But for the Defendants' material omissions, the Hedge Funds would not have paid these unlawful fees/commissions.

218. Defendants' conduct as set forth herein, including failure to disclose, constituted fraud in violation of Sections 17(a) and 17(b) of the Securities Act of 1933, 15 U.S.C. §§ 77q(a), (b); Section 10(b) of the Securities and Exchange Act of 1934, 15 U.S.C. § 78j(b); and of SEC Rule 10b-5, 17 C.F.R. § 240.10b-5; and Fla. Stat. § 517.301.

219. Defendants' retention of that benefit is inequitable and unjust, including to the investors of the Hedge Funds as a whole, so Defendants must pay the Receiver, acting on behalf of the Hedge Funds, the value of the benefit received.

WHEREFORE, the Receiver asks this Court to enter judgment against Defendants, jointly and severally, for damages, together with interest and costs, and for such other and further relief as the Court may deem just and proper.

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EXHIBIT A

Donald H. Rowe – Valhalla

DEPOSITS

Date	Amount	Deposit to
08/31/1999	$220,000.00	Valhalla
11/15/2000	$1,100,000.00	Valhalla
Total Deposits	**$1,320,000.00**	

DISTRIBUTIONS

Date	Amount	Distribution From
04/14/2000	$250,000.00	Valhalla
01/30/2001	$50,000.00	Valhalla
04/11/2001	$150,000.00	Valhalla
07/19/2001	$100,000.00	Valhalla
10/18/2001	$200,000.00	Valhalla
07/23/2002	$100,000.00	Valhalla
10/03/2002	$200,000.00	Valhalla
Total Distributions	**$1,050,000.00**	

INTERNAL TRANSFER

Date	Amount	Transfer to
12/31/2002	$270,000.00[1]	Victory
Total Transfers	**$270,000.00**	
TOTAL FALSE PROFITS	**$0.00**	

[1] The balance in Donald Rowe's Valhalla Investment Account at the time of the transfer was $722,861.33. However, this amount included false profits. For accounting purposes, the Receiver has credited only the remaining principal in his account at the time of the transfer (i.e., $1,320,00.00 - $1,050,000.00 = $270,00.00).

EXHIBIT A

Donald H. Rowe – Victory

DEPOSITS

	Amount
	$0.00
Total Deposits	**$0.00**

INTERNAL TRANSFER

Date	Amount	Transfer from
12/31/2002	$270,000.00	Valhalla
Total Transfer	**$270,000.00**	

DISTRIBUTIONS

Date	Amount	Distribution From
04/15/2003	$100,000.00	Victory
10/02/2003	$200,000.00	Victory
01/18/2005	$740,818.31	Victory
Total Distributions	**$1,040,818.31**	

TOTAL FALSE PROFITS	**$770,818.31**

EXHIBIT B

Joyce Anne Rowe - Valhalla

DEPOSITS

Date	Amount	Deposit to
06/22/1999	$200,000.00	Valhalla
06/28/1999	$120,000.00	Valhalla
08/31/1999	$325,000.00	Valhalla
02/01/2001	$10,000.00	Valhalla
Total Deposits	**$655,000.00**	

DISTRIBUTIONS

Date	Amount	Distribution From
04/11/2001	$150,000.00	Valhalla
10/25/2001	$10,000.00	Valhalla
04/08/2002	$15,000.00	Valhalla
07/23/2002	$130,000.00	Valhalla
Total Distributions	**$305,000.00**	

INTERNAL TRANSFER

Date	Amount	Transfer to
12/31/2002	$350,000.00[1]	Victory
Total Transfers	**$350,000.00**	

TOTAL FALSE PROFITS	**$0.00**

[1] The balance in Joyce Rowe Valhalla Investment account at the time of the transfer was $1,345,768.36. However, this amount included false profits. For accounting purposes, the Receiver has credited only the remaining principal in her account at the time of the transfer (i.e., $655,000.00 - $305,000.00 = $350,000.00).

EXHIBIT B

Joyce Anne Rowe - Victory

DEPOSITS

	Amount
	$0.00
Total Deposits	**$0.00**

INTERNAL TRANSFER

Date	Amount	Transfer from
12/31/2002	$350,000.00	Valhalla
Total Deposits and Transfers	**$350,000.00**	

DISTRIBUTIONS

Date	Amount	Distribution From
10/02/2003	$460,000.00	Victory
01/18/2005	$1,545,750.58	Victory
Total Distributions	**$2,005,750.58**	

TOTAL FALSE PROFITS	**$1,655,750.58**

EXHIBIT C

Donald Rowe as Trustee of the Wall Street Digest Defined Benefit Pension Plan

DEPOSITS

Date	Amount	Deposit to
06/29/1999	$200,000.00	Valhalla
04/06/2001	$200,000.00	Valhalla
04/06/2001	$200,000.00	Valhalla
Total Deposits	**$600,000.00**	

DISTRIBUTIONS

Date	Amount	Distribution From
01/11/2005	$2,201,816.03	Valhalla
Total Distributions	**$2,201,816.03**	
TOTAL FALSE PROFITS	**$1,601,816.03**	

EXHIBIT D

Donald Rowe (via Carnegie Asset Management Inc.)

FEES

Date	Amount	Distribution From
02/20/2002	$4,322.78	Viking Management, LLC
03/05/2002	$1,977.96	Valhalla Management, Inc.
04/26/2002	$9,132.98	Viking Management, LLC
05/02/2002	$6,975.57	Valhalla Management, Inc.
07/21/2003	$22,854.60	Viking Management, LLC
07/21/2003	$22,918.28	Valhalla Management, Inc.
07/21/2003	$45,664.70	Viking Management, LLC
07/21/2003	$44,203.06	Scoop Management, Inc.
06/30/2005	$31,250.00	Valhalla Management, Inc.
07/05/2005	$62,500.00	Scoop Management, Inc.
07/05/2005	$31,250.00	Viking Management, LLC
10/14/2005	$62,500.00	Scoop Management, Inc.
10/14/2005	$31,250.00	Valhalla Management, Inc.
10/14/2005	$31,250.00	Viking Management, LLC
01/20/2006	$31,250.00	Viking Management, LLC
01/20/2006	$31,250.00	Valhalla Management, Inc.
01/20/2006	$62,500.00	Scoop Management, Inc.
04/14/2006	$62,500.00	Scoop Management, Inc.
04/14/2006	$31,250.00	Viking Management, LLC
04/14/2006	$31,250.00	Valhalla Management, Inc.
07/20/2006	$62,500.00	Scoop Management, Inc.
07/20/2006	$31,250.00	Valhalla Management, Inc.
07/20/2006	$31,250.00	Viking Management, Inc.
10/16/2006	$31,250.00	Valhalla Management, Inc.
10/16/2006	$31,250.00	Viking Management, Inc.
10/16/2006	$62,500.00	Scoop Management, Inc.
01/12/2007	$62,500.00	Scoop Management, Inc.
01/12/2007	$31,250.00	Valhalla Management, Inc.
01/12/2007	$31,250.00	Viking Management, LLC
04/16/2007	$31,250.00	Valhalla Management, Inc.
04/16/2007	$31,250.00	Viking Management, LLC
04/16/2007	$62,500.00	Scoop Management, Inc.
TOTAL FEES	**$1,158,049.93**	

EXHIBIT D

Donald Rowe (via Carnegie Wealth Management, Inc.)

FEES

Date	Amount	Distribution From
04/15/2004	$5,527.42	Scoop Management, Inc.
04/15/2004	$50,852.17	Viking Management, LLC
04/15/2004	$37,813.47	Viking Management, LLC
04/15/2004	$46,826.44	Scoop Management, Inc.
04/15/2004	$7,733.24	Scoop Management, Inc.
07/14/2004	$40,664.90	Viking Management, LLC
07/14/2004	$52,089.35	Viking Management, LLC
07/14/2004	$55,877.20	Valhalla Management, Inc.
07/14/2004	$9,295.63	Scoop Management, Inc.
07/14/2004	$48,970.91	Scoop Management, Inc.
01/18/2005	$30,000.00	Viking Management, LLC
01/18/2005	$30,000.00	Valhalla Management, LLC
01/18/2005	$30,000.00	Scoop Management, Inc.
TOTAL FEES	**$445,650.73**	

EXHIBIT D

Donald Rowe (via Wall Street On Line)

FEES

Date	Amount	Distribution From
04/20/2000	$3,859.00	Valhalla Management, Inc.
04/20/2000	$10,317.19	Valhalla Management, Inc.
04/20/2000	$46,363.84	Valhalla Management, Inc.
07/26/2000	$22,766.10	Valhalla Management, Inc.
10/19/2000	$21,320.79	Valhalla Management, Inc.
01/19/2001	$12,835.00	Valhalla Management, Inc.
04/19/2001	$25,457.16	Valhalla Management, Inc.
07/16/2001	$35,802.50	Valhalla Management, Inc.
10/15/2001	$30,707.80	Valhalla Management, Inc.
01/18/2002	$40,445.77	Valhalla Management, Inc.
04/12/2002	$40,410.05	Valhalla Management, Inc.
07/16/2002	$11,229.37	Viking Management, LLC
07/24/2002	$40,862.36	Valhalla Management, Inc.
07/24/2002	$8,336.57	Valhalla Management, Inc.
10/16/2002	$45,016.41	Valhalla Management, Inc.
10/21/2002	$11,746.33	Valhalla Management, Inc.
10/21/2002	$15,904.68	Viking Management, LLC
01/16/2003	$39,395.17	Viking Management, LLC
01/21/2003	$60,081.17	Valhalla Management, Inc.
04/23/2003	$41,550.12	Valhalla Management, Inc.
04/23/2003	$37,954.03	Viking Management, LLC
10/16/2003	$29,680.73	Viking Management, LLC
10/16/2003	$53,988.00	Viking Management, LLC
10/16/2003	$27,645.92	Valhalla Management, Inc.
10/16/2003	$6,334.47	Scoop Management, Inc.
10/16/2003	$48,576.35	Scoop Management, Inc.
01/22/2004	$41,285.66	Viking Management, LLC
01/22/2004	$61,859.93	Viking Management, LLC
01/22/2004	$78,595.35	Valhalla Management, Inc.
01/22/2004	$13,058.90	Scoop Management, Inc.
01/22/2004	$54,137.96	Scoop Management, Inc.
05/27/2004	$47,720.38	Valhalla Management, Inc.
TOTAL FEES	**$1,065,245.06**	

EXHIBIT D

Donald Rowe

FEE

Date	Amount	Distribution From
04/23/2003	$31,918.84	Victory Fund, Ltd.
TOTAL FEE	**$31,918.84**	

GRAND TOTAL FEES **$2,700,864.56**