



*United States Attorney
Southern District of New York*

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FORMER HEDGE FUND MANAGER ARTHUR G. NADEL
ARRESTED TODAY ON FRAUD CHARGES

LEV L. DASSIN, the Acting United States Attorney for the Southern District of New York, and JOSEPH M. DEMAREST, JR., the Assistant Director-in-Charge of the New York Field Office of the Federal Bureau of Investigation ("FBI"), announced today that ARTHUR G. NADEL, 76, of Sarasota, Florida, was arrested this morning on securities and wire fraud charges. As alleged in the two-count Complaint unsealed today in Manhattan federal court:

NADEL was the investment adviser for six funds. Three of the funds (referred to in the Complaint as the "Group I funds") -- Viking IRA Fund LLC, Viking Fund LLC, and Valhalla Investment Partners LP -- had been established by Valhalla Management and Viking Management, general partnerships that had been created by two individuals identified in the Complaint as Partner-1 and Partner-2. The other three funds (referred to in the Complaint as the "Group II funds") -- Victory IRA Fund Ltd., Victory Fund Ltd., and Scoop Real Estate LP -- were established by Scoop Management and Scoop Capital LLC, general partnerships that NADEL himself had created. NADEL, who was based in Sarasota, Florida, traded for all of these funds through a broker in New York City.

Documents provided by the SEC indicate that over one hundred investors, located throughout the United States, invested in these various funds. As late as September 2008, documents sent to one investor falsely indicated that the Valhalla and Viking funds ("Group I") had a total of \$210 million in assets, divided approximately equally among them. Records recently

obtained from the fund custodians show that, as of the end of 2005, over \$60 million had been invested in the Group II funds. However, those records also show that, at as of end 2008, there was in fact less than \$125,000 in net liquidating value in all of the funds combined. Partner-2 has also advised that one \$900,000 wire transfer made from the Valhalla Investment Partners LP fund in August 2008, based on a wire request with the signature of "Art Nadel," was not authorized. Partner-1 has advised that NADEL had also, for years, resisted hiring an independent certified public accountant to audit the funds, and only agreed to do so after the arrest of BERNARD MADOFF. On January 13, 2009, Partner-2 sent NADEL a letter relating to hiring an independent certified public accountant for this purpose. The next day relatives of NADEL reported to Sarasota police that NADEL had left a note reflecting that he was no longer going to be around. In addition, what appears to be a handwritten letter from NADEL to his wife was discovered in a shredding machine at his offices in Sarasota; that letter states in part that "[t]he avenues to money for you will likely be blocked soon."

NADEL was arrested following his surrender to the FBI this morning and is expected to be presented before a United States Magistrate Judge in Tampa federal court at 3 p.m. today.

NADEL is charged with one count of securities fraud and one count of wire fraud. The 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 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.

Mr. DASSIN praised the work of the FBI in the investigation of this case, 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 Complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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