



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE

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**FORMER HEDGE FUND MANAGER ARTHUR G. NADEL
INDICTED ON FRAUD CHARGES**

LEV L. DASSIN, the Acting United States Attorney for the Southern District of New York, announced that ARTHUR G. NADEL, 76, of Sarasota, Florida, was indicted today on securities, mail, and wire fraud charges stemming from a ten-year scheme to defraud investors out of millions of dollars. NADEL previously was arrested in this case on January 27, 2009. As alleged in the fifteen-count Indictment filed in Manhattan federal court:

From 1999 through January 2009, NADEL perpetrated a scheme to defraud investors in six different funds: (a) Victory IRA Fund Ltd.; (b) Scoop Real Estate LP; (c) Victory Fund Ltd.; (d) Valhalla Investment Partners; (e) Viking Fund, LLC; and (f) Viking IRA Fund, LLC (collectively the "Funds").

NADEL solicited prospective clients to invest in the Funds by making various misrepresentations about the performance and value of the Funds, including that the net asset value of each of the Funds was tens of millions of dollars. NADEL also claimed to investors that his purchases and sales of securities in the Funds had generated cumulatively more than \$271 million in gains. In truth, NADEL's trading resulted in an overall net loss in the Funds.

To further the scheme, NADEL created and caused others to create false and fraudulent client account statements, among other documents, that reflected fictitious positive returns consistent with the returns NADEL represented to investors he had achieved.

Based, in part, on NADEL's false statements, from 1999 through January 2009, more than 350 clients invested more than \$360 million with the Funds. NADEL received tens of millions of dollars in management fees and performance incentive fees and, moreover, transferred and caused to be transferred millions of

dollars in investor money in the Funds to accounts and entities that he owned and/or controlled. The investors in the Funds did not authorize NADEL to make these transfers, and NADEL failed to disclose them.

NADEL is charged with six counts of securities fraud, one count of mail fraud, and eight counts of wire fraud. Each securities fraud count carries a maximum sentence of 20 years in prison and a maximum fine of \$5 million, or twice the gross gain or loss from the offense. The mail fraud count carries a maximum sentence of 20 years in prison and a maximum fine of \$250,000, or twice the gross gain or loss from the offense. Each wire fraud count carries a maximum sentence of 20 years in prison and a maximum fine of \$250,000, or twice the gross gain or loss from the offense. If found guilty on all counts, NADEL faces a combined statutory maximum sentence of 280 years' imprisonment. NADEL is also subject to mandatory restitution. The Indictment includes forfeiture allegations which would require NADEL to forfeit the amount of money involved in the charged crimes.

NADEL is currently detained pending his meeting bail conditions set by United States District Judge DENISE L. COTE following NADEL's January arrest. NADEL is expected to be arraigned on the Indictment by United States District Judge JOHN G. KOELTL on April 30, 2009.

Mr. DASSIN praised the work of the Federal Bureau of Investigation, and thanked the United States Securities and Exchange Commission for its assistance. He added that the investigation is continuing.

Assistant United States Attorneys REED M. BRODSKY, MARIA E. DOUVAS, and JEFFREY ALBERTS are in charge of the prosecution.

The charges contained in the Indictment are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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