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**UNITED STATES DISTRICT COURT  
FOR THE  
DISTRICT OF NEW JERSEY**

**COMMODITY FUTURES TRADING )  
COMMISSION, )**

**Plaintiff, )**

**vs. )**

**Civil Action No.: 04CV 1512**

**EQUITY FINANCIAL GROUP, LLC, TECH )  
TRADERS, INC., TECH TRADERS, LTD., )  
MAGNUM INVESTMENTS, LTD., MAGNUM )  
CAPITAL INVESTMENTS, LTD., VINCENT )  
J. FIRTH, ROBERT W. SHIMER, COYT E. )  
MURRAY, and J. VERNON ABERNETHY, )**

**Honorable Robert B. Kugler**

**Defendants. )**

**EQUITY RECEIVER STEPHEN T. BOBO’S AFFIDAVIT IN SUPPORT OF  
MOTION TO DISALLOW CERTAIN UNIVERSE INVESTOR CLAIMS BASED ON  
REPAYMENTS RECEIVED FROM KAIVALYA HOLDING GROUP, INC.**

Stephen T. Bobo, first being duly sworn, states as follows:

1. I submit this affidavit in support of my motion to disallow, in whole or in part, the claims of seven Tier 3 investors who transferred funds to Universe Capital Appreciation, LLC (“Universe”), a Tier 2 investment group that invested over \$3 million with Shasta Capital Associates, LLC (“Shasta”). I move to disallow these investors’ claims based on the fact that these investors received Tech Traders’ funds as repayment of earlier investments they made with Kaivalya Holding Group, Inc. (“Kaivalya”).

2. I have personal knowledge of the contents of this affidavit and I am competent to testify as to them.

3. I serve as Equity Receiver for Defendants Equity Financial Group, LLC, Tech Traders, Inc., Tech Traders, Ltd., Magnum Investments, Ltd., Magnum Capital Investments, Ltd., Vincent J. Firth and Robert W. Shimer, pursuant to the provisions of the initial restraining order entered on April 1, 2004 and several consent preliminary injunction orders entered in this case.

4. With the Court's authority, I have carried out an investor claim process, requesting all persons who invested funds with Tech Traders, Inc. and Shasta to submit proofs of claim, accompanied by documentary proof of all funds invested with and received from the Defendants. Only those investors who submitted proofs of claim were entitled to receive a distribution from the receivership estate.

5. On August 16, 2005, I submitted my recommendation regarding the treatment of Universe as a Tier 2 investor with Shasta. As part of the investor claim process, Universe submitted a proof of claim listing its Tier 3 investors and their respective investment amounts and withdrawals. In my August 2005 submission, I recommended, among other things, that if any Universe investors received previous withdrawals, including Tech Traders' funds as repayment of their earlier investments with Kaivalya, such withdrawals should be factored into the amount of the respective distributions to the investors.

6. On October 27, 2005, the Court entered an order authorizing an interim distribution of receivership funds to Tech Traders, Inc. and Shasta investors on account of allowable investor claims. Although Universe appeared as an allowable claim, such treatment

was contingent upon the Court's approval of my recommendation that distributions be made directly to Universe investors.

7. In November 2005, Magistrate Judge Donio directed me to move forward with my recommendation regarding the treatment of Universe and develop a proposed plan for distributing funds directly to Universe investors. In late 2005 and early 2006, with the assistance of the CFTC, I reviewed information provided by the Universe investors relating to their investments with Shasta, along with relevant accounting and bank records for Universe.

8. On February 10, 2006, I filed my motion for authority to make an interim distribution directly to certain Tier 3 investors who transferred funds to Universe. In that motion, I proposed distributing to each Universe investor (with an allowable claim) 28.5 percent of the total amount the investor invested with Universe, less any amounts previously received by the investor.

9. On April 17, 2006, the Court approved my proposed distribution plan. Shortly thereafter, I distributed funds to all Universe investors with allowable claims, consistent with the approved distribution plan.

10. On May 9, 2006, I filed a Motion to Disallow Certain Universe Investor Claims, along with a memorandum in support of this motion (the "Motion"). (*See* Motion attached hereto as Ex. A.) I moved to disallow the claims of eight Universe investors, in whole or in part, on one of three grounds: (1) failure to submit a claim with supporting documentation; (2) receipt of Tech Traders' funds as repayment of earlier investments with Kaivalya; and (3) need for aggregation of related claims for distribution purposes.

11. On December 18, 2006, the Court granted this Motion in part. (*See* Opinion and Order attached hereto as Exs. B and C, respectively.) Specifically, the Court ordered that Joan

Dixon be barred from participating in the claim process because she failed to submit a claim form, and that the claims of three entities (Vico, Inc., Trinidad and Pinnacle) be aggregated for distribution purposes. The Court denied the Motion as to the Receiver's proposed treatment of investors who received Tech Traders' funds as repayment of earlier investments with Kaivalya because the Motion failed to provide sufficient evidentiary references to support the relief sought.

12. This Affidavit, along with the Memorandum in Support of Motion to Disallow Certain Universe Investor Claims Based on Repayments Received From Kaivalya Holding Group, Inc., provide factual support for my motion to disallow the claims of the seven Universe investors who received Tech Traders' funds as repayment of earlier investments with Kaivalya.

**Factual Background on Kaivalya**

13. Before forming Defendant Equity Financial Group, LLC, Defendant Robert Shimer, with the assistance of business associates David Perkins and William Pfalz, created Kaivalya as an investment opportunity for family and friends. (*See* Shimer Dep. 43:24-50:20, Oct. 18, 2005, attached hereto as Ex. D.) Through Kaivalya, Shimer and Perkins pooled investors' funds and intended to use the funds, in part, for trading with Defendant Coyt E. Murray ("Murray"). (*See* Shimer Dep. 137:15-146:1, Oct. 18, 2005, attached hereto as Ex. E.) The Kaivalya investors' funds however never reached Murray and instead were improperly diverted to other uses. (*See id.*; Perkins Dep. 115:12-117:16, Feb. 8, 2005, attached hereto as Ex. F.) An intermediary responsible for transferring the investors' funds to Murray apparently absconded with the funds. (*See id.*)

**Funds From Tech Traders' Investors Transferred to Kaivalya**

14. Thereafter, from July 2002 through March 2004, Shimer caused over \$1.3 million of funds from Tech Traders to be transferred to Kaivalya. (See financial summary prepared by my accountant FGMK, LLC, attached hereto as Ex. G; Shimer Dep. 1082:16-1083:19, Nov. 3, 2005 attached hereto as Ex. H.) These funds originated from Tech Traders' investors. Kaivalya, however, gave no value to Tech Traders in exchange for these funds. (See Shimer Dep. 288:7-290:6, Nov. 16, 2005, attached hereto as Ex. I.) In addition, the Tech Traders' investors whose funds were transferred to Kaivalya knew nothing about, and had no relationship with, Kaivalya or its investors.

15. During this time, Kaivalya had no other significant source of funds. In fact, the \$1.3 million that Tech Traders transferred to Kaivalya represents over 95% of the total funds directly deposited into Kaivalya's account at Patriot Bank (now Susquehanna Bank). (See financial summary prepared by my accountant FGMK, LLC, attached hereto as Ex. J.)

**Kaivalya's Transfer of Funds to Its Investors As Repayment of Previous Investments**

16. Upon receiving the \$1.3 million from Tech Traders, Kaivalya then transferred these funds to its investors as repayment of their earlier investments. (See financial summary prepared by my accountant FGMK, LLC, attached hereto as Ex. G; Shimer Dep. 1082:16-1083:19, Nov. 3, 2005 attached hereto as Ex. H.) Among the Kaivalya investors who received repayments were Robert Cooper, Amanda Graves, Cory Gubler, Harry Schmalz, the George Shimer Trust, Trinidad, and Harland and Donna Wedel. In sum, these individuals and entities received \$197,000 in funds originating from Tech Traders, as illustrated in the following table:

<b>Claimant</b>	<b>Tech Traders' Funds Received from Kaivalya</b>
Robert Cooper	\$35,000
Amanda Graves	\$25,000
Cory Gubler	\$15,000
Harry Schmalz	\$20,000
The George Shimer Trust	\$22,000
Trinidad/Vico/Pinnacle	\$50,000
Harland and Donna Wedel	\$30,000

(See wire transfer advices and cancelled checks supporting these repayments attached hereto as Ex. K.)

16. These same seven individuals and entities also invested funds with Universe. In fact, many of them also received distributions from Universe, including Robert Cooper, Cory Gubler, the George Shimer Trust, Trinidad, and Harland and Donna Wedel.<sup>1</sup> As part of the Universe investor claim process discussed in Paragraph 8 above, I provided these seven Universe investors with notice of my motion to distribute receivership funds to the Universe investors, which accounted for the investors' investments with and withdrawals from Universe, as well as their repayments from Kaivalya.<sup>2</sup> None of these investors responded to or otherwise disputed the motion or the information contained therein. A summary of relevant information contained in the motion has been captured in the following table:

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<sup>1</sup> In light of the Court's December 18, 2006 Order, the Receiver has aggregated Trinidad's claim with the claims of Vico, Inc. and Pinnacle.

<sup>2</sup> Relevant bank records from Universe's account at Zions Bank and Kaivalya's account at Patriot Bank confirm the information contained in my motion.

Claimant	Total Funds Invested	28.5% of Total Funds Invested	Previous Withdrawals	28.5% of Total Funds Invested Less Previous Withdrawals	Tech Traders' Funds Received from Kaivalya	Proposed Treatment (28.5% of Total Funds Invested Less Withdrawals, Including Tech Traders' Funds Received from Kaivalya)
Robert Cooper	\$50,000	\$14,250	\$24,000	\$0	\$35,000	\$0
Amanda Graves	\$100,000	\$28,500	\$0	\$28,500	\$25,000	\$3,500
Cory Gubler	\$175,000	\$49,875	\$175,000	\$0	\$15,000	\$0
Harry Schmalz	\$140,000	\$39,900	\$0	\$39,900	\$20,000	\$19,900
The George Shimer Trust	\$35,000	\$9,975	\$54,834	\$0	\$22,000	\$0
Trinidad/ Vico/ Pinnacle	\$199,200	\$56,772	\$108,100	\$0	\$50,000	\$0
Harland and Donna Wedel	\$65,800	\$18,753	\$8,000	\$10,753	\$30,000	\$0
<b>TOTALS:</b>				<b>\$79,153</b>		<b>\$23,400</b>

### **Proposed Treatment of Universe Investors Who Received Funds From Kaivalya**

17. As illustrated in the table above, these seven investors should be allowed to retain the previous withdrawals they received from Universe and Kaivalya, but such withdrawals should be credited against the investors' respective pro rata shares, calculated based on total funds invested. Simply put, the distribution on these investors' claims should be calculated only *after* taking into account their earlier receipt of funds from Universe and Kaivalya. This approach is consistent with the distribution plan proposed in my motion for authority to make an interim distribution to investors, which the Court ultimately approved in October 2005.

18. The following formula illustrates how each investor's claim will be treated under my proposed plan: (Actual dollars invested x Pro-rata multiplier) - Previous withdrawals, including Tech Traders' funds received from Kaivalya = Distribution amount. For example, for Harry Schmalz, the formula will be \$140,000 of actual dollars invested x 28.5 percent - \$20,000

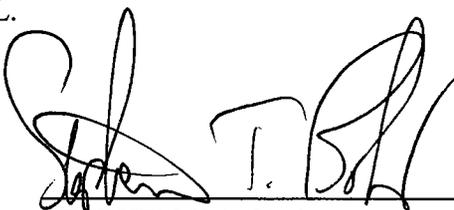
in Tech Traders' funds received from Kaivalya = Initial interim distribution of \$19,900. If and when I distribute additional funds to Universe investors, Mr. Schmalz would be eligible for another pro-rata distribution (in excess of the \$19,900).

19. As the table in Paragraph 16 illustrates (and consistent with the Court's April 17, 2006 Order ruling on my Motion for Authority to Make Interim Distribution to Certain Tier 3 Universe Investors), I continue to hold \$79,153 in reserve for these seven investors' claims. If the Court adopts my proposed treatment of these claims, then a total of \$23,400 of the \$79,153 held in reserve would be distributed to the two investors who are still eligible for distributions. Specifically, Amanda Graves would receive \$3,500 and Harry Schmalz would receive \$19,900.

20. In order for Tech Traders to recover the value of its previous payments to these seven investors, I propose that the remaining \$55,753 (\$79,153 less \$23,400) be transferred from the Shasta general account to the Tech Traders general account.

21. I have caused the Memorandum in Support of Motion to Disallow Certain Universe Investor Claims Based on Repayments Received From Kaivalya Holding Group, Inc., along with this affidavit and accompanying exhibits, to be served on the affected investors with a letter containing instructions on how to object or otherwise respond to the motion. A copy of the January 19, 2007 letter is attached hereto as Ex. L.

DATED: January 19, 2007

  
STEPHEN T. BOBO

SWORN TO AND SUBSCRIBED before me  
this 18<sup>th</sup> day of January, 2007

  
NOTARY PUBLIC



# **Exhibit A**

Matthew H. Adler (MA-4720)  
Jeffrey A. Carr (JC-1103)  
**PEPPER HAMILTON LLP**  
*(A Pennsylvania Limited Liability Partnership)*  
300 Alexander Park  
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*Counsel for the Equity Receiver*

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY**

**COMMODITY FUTURES TRADING )  
COMMISSION, )**

**Plaintiff, )**

**vs. )**

**Civil Action No.: 04CV 1512**

**EQUITY FINANCIAL GROUP, LLC, TECH )  
TRADERS, INC., TECH TRADERS, LTD., )  
MAGNUM INVESTMENTS, LTD., MAGNUM )  
CAPITAL INVESTMENTS, LTD., VINCENT )  
J. FIRTH, ROBERT W. SHIMER, COYT E. )  
MURRAY, and J. VERNON ABERNETHY )**

**Honorable Robert B. Kugler**

**Defendants. )**

**EQUITY RECEIVER’S MEMORANDUM IN SUPPORT OF MOTION TO DISALLOW  
CERTAIN UNIVERSE INVESTOR CLAIMS**

Stephen T. Bobo, the Equity Receiver of Defendants Equity Financial Group, LLC, Tech Traders, Inc., Robert W. Shimer and others (the “Receiver”), moves to disallow the claims of eight Tier 3 investors who transferred funds to Universe Capital Appreciation, LLC (“Universe”), a Tier 2 investor with Shasta Capital Associates, LLC (“Shasta”).<sup>1</sup> The Receiver

<sup>1</sup> Although the Disputed Claims Interim Distribution Schedule I filed on February 22, 2006 included the claims of twelve Universe investors, four of these investors have resolved all deficiencies relating to their claims. The Receiver therefore proposes that the claims of Brad and Diana Baetz, Cary Maclin, Mitchell Rabin, and the Sherman Family Trust be moved to the Revised Agreed Interim Distribution Schedule, attached as Exhibit A to the Receiver’s affidavit. The Revised Disputed Claims Interim Reserve

moves to disallow these claims – in whole or in part – on one of three grounds: (1) failure to submit a claim with supporting documentation; (2) receipt of Tech Traders’ funds as repayment of earlier investments with Kaivalya Holding Group, Inc. (“Kaivalya”); and (3) aggregation of claims for distribution purposes.

**A. Failure to Submit a Claim**

Joan Nixon has not filed a claim for her investment with Universe and, on December 12, 2005, during a telephone interview with CFTC Investigator Joy McCormack, has informed the CFTC that she did not want to file a claim (see J. McCormack Declaration, attached as Exhibit 1). Without a declaration under oath confirming her investments with, and withdrawals from Universe, the Receiver recommends that the Court bar Ms. Nixon from participating in the claim process at any time.

**B. Investors Who Received Tech Traders’ Funds As a Result of Previous Investments With Kaivalya**

From July 2002 through March 2004, Mr. Shimer caused over \$1.3 million of funds originating from Tech Traders’ investors to be transferred to Kaivalya even though Kaivalya gave no consideration for these funds. The Tech Traders’ investors whose funds were transferred to Kaivalya knew nothing about, and had no relationship with, Kaivalya. Mr. Shimer then transferred these funds to a number of Universe investors as repayment of their earlier investments with Kaivalya. Seven of the forty-four individuals and entities that invested with Universe received these funds. Their claims therefore should be allowed *only after* taking into account their receipt of such funds.

Consistent with the Receiver’s proposed method of distribution in his motion for authority to make an interim distribution to investors (filed with the Court on January 7, 2005)

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Schedule, attached as Exhibit B to the Receiver’s affidavit, now includes only these remaining eight investor claims.

and ultimately approved by the Court (on October 27, 2005), these Universe investors may retain the previous withdrawals they received, including Tech Traders' funds from Kaivalya, but the previous withdrawals should be credited against the investors' respective pro rata shares calculated based on total funds invested. The following formula illustrates how each claim would be treated: (actual dollars invested x pro-rata multiplier) - previous withdrawals, including Tech Traders funds received from Kaivalya = distribution amount. For example, for Amanda Graves, the formula would be (\$100,000 invested x 28.5 percent) - \$25,000 in Tech Traders funds received from Kaivalya = \$3,500. If and when the Receiver distributes additional funds to Universe investors, Ms. Graves will be eligible for another pro-rata distribution.

**C. Vico's Claim Should Be Aggregated for Distribution Purposes**

Consistent with his proposed method of distribution in his motion for authority to make an interim distribution to investors (filed with the Court on January 7, 2005) and ultimately approved by the Court (on October 27, 2005), the Receiver recommends that the claim submitted by Vico, Inc. be aggregated with the investments and withdrawals of Pinnacle and Trinidad for distribution purposes. As demonstrated by the information obtained by the CFTC, these three entities share common management and control (see J. McCormack Declaration, attached as Exhibit 1). The Receiver therefore proposes that Vico's claim be aggregated with the investments and withdrawals of Pinnacle and Trinidad for distribution purposes.

The Receiver also objects to Vico's claim for another reason. Vico has failed to identify the ultimate beneficiaries of any potential distribution to Vico.

**D. Summary**

The following table summarizes the Receiver's proposed treatment of these eight

Universe investor claims:

Claimant	Total Funds Invested	28.5% of Total Funds Invested	Previous Withdrawals	28.5% of Total Funds Invested Less Previous Withdrawals	Tech Traders' Funds Received from Kaivalya	Receiver's Proposed Treatment (28.5% of Total Funds Invested Less Previous Withdrawals, Including Tech Traders' Funds Received from Kaivalya)
Cooper, Robert	\$50,000	\$14,250	\$24,000	\$0	\$35,000	\$0
Graves, Amanda	\$100,000	\$28,500	\$0	\$28,500	\$25,000	\$3,500
Gubler, Cory	\$175,000	\$49,875	\$175,000	\$0	\$15,000	\$0
Nixon, Joan	\$8,000	\$2,280	\$6,000	\$0	\$0	\$0
Schmalz, Harry	\$140,000	\$39,900	\$0	\$39,900	\$20,000	\$19,900
Shimer, George Trust	\$35,000	\$9,975	\$54,834	\$0	\$22,000	\$0
Trinidad/Vico/Pinnacle	\$199,200	\$56,772	\$108,100	\$0	\$50,000	\$0
Wedel, Harland and Donna	\$65,800	\$18,753	\$8,000	\$10,753	\$30,000	\$0
<b>TOTALS:</b>				<b>\$79,153</b>		<b>\$23,400</b>

As this table illustrates and consistent with the Court's April 17, 2006 Order, the Receiver holds \$79,153 in reserve for these eight claims. If the Court adopts the Receiver's proposed treatment of these claims, then a total of \$23,400 of that amount will be distributed to two of the investors who are still eligible for distributions. In order for Tech Traders to recover the value of its previous payments to these Kaivalya investors, the Receiver proposes that the

remaining \$55,753 (\$79,153 less \$23,400) be transferred from the Shasta reserve account for disputed claims to the Tech Traders' general account.<sup>2</sup>

WHEREFORE, the Receiver respectfully requests that the Court enter an order adopting the Receiver's proposed treatment of claims for the eight claims discussed above.

DATED: May 9, 2006

Respectfully submitted,

STEPHEN T. BOBO  
Equity Receiver

By: s/ Jeffrey A. Carr  
One of his attorneys

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Raven Moore  
Sachnoff & Weaver, Ltd.  
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Jeffrey A. Carr  
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<sup>2</sup> The Receiver proposes distributing the remaining \$20,795 held in reserve to the four investors addressed in footnote 1 because they have cured all deficiencies relating to their claims.

# **Exhibit B**

NOT FOR PUBLICATION

(Docket No. 359)

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY  
CAMDEN VICINAGE**

COMMODITY FUTURES TRADING COMMISSION,	:	
	:	
Plaintiff,	:	Civil No. 04-1512 (RBK)
v.	:	
	:	<b>OPINION</b>
EQUITY FINANCIAL GROUP, et al.,	:	
	:	
Defendants.	:	

**KUGLER**, United States District Judge:

Before the Court is a motion by Stephen T. Bobo, the Equity Receiver of Defendants Equity Financial Group, LLC, Tech Traders, Inc., Robert W. Shimer and others (the "Receiver") to disallow certain claims by investors in Universe Capital Appreciation, LLC ("Universe"). This motion is unopposed by all the investors named in the Receiver's motion.<sup>1</sup> For the reasons provided below, the Receiver's motion will be granted in part and denied in part.

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<sup>1</sup> Although Investor Vico, Inc., submitted opposition papers, the papers were not filed by an attorney authorized to practice in this Court under Local Rule 101.1. Vico, Inc.'s attorney referenced only his Nevada bar admission, and made no effort to be admitted pro hac vice or to obtain local counsel. Therefore, Vico, Inc.'s filing has no legal effect.

## I. Background

The Court set forth the background of this case repeatedly in prior Opinions, and need not do so here. See Commodity Futures Trading Comm'n v. Equity Fin. Group, No. 04-1512, 2006 WL 3359418 (D.N.J. Nov. 16, 2006); see also Commodity Futures Trading Comm'n v. Equity Fin. Group, No. 04-1512, 2005 WL 2864784 (D.N.J. Oct. 4, 2005). On April 1, 2004, the Commodity Futures Trading Commission ("CFTC") filed a complaint in this Court against Defendants Equity Financial Group, LLC; Tech Traders, Inc.; Vincent J. Firth; Robert W. Shimer; J. Vernon Abernethy; Coyt E. Murray; Magnum Capital Investments, Ltd.; Magnum Investment, Ltd.; and Tech Traders, Ltd.

On April 1, 2004, this Court entered an Order appointing the Receiver for the purpose of "marshalling, preserving, accounting for and liquidating the assets that are subject to this Order and directing, monitoring and supervising Defendants' activities. . . ." On September 26, 2005, this Court approved an interim distribution of funds, which uses a tiered system to ensure equitable distribution. Under this system, Tier I investors, who invested directly with Tech Traders, receive a percentage of their investment based on a plan that accounts for prior withdrawals. A Tier II investor receives distributions based on the amount distributed to that investor's Tier I investor. The system permits Tier I investors to keep funds they previously received, but those previous withdrawals will be

credited against the Tier I investor's pro rata share, which is based on the full amount invested.

On February 22, 2006, the Receiver filed a Disputed Claims Interim Distribution Schedule I. This list contained the names of twelve investors who invested with Universe Capital Appreciation, LLC ("Universe"), itself a Tier II investor, who had outstanding deficiencies with their claims.

## **II. Cured Deficiencies**

The Receiver stipulates in his May 9, 2006 motion that four of the investors, Brad and Diana Baetz, Cary Maclin, Mitchell Rabin, and the Sherman Family Trust, listed on the Disputed Claims Interim Distribution Schedule I, filed February 22, 2006, subsequently resolved their claim deficiencies. (Mem. in Supp. of Mot. to Disallow Certain Universe Investor Claims at 1 n.1.)

Therefore, the Court finds that these four investors should be added to the Revised Agreed Interim Distribution Schedule. Moreover, the Court directs the Receiver to make an interim distribution to these four investors in accordance with the Revised Schedule.

## **III. Failure to Submit a Claim**

The Receiver presented evidence that Joan Nixon, a Universe investor, failed to comply with the procedures necessary to institute a claim for distribution of funds. Moreover, in a December 12, 2005 telephone interview with CFTC investigator Joy McCormack, Ms. Nixon indicated she does not intend to file a

claim for her investment. (Mem. in Supp. of Mot. to Disallow Certain Universe Investor Claims Attach. 3 at ¶ 3.)

As a result of Ms. Nixon's failure to comply with the procedures, the Court finds that Joan Nixon should be barred from participating in the claims process at any time.

**IV. Kaivalya Holding Group, Inc.**

The Receiver argues that Defendant Shimer transferred over \$1.3 million of Tech Traders' funds to Kaivalya Holding Group, Inc. ("Kaivalya"). The Receiver further argues that Defendant Shimer transferred those funds to several Universe investors as repayment for earlier investments with Kaivalya. Therefore, the Receiver requests that the funds received be treated as previous withdrawals, and that they be credited against the investors' respective pro rata shares calculated based on total funds received.

The Receiver does not cite any portion of the record in support of his argument with regard to Kaivalya. Given the size of the record in this case, the Court is unable to peruse the evidence to support the Receiver's argument for him. Therefore, the Court refrains from taking a position on this portion of the motion, and it is accordingly denied.

**V. Vico, Inc.**

The Receiver argues that the Court should aggregate the claims submitted by Vico, Inc., Trinidad and Pinnacle because the three entities share common management and control. To support

this argument, the Receiver produced evidence that demonstrates that the funds invested with Universe under Vico, Inc.'s name originated with Pinnacle. (Mem. in Supp. of Mot. to Disallow Certain Universe Investor Claims Attach. 3 at ¶¶ 5-15.) In addition, the evidence shows that Pinnacle and Trinidad are owned by the same individual. (Id.)

As a result, the Court holds that these three claims should be consolidated.

#### **VI. Conclusion**

For the foregoing reasons, the Court grants the Receiver's motion with regard to adding Brad and Diana Baetz, Cary Maclin, Mitchell Rabin, and the Sherman Family Trust to the to the Revised Agreed Interim Distribution Schedule. The Court also grants the Receiver's motion to bar Joan Nixon from pursuing any claim for her investment with Universe. Finally, the Court grants the Receiver's motion with regard to aggregating the claims of Vico, Inc., Trinidad and Pinnacle.

The Court denies the Receiver's motion with regard to crediting received funds from Kaivalya against the investors' respective pro rata shares of Universe.

Dated: 12/18/2006

s/Robert B. Kugler  
ROBERT B. KUGLER  
United States District Judge

# **Exhibit C**



aggregate the claims of Vico, Inc., Trinidad and Pinnacle is  
**GRANTED;**

IT IS FURTHER **ORDERED** that the Receiver's motion to credit prior distributions to Universe investors from Kaivalya against those investors' respective pro rata shares is **DENIED**.

IT IS FURTHER ORDERED that the Receiver's Motion for Extension of Time to File a Reply to Response in Opposition to Motion is **DISMISSED** as moot.

Dated: 12/18/2006

s/Robert B. Kugler  
ROBERT B. KUGLER  
United States District Judge

# **Exhibit D**



1 APPEARANCES:

2 MS. ELIZABETH STREIT, Supervisory Trial Attorney, and  
MS. JOY McCORMAK, Investigator  
3 U.S. Commodity Futures Trading Commission  
525 West Monroe Street - 1100  
4 Chicago, Illinois 60661  
(312) 596-0700

5

appeared on behalf of the Plaintiff;

6

7

SACHNOFF & WEAVER, LTD., by:

8 MS. BINA SANGHAVI and  
MS. RAVEN MOORE  
9 10 South Wacker Drive  
Chicago, Illinois 60606-7505  
10 (312) 207-3916

11 appeared on behalf of the Equity Receiver,  
Steven Bobo;

12

13

14 Also Present:

15 Mr. Steven Bobo, Equity Receiver

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1 California with him to take a look at it.

2 Q What did you do for him?

3 A I may have reviewed some documents that he showed

4 me.

5 Q Did you draft any documents?

6 A I may have, but I don't remember. The details of

7 it are fairly obscure.

8 Q What was the name of the investment opportunity?

9 A I don't remember. It was just something that he

10 was pursuing at the time. It was some high yield program.

11 That was my first introduction to that sort of a thing and I

12 was curious and he was a friend so I said I would help him.

13 Q Did he solicit any investors?

14 A Hmm?

15 Q Did he solicit any investors for this high yield

16 investment program?

17 A Not to my knowledge.

18 Q What happened with it?

19 A I don't think anything happened with it. I think

20 he basically, I think I probably advised him not to do it.

21 But whatever I saw, it just didn't make any sense and so we

22 just, I advised him to drop it probably. I'm very vague

23 about that period of time. I just don't remember.

24 Q Okay. Kaivalya Holding Group, Incorporated, what

1 is that organization?

2 A It's a Nevada corporation.

3 Q And why was it started?

4 A Kaivalya was formed to look at possible investments  
5 on behalf of the company. There were certain investments  
6 that William wanted to look at, and so the suggestion was to  
7 form a corporate entity. If you wanted to, you know, pursue  
8 an investment to do it in a corporate form.

9 Q It was your idea to form the corporation, right?

10 A I don't recall that it was my idea. I think that  
11 as the attorney a corporation probably made the most sense.  
12 But I don't recall that I formed it. I think that someone  
13 else formed it. I think someone else actually gave it a  
14 name.

15 Q Was Kaivalya your idea, the name Kaivalya your  
16 idea?

17 A No, I don't think so.

18 Q But you're not sure about that?

19 A It could have been my idea. Could have been  
20 William's idea. I don't recall.

21 Q And when was it started?

22 A Kaivalya was formed you said '98. I thought it was  
23 more '99, but it could have been '98. I don't recall.

24 Q Maybe I can show you a document to refresh your

1 recollection on that in a minute.

2 And where was it located?

3 A It's a Nevada corporation.

4 Q I understand, but where was its physical location?

5 A Had an office on Rampart Road or whatever in Las  
6 Vegas.

7 Q Was that an actual business address or was that  
8 somebody's personal address?

9 A It was the official address for the corporation.

10 The corporation received mail there. I think at the time

11 David Perkins was the president and I think most of the

12 operations occurred out of David's house, wherever David  
13 lived.

14 Q So was the Rampart Road just a mail drop?

15 A I don't know. I never visited Rampart. David  
16 pretty much handled that end of it as president.

17 Q Where are its business records located?

18 A Its business records were located with David  
19 Perkins at the time it was formed.

20 Q But where are they located now?

21 A Some of them are with David Perkins and some of  
22 them were with me.

23 Q And some of them are still with you today?

24 A Oh yes. All of them were given to the receiver

1 initially. I handed everything over to the receiver last  
2 year.

3 Q So the receiver has copies of all of your business  
4 records for Kaivalya.

5 A Yes.

6 Q And how do you know David Perkins?

7 A David was introduced to me by William Pfaltz.

8 Q So that's the first -- you didn't know him  
9 independently of William Pfaltz.

10 A No.

11 Q And what was your position with Kaivalya?

12 A I was legal counsel, general counsel 'cause I was  
13 an attorney, and I was also made a director of the company.  
14 And I think, I was also a shareholder. William and David  
15 and I were all shareholders.

16 Q And what was Pfaltz's position with Kaivalya?

17 A He was a director, he was a shareholder and I  
18 believe he may have been vice president. I don't recall. I  
19 think he was an officer for a while.

20 Q Mr. Shimer, I'm handing you what was previously  
21 marked as exhibit 175. I represent to you -- do you see the  
22 number in the right-hand bottom corner there, RSC00196?  
23 That's a Bates number. We Bates most of our documents and  
24 we or the receiver Bates'd this. It's a document that was

1 obtained from your computer files.

2 A Okay.

3 Q Did you draft this document?

4 A If you obtained this from my computer files, then

5 I'm sure I did draft it.

6 Q Why did you draft it?

7 A I don't recall.

8 Q Do you remember, know when you drafted it?

9 A No, I don't.

10 Q Well, looking at the document, it looks like a time

11 line going from January 22, 1999 to April 25, 2001. So

12 would you assume you drafted it sometime after April 25,

13 2001?

14 A I would assume so.

15 Q You don't remember why you drafted it though, is

16 that right?

17 A It probably would have been simply to refresh my

18 recollection of the sequence of events that occurred with

19 respect to the company.

20 Q Okay. And it says corporation formed January 22,

21 1999. Is that the date you believed it was formed?

22 A I'm sure I was probably correct at that date.

23 Q And the other information about the officers and

24 directors is correct?

1 A Yes.

2 Q Now, you notice February 5, 1999, you state there:

3 Resolution to open Zions Bank Account with

4 David and Robert Shimer as signators.

5 You see that? On the first page, February 5, 1999, see

6 resolution --

7 A Oh yes, yes.

8 Q Why did you open a bank account then?

9 A We opened a bank account to receive funds.

10 Q And why --

11 A On behalf of the company.

12 Q Okay. Who were you receiving funds from?

13 A The company, at that time I think they were, we  
14 were looking at several possible investments on behalf of  
15 the company and so it made sense to open a bank account on  
16 behalf of the company.

17 Q And what were the investments you were looking at?

18 A At that time I think the company was looking at the  
19 possibility of making an investment through someone that had  
20 been referred to us who knew William.

21 Q Okay. Did you actually make this investment you're  
22 referring to?

23 A I believe the company did make an investment.

24 Q Who was the person that was referred to you by

1 William?

2 A He was a chiropractor out in Denver. I think his  
3 name was Peter Lyons and Peter had been successful  
4 investing, for a year had received a fairly high return and  
5 had received all his funds back and had told William about  
6 it, and so we were curious about the possibility of making a  
7 similar investment.

8 Q And what kind of investment was this?

9 A It was an investment with a, the company was a, it  
10 was a trust, I think it was a, it was an off-shore trust  
11 that had some kind of relationship with some group that was  
12 doing some sort of trading off shore. It wasn't commodity  
13 trading. It was just some sort of a, I don't know, some  
14 arbitrage or something.

15 Q Did you receive a prospectus on this investment?

16 A We went and we investigated it. We went out and  
17 met with, I met with the trust people. We met him. We --

18 Q Who are the trust people?

19 A Well, it was a guy named David Rowe. He was up in  
20 Seattle or Vancouver. He had been an insurance, been  
21 involved in insurance and he was evidently quite reputable  
22 and he had a business relationship with some bank that,  
23 through which he would be making the investment.

24 The idea was that Kaivalya would make an

1 investment through David Rowe's entity.

2 Q And what was the investment? What was it investing  
3 in?

4 A It was -- Kaivalya had purchased a CD. A  
5 certificate of deposit.

6 Q Okay. you said Kaivalya purchased a CD, right?

7 A That's right.

8 Q And where did you get, where did Kaivalya get the  
9 money to purchase the CD from?

10 A Various friends. It was sort of a friends and  
11 family deal. David knew some people that were interested,  
12 you know, in greater returns than what they were earning and  
13 I knew, we were interested, Alison was interested in that.

14 We had some money to invest and at that time  
15 I had several friends that said, what are you doing right  
16 now. And I said, well, we're looking at this situation and  
17 they said, hey, can I have a piece of that too? So it was  
18 kind of a friends and family kind of a deal where a couple  
19 people, you know, put money in and we bought the CD for  
20 Kaivalya.

21 Q Did you receive any kind prospectus or any kind of  
22 document describing the investment before you purchased the  
23 CD?

24 A We received probably some information from David

# **Exhibit E**



1 APPEARANCES:

2 MS. ELIZABETH STREIT, Supervisory Trial Attorney, and  
MS. JOY McCORMAK, Investigator  
3 U.S. Commodity Futures Trading Commission  
525 West Monroe Street - 1100  
4 Chicago, Illinois 60661  
(312) 596-0700

5

appeared on behalf of the Plaintiff;

6

7

SACHNOFF & WEAVER, LTD., by:

8 MS. BINA SANGHAVI and  
MS. RAVEN MOORE  
9 10 South Wacker Drive  
Chicago, Illinois 60606-7505  
10 (312) 207-3916

11 appeared on behalf of the Equity Receiver,  
Steven Bobo;

12

13

14 Also Present:

15 Mr. Steven Bobo, Equity Receiver

16

17

18

19

\* \* \* \* \*

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1 doing real trading or demo trading or what they were doing,  
2 right?

3 A We were told that they were trading. At the time  
4 we were down there it could have been a Saturday, in which  
5 case the markets wouldn't have been open; they could have  
6 been just tweaking the system. But our understanding was  
7 the system was there, it was operating, they were being  
8 trained and they were trading the market. That was our  
9 understanding.

10 Q He was training trainees, correct?

11 A He was training people and he was acting as a  
12 resource to take the trading results every day or every week  
13 and analyze them and help them, you know, tweak the system  
14 and help to improve the performance.

15 Q So how much money did you collect in the Kaivalya  
16 bank account for this deal where the money stayed in the  
17 bank account that actually went to the Good Works?

18 A I think it was about 1 million.

19 Q So --

20 A And then eventually when --

21 Q So the 1 million was collected originally for a  
22 deal where the money was going to stay in a bank account,  
23 correct?

24 A Yeah.

1 Q And then what did you do when you decided you  
2 weren't going to do that investment, you were going to send  
3 it all to Good Works?

4 A We contacted everyone and said, hey, this is what  
5 we are looking at, this is what we are going to do instead;  
6 do you want to do it or not?

7 Q And what information did you give them before you  
8 put their money into Good Works?

9 A We described exactly what we knew about it.

10 Q And what you knew about it is what you have already  
11 testified about, right?

12 A Yeah, that we were going to receive collateral,  
13 that it was an opportunity to make some money with a trading  
14 situation. We had seen the trading situation, we had then  
15 met the trader, renewed my acquaintance with Jerry. I had  
16 met the trader and had executed and had in escrow sufficient  
17 collateral to cover our investment with Latulippe.

18 Q Now, later you find out that none of this money  
19 goes to Coyt, right?

20 A Right.

21 Q Well, how could that have happened if you met with  
22 Coyt in October and saw the trading system? I mean how  
23 would it be that Coyt didn't know that you had invested all  
24 this money for his trading system?

1 A Because we hadn't invested the funds when we went  
2 down there to meet him except for the hundred.

3 Q Is a hundred the only thing that went in at that  
4 point?

5 A Yeah. We didn't send funds until after the meeting  
6 in the Bahamas when the agreements with Latulippe had been  
7 executed and we had those shares in escrow.

8 Q So you must have been comfortable that Coyt had  
9 that money before you had other, put other investors' money  
10 into it, right?

11 A Yeah. It was nothing to indicate otherwise.

12 Q And you feel that you did sufficient due diligence  
13 to make sure that Coyt had that money before you put other  
14 investors' money into the deal, correct?

15 A I felt comfortable based on what I, and the funds  
16 that I had placed with Latulippe initially.

17 Q What gave you comfort about that?

18 A I just felt comfortable with Latulippe for whatever  
19 reason.

20 Q Had you received any money back on your investment?

21 A From Latulippe?

22 Q Right.

23 A That was not supposed to have happened in that time  
24 frame.

1 Q When were you supposed to get money back?

2 A It was a situation where I just basically wanted to  
3 roll it over for a while so I wasn't expecting any money  
4 back.

5 Q What were you expecting in the deal? Were you  
6 expecting to share in the trading profits?

7 A There was some sort of a split between Latulippe  
8 and myself that would be cut with Kaivalya.

9 Q It was a split of profits, correct?

10 A Yeah.

11 Q Mark this as the next exhibit.

12 (Division Exhibit No. 375 was marked  
13 for identification.)

14 BY MS. STREIT:

15 Q Mr. Shimer, I hand you what's been marked as  
16 exhibit 375 and it's a fax to Bob Richardson from Robert  
17 Shimer and attaches a receipt for deposit of funds placed  
18 into escrow.

19 You see that?

20 A Yes.

21 Q This is a document that you sent to Bob Richardson,  
22 correct?

23 A That's correct.

24 Q And this is after you received the \$15,000,

1 correct?

2 A That's right.

3 Q And you agreed that his funds would not be placed

4 at any risk and won't be moved out of the bank account,

5 correct?

6 A That's right.

7 Q Did you ever send Mr. Richardson any document to

8 revoke this agreement?

9 A Well, basically what we did is advised

10 Mr. Richardson that the initial reason why he had sent these

11 funds was no longer in play.

12 Q But did you send him any document that revoked this

13 agreement that Kaivalya made to Mr. Richardson?

14 A It was an oral, probably an oral agreement. We

15 probably received, I know that David would have received

16 permission from him to move forward with the Latulippe

17 investment or we wouldn't have done that with those funds.

18 Q Okay, but how was this contract voided, Mr. Shimer?

19 A It's not a contract. It's simply a receipt of

20 funds.

21 Q You make a promise in this agreement, don't you, in

22 this document?

23 A Yeah, with respect to that particular deal we were

24 saying that the funds, if that deal moved forward, the funds

1 would be held in safe keeping and would not be placed at  
2 risk, wouldn't be moved from the account. So that deal  
3 didn't happen. So we told him that and he said, let's do  
4 the other deal.

5 Q But you have nothing in writing to revoke that, to  
6 revoke this receipt, correct?

7 A I don't think we specifically revoked this in  
8 writing, again, because it was a situation where he was a  
9 friend of David's and it was understood that we would only  
10 do what we told him we were doing with the funds.

11 And so his funds would have been, if they were  
12 placed with Latulippe, it would have been with full  
13 understanding on his part that it wasn't necessary to revoke  
14 this. If he had requested a revocation, I certainly would  
15 have given it to him.

16 Q But you don't have any document that shows that,  
17 correct?

18 A No, I don't.

19 Q Now, did the investors in this Good Works deal know  
20 that you were getting a split of the profits?

21 A The investors in what?

22 Q The Good Works money that was supposed to go to  
23 Coyt, did they know you were getting a split of the profits?

24 A I don't think we discussed that.

1 Q Off the record for just a second.

2 (Off-the-record discussion.)

3 BY MS. STREIT:

4 Q That document that we just looked at, the receipt  
5 for deposit of funds placed into escrow, that's something  
6 that you also provided to other investors, correct?

7 A I'm sure we did because that was a part of that  
8 particular deal as people wanted to know that their funds  
9 would not move out of Kaivalya's bank account and that was  
10 always our understanding. And when we saw that the deal was  
11 not, it just didn't make any sense to us, we said that's not  
12 happening and we told everyone that.

13 Q I think this is 376.

14 (Division Exhibit No. 376 was marked  
15 for identification.)

16 BY MS. STREIT:

17 Q Mr. Shimer, I've handed you what's marked as 376.  
18 It's a Zions Bank outgoing wire transfer record. Shows here  
19 that there's, if you look at it, it shows several different  
20 wires.

21 A Right.

22 Q There's a wire for a hundred thousand dollars on  
23 September 9, I'm sorry, September 3, 1999 from Kaivalya to  
24 Nations Bank.

1 A Right.

2 Q That's the hundred thousand dollars you testified

3 about before, correct?

4 A Yes. That would have been my hundred thousand;

5 that's correct.

6 Q That goes into the Good Works account at Nations

7 Bank, correct?

8 A That's right.

9 Q And then on October, 25, '99, \$750,000 is wired

10 from Kaivalya to Good Works, correct?

11 A That's correct.

12 Q And on November 1, '99 \$446,000 is wired from

13 Kaivalya to Good Works, correct?

14 A Correct.

15 Q And November 2, '99, \$4000 is wired from Kaivalya

16 to Good Works, correct?

17 A That's correct.

18 Q And then on November 5, '99, \$25,000 is wired from

19 Kaivalya to Good Works, correct?

20 A That's correct.

21 Q So that's a total of \$1,325,000 that Kaivalya sent

22 to Good Works between September 3 and November 5, 1999,

23 right?

24 A That looks to be the case, yes.

1 Q Okay. And I thought I saw a reference somewhere to  
2 there being, the investment being \$1,425,000.

3 Does that ring a bell with you?

4 A No, it doesn't.

5 Q Okay. Now, this money came from the Kaivalya bank  
6 account that investors wired their money to, correct?

7 A That's correct.

8 Q And all of these investors had wired the money for  
9 that deal where the money stayed in the bank account,  
10 correct?

11 A I don't know. I mean I know that, as I recall,  
12 money -- people sent funds to Kaivalya for the purpose of  
13 that million dollars in the bank, the funds don't move  
14 anywhere. And after we did sufficient research on it and  
15 tried to speak to whoever was supposed to be doing this  
16 thing, we just said, this isn't, this isn't going to work.

17 So the funds were sitting in Kaivalya's  
18 account at the time that either I called Jerry or Jerry  
19 called me. And so --

20 Q Well, that was in August, I thought.

21 A That's right. That's right. So either those funds  
22 were returned to people and then people rewired funds to  
23 Zions or the funds sat there and David said, well, we're  
24 looking at something else but we don't know what we are

1 going to do it yet; what do you want to do. And people

2 probably said leave it there and let us know what you guys

3 have in mind.

4 Q Now, was there any kind of agreement between Good

5 Works and Kaivalya?

6 A Specifically between Kaivalya and Good Works?

7 Q Right.

8 A I don't think so. I think the agreement was

9 executed between Good Works and the entity DAPC.

10 Q There was an agreement between DAPC and Good Works?

11 A Yeah. That's, Jerry wanted the whole thing to be

12 executed with an off-shore entity and so since DAPC was

13 still there in name only, we said, fine, we'll do that.

14 Q What kind of protections were put in place to be

15 sure that this \$1,325,000 that was wired to Good Works went

16 into the investment that you believed it was going into?

17 A Well, we had sufficient shares of IDIG stock signed

18 over in blank by Jerry and held by the attorney in the

19 Bahamas that I could execute on if Jerry did not perform as

20 agreed.

21 Q So that was your sole protection?

22 A That and, yes, that was our sole protection as far

23 as feeling comfortable that if this didn't work that no one

24 was going to get hurt.

# **Exhibit F**

1 UNITED STATES DISTRICT COURT  
2 FOR THE DISTRICT OF NEW JERSEY

3

4 COMMODITY FUTURES TRADING )  
COMMISSION, )

5 )

Plaintiff, )

6 )

vs. ) Civil Action No.

7 ) 04 CV1512-RBK

EQUITY FINANCIAL GROUP LLC, )

8 VINCENT J. FIRTH, )

ROBERT W. SHIMER, )

9 J. VERNON ABERNETHY, )

COYT E. MURRAY, TECH )

10 TRADERS, INC., TECH TRADERS, )

LTD., MAGNUM INVESTMENTS, )

11 LTD., AND MAGNUM CAPITAL )

INVESTMENTS, )

12 )

Defendants. )

13 \_\_\_\_\_)

14

15

16 DEPOSITION OF WILLIAM DAVID PERKINS

17 Taken on Tuesday, February 8, 2005

18 At 9:06 a.m.

19 2320 Paseo Del Prado

20 Building B-106

21 Las Vegas, Nevada

22

23

24

25 REPORTED BY: Cynthia K. DuRivage, CSR No. 451

1 APPEARANCES:

2

3 For The Commodity Futures Trading Commission:

4

5 ROCELL J. CYRUS, ESQ.

6 Division of Enforcement

7 525 West Monroe Street

8 Suite 1180

9 Chicago, Illinois 60661

10 (312) 596-0522

11

12

13 Also Present:

14

15 JOY H. McCORMACK

16

17

18 \* \* \* \* \*

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1 A. Three or four, five years.

2 Q. What type of business is Mr. Savee  
3 in?

4 A. He's an artist.

5 Q. Do you know if there is any  
6 currently federal, local, governmental agencies  
7 investigating Mr. Thomas Leonard?

8 A. I don't know.

9 Q. You indicated he wasn't involved in  
10 Universe?

11 A. No.

12 Q. Well, let's talk about the  
13 situation that happened with Kaivalya and  
14 Mr. Leonard and Mr. Latulippe.

15 How much money had your company,  
16 Kaivalya, received from investors to give to  
17 those two individuals?

18 A. \$1,325,000 that I'm aware of.

19 Q. And where did investor funds go to,  
20 which bank?

21 A. They came to Zions.

22 Q. So all of the customer funds went  
23 to Zions Bank?

24 A. For those guys, yes.

25 Q. And could you please tell me, after

1 you collected the 1.325 million in Kaivalya's  
2 account at Zions Bank, what happened to the  
3 money?

4 A. It was wired in different chunks as  
5 it came in, it was wired -- I think that total  
6 was wired to Good Works, Inc.

7 Q. And that was in multiple sums --

8 A. Yes.

9 Q. -- of money?

10 A. Yeah, different periods. It wasn't  
11 a long period of time.

12 It would have been in the few  
13 months subsequent to our visit to Nassau.

14 Q. And do you recall that bank account  
15 that that money was wired to for Good Works?

16 A. Just Good Works, Inc.

17 I do have a record of the specific  
18 account number and everything.

19 Q. And do you recall when this money  
20 was sent to Good Works?

21 A. I don't, but I -- you know, I can  
22 get the information.

23 Q. Okay.

24 A. And you have it too.

25 Q. Do you recall what year that was?

1 A. Again, 2001 or 2002.

2 Q. And you indicated that the money  
3 that went to Good Works, Mr. Latulippe and  
4 Mr. Leonard never made it to the trader,  
5 Mr. Coyt Murray?

6 A. As far as I know, apparently not.

7 That's what Mr. Murray claimed when  
8 Shimer approached him. They never paid  
9 anything -- you know, they didn't honor their  
10 contract.

11 The three months went by. We  
12 started putting pressure, you've seen all of  
13 the faxes and all of the garbage.

14 That's what Coyt Murray claimed to  
15 Bob Shimer, that he never saw or heard from  
16 them again.

17 Q. After the trip that you made to  
18 Nassau, Bahamas?

19 A. Right.

20 Q. So when you initially gave the  
21 money, three months later, you found out that  
22 Coyt Murray had never received the money?

23 A. No. Three months later is when the  
24 contract was supposed to be honored. It was  
25 kind of a test period.

# **Exhibit G**

## CFTC v. Equity Financial Group, LLC et al

Patriot Bank (5300700217)

Kaivalya Holding Group

As of 03/17/05

Date	Reference	Payee/Depositor Nickname	Notes	Related	Use / Source	Amount
07/19/02	Wire	Tech Traders		X	S	19,130.00
08/22/02	Wire	Tech Traders		X	S	19,350.00
09/13/02	Wire	Tech Traders		X	S	15,375.00
10/24/02	Wire	Tech Traders		X	S	19,875.00
11/21/02	Wire	Tech Traders		X	S	26,375.00
12/19/02	Wire	Tech Traders		X	S	20,875.00
01/17/03	Wire	Tech Traders		X	S	25,500.00
02/10/03	Wire	Tech Traders		X	S	25,000.00
03/17/03	Wire	Tech Traders		X	S	23,500.00
04/18/03	Wire	Tech Traders		X	S	33,000.00
05/15/03	Wire	Tech Traders		X	S	34,000.00
06/17/03	Wire	Tech Traders		X	S	14,000.00
07/10/03	Wire	Tech Traders		X	S	48,000.00
07/25/03	Transfer	Tech Traders		X	S	62,000.00
08/12/03	Wire	Tech Traders		X	S	103,950.00
09/17/03	Wire	Tech Traders		X	S	125,000.00
10/15/03	Wire	Tech Traders		X	S	85,000.00
11/12/03	Wire	Tech Traders		X	S	45,000.00
12/12/03	Fees	Tech Traders		X	S	55,000.00
01/22/04	Wire	Tech Traders		X	S	75,000.00
02/06/04	Wire	Tech Traders		X	S	220,000.00
03/18/04	Wire	Tech Traders		X	S	220,000.00
						<u>1,314,930.00</u>

# **Exhibit H**

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY  
COMMODITY FUTURES TRADING : CIVIL ACTION

COMMISSION, :

Plaintiff, :

:

vs. :

:

EQUITY FINANCIAL GROUP, LLC, :  
TECH TRADERS, INC., TECH :  
TRADERS, LTD., MAGNUM :  
INVESTMENTS, LTD., MAGNUM :  
CAPITAL INVESTMENTS, LTD., :  
VINCENT J. FIRTH, ROBERT W. :  
SHIMER, COYT E. MURRAY, and :  
J. VERNON ABERNETHY, :

Defendants. : NO. 04CV1512

Thursday, November 3, 2005

Volume IV

Continued oral deposition of ROBERT W.  
SHIMER, taken pursuant to notice, held in the  
offices of PEPPER HAMILTON LLP, 3000 Two Logan  
Square, 18th and Arch Streets, Philadelphia,  
Pennsylvania 19103-2799, commencing at 9:50 a.m. on  
the above date before Eleanor Florczynski,  
Certified Shorthand Reporter and Notary Public of  
the State of New Jersey.

REPORTING SERVICES ARRANGED THROUGH  
WAXMAN & SCHAFFER REPORTING

A Veritext Affiliate

25B Vreeland Road

Suite 301

Florham Park, New Jersey 07932

Tel. 973-410-4087 Fax 973-410-1313

1 APPEARANCES:

2

3

4

COMMODITY FUTURES TRADING COMMISSION

5 BY: ELIZABETH M. STREIT, ESQUIRE

Division of Enforcement

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8 Counsel for Plaintiff

9

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13 Equity Receiver

14

15 PEPPER HAMILTON LLP

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Counsel for Receiver

19

20

21

Also Present:

22

Joy H. McCormack - Futures Trading Investigator

23

24

25

1 4-1/2 or 5 percent a month. I thought that  
2 was significant.

3 Q. So you thought it was not material.

4 A. In retrospect, it probably would have  
5 been a good idea to have disclosed it, and I could  
6 have done that. I didn't feel like we were hiding  
7 anything. It was just the function of looking at  
8 it and saying, these are profits that are allocated  
9 to Tech, we're clearly disclosing to them that  
10 Tech's allocating -- is receiving half of the  
11 profits after those other portions are taken out.  
12 And I looked at it and said, Tech is free to  
13 negotiate with whoever he wants to about a  
14 profit-sharing split, and he did so with  
15 Shadetree.

16 Q. When you took the Tech Traders money and  
17 paid back Kaivalya investors, did you tell the  
18 Kaivalya investors where that money was coming  
19 from?

20 A. Sure.

21 Q. What did you tell them?

22 A. Well, they knew that I had a client that  
23 had invested funds with this trader and that they  
24 were doing well and that I had made arrangements  
25 with another client to slowly repay Kaivalya. Of

1 course they knew.

2 Q. When you say "a client," who are you  
3 talking about? What client?

4 A. Shadetree.

5 Q. Did the Kaivalya investors know that the  
6 money was coming from the Shasta account? Did they  
7 know that the money was coming from --

8 A. It wasn't coming from the Shasta account.

9 Q. Where did they think the money was coming  
10 from? What did you tell them?

11 A. I told them that I had made arrangements  
12 with the trader to allocate a portion of his  
13 profits to help repay Kaivalya over time.

14 Q. Did they know who the trader was?

15 A. They didn't know who the trader was. We  
16 didn't disclose the trader to anyone, for obvious  
17 reasons, which I've discussed previously --  
18 circumvention, which is a common practice in  
19 business.

20 MS. STREIT: Let's take a 10-minute  
21 break.

22 (Brief recess.)

23 BY MS. STREIT:

24 Q. I'd like to talk now about Universe. How  
25 did Universe come about?

# **Exhibit I**

1 UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY

2

- - -

3

COMMODITY FUTURES TRADING :

4 COMMISSION, :

Plaintiff, :

5

:

vs. :

6

:

EQUITY FINANCIAL GROUP, :

7

LLC, TECH TRADERS, INC., :

TECH TRADERS, LTD., MAGNUM :

8

INVESTMENTS, LTD., MAGNUM :

CAPITAL INVESTMENTS, LTD., :

9

VINCENT J. FIRTH, ROBERT W.:

SHIMER, COYT E. MURRAY, and:

10

J. VERNON ABERNETHY, :

Defendants. :

11

12 Wednesday, November 16, 2005

13

Volume V

14

Continued oral deposition of

15

ROBERT W. SHIMER, taken pursuant to

16

notice, was held in the offices of

17

Pepper Hamilton, 3000 Two Logan Square,

18

18th & Arch Streets, Philadelphia

19

Pennsylvania, commencing at 9:15 a.m., on

20

the above date, before Frances A.

21

Valiante, a Professional Court Reporter

22

and Notary Public.

23

- - -

RSA/VERITEXT COURT REPORTING COMPANY

24

1845 Walnut Street, 15th Floor

Philadelphia, Pennsylvania 19103

25

(215) 241-1000 (888) 777-6690

1     A P P E A R A N C E S:  
2           C O M M O D I T Y F U T U R E S T R A D I N G  
          C O M M I S S I O N  
3           B Y: E L I Z A B E T H M. S T R E I T, E S Q.  
          D i v i s i o n o f E n f o r c e m e n t  
4           5 2 5 W e s t M o n r o e S t r e e t, S u i t e 1 1 0 0  
          C h i c a g o, I L 6 0 6 6 1  
5           ( 3 1 2 ) 5 9 6 - 0 5 3 7  
          e s t r e i t @ c f t c . g o v  
6           R e p r e s e n t i n g t h e P l a i n t i f f

7  
          S A C H N O F F & W E A V E R, L T D.  
8           B Y: B I N A S A N G H A V I, E S Q U I R E  
          1 0 S o u t h W a c k e r D r i v e  
9           C h i c a g o, I L 6 0 6 0 6 - 7 5 0 7  
          ( 3 1 2 ) 2 0 7 - 3 9 1 6  
10          b s a n g h a v i @ s a c h n o f f . c o m  
          R e p r e s e n t i n g t h e R e c e i v e r

11  
12     A L S O P R E S E N T:  
13           J o y M c C o r m a c k ( V i a T e l e p h o n e )  
          F u t u r e s T r a d i n g I n v e s t i g a t o r

14           - - -

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25

1 profits that I would ordinarily keep as  
2 the trader on this thing. And I will  
3 help make you whole. And I looked at  
4 that and thought that's a win-win  
5 situation for everyone if this system is  
6 as it appears to be.

7 Q. Basically, Coyt was willing  
8 to give Kaivalya a gift?

9 A. Not Kaivalya. He was  
10 willing to execute that agreement with  
11 Shade Tree.

12 Q. He knew it was to the  
13 benefit of Kaivalya?

14 A. Right. He was willing to  
15 send funds to Kaivalya through that  
16 mechanism that had been established to  
17 repay Kaivalya's people.

18 Q. At your monthly request, he  
19 was willing to send money per your  
20 monthly request to Shade Tree for the  
21 benefit of Kaivalya's investors?

22 A. Yes.

23 Q. That was a gift. That was  
24 not money earned on any investment that  
25 Kaivalya or Shade Tree made with Tech

1 Traders?

2 A. That's true. He was  
3 basically willing to execute that  
4 agreement with Shade Tree. And you can  
5 consider it -- yeah, he didn't have to do  
6 that. He willingly entered into that  
7 agreement with Shade Tree for credit  
8 sharing, or profit shares, or however  
9 it's defined.

10 Q. I mean it was an absolute  
11 gift because it was not money earned on  
12 any investment?

13 A. And when looking at the  
14 other arrangements he made with other  
15 investors, you could characterize it as a  
16 gift because he didn't do that kind of a  
17 back end sharing with anyone else. He  
18 always took 50 percent, approximately 50  
19 percent after he took off 10 or 15  
20 percent. It was a standard formula that  
21 he applied to everyone that brought him  
22 funds.

23 So I looked at it and that  
24 was part of, I guess part of how I got  
25 suckered into this thing with Coyt is

1 because he seemed so generous and willing  
2 to solve, you know, a situation that he  
3 had -- he was the purported vehicle for  
4 investment that we made with Tom and  
5 Jerry. So it was that whole connection,  
6 even though it was peripheral.

7 Q. Let's go back to Nancy Omaha  
8 Boy. You told her when that you had  
9 located the trader and that you were now  
10 starting up a second venture with this  
11 trader, right, the Shasta Equity deal  
12 with the trader, when did you tell her  
13 all of this?

14 A. Well, I think we had stayed  
15 in touch. I mean it was like, you know,  
16 Nancy, let's see what we can do here. I  
17 mean we are going after Latulippe. I'm  
18 going to try to get some funds back from  
19 him and -- that wasn't one of her funds  
20 that was other funds. But it was like  
21 I'm going to see what I can do here.  
22 I've got some funds. I probably told her  
23 I've placed some of my own funds with  
24 this trader. We are going down to meet  
25 with him. And I'm sure she stayed in

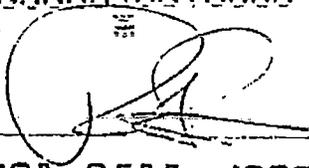
# **Exhibit J**

**CFTC v. Equity Financial Group, LLC et al**  
Patriot Bank (5300700217)  
Kaivalya Holding Group  
As of 03/17/05

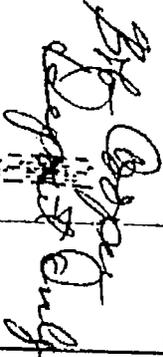
**Sources of Cash - Related Entities:**

Robert Shimer	57,850.00	
Tech Traders	<u>1,314,930.00</u>	
		<u>1,372,780.00</u>

# **Exhibit K**

<b>KAVALYA HOLDING GROUP, INC.</b> 2211 N. RAMPART, #145 LAS VEGAS, NV 89128		60-7496/2313 5300700217	566
		DATE <u>OCT 24 2002</u>	
PAY TO THE ORDER OF	<u>BOB COOPER</u>		\$ <u>10,000.<sup>00</sup>/<sub>100</sub></u>
Ten thousand and 00/100 <del>700/100</del> <del>2086 402 21 5016 5016 A</del> DOLLARS			
 <b>Patriot Bank</b> Pottstown, PA 19464			
MEMO	<u>VIRTUAL REPAYMENT</u>		
@ 23137496 @ 5300700217 @ 06 0566 @0001000000			

Account	000005300700217	Serial	000000566
Amount	10000.00	Tran	000000
Post Date	20021031	Routing	023137496
Sequence	242138152	Bank	000000000

FRBP**RCPC-GROUP 070092086 031000040 070092086 420615021	KILGARD WEST JERSEY NEW YORK 1020-0007-6	
FISERV VR02 242138152 10-31-02 0415 0415 06 242138152 10-31-02 0415 0415 06	031000037 16302002 420-014 7441473941	

CFTC 507-04-0060

<b>KAVALYA HOLDING GROUP, INC.</b> 2211 N. RAMPART, #145 LAS VEGAS, NV 89128		60-7495/2313 5300700217	575
PAY TO THE ORDER OF <u>BOB COOPER</u>		\$ <u>10,000.<sup>00</sup>/<sub>100</sub></u>	
Ten thousand and <sup>00</sup> / <sub>100</sub>		DOLLARS	
110116315 408 21 5237 5237			
 Patriot Bank Pottstown, PA 19464			
MEMO _____			
@ 23 13 74 96 1: 5300700217 06 0575 0000000000			

Account	000005300700217	Serial	000000575
Amount	10000.00	Tran	000000
Post Date	20021127	Routing	023137496
Sequence	230266732	Bank	00000000

FRBP**RCPC-GROUP 110116315 031000040 110116315 11-27-02	1020-0007-5 17435075	
PROCESSED FISERV VFOC		
230266732 11-27-02 5055 10552 230266732 11-27-02 5055 10552		
031000037 112703 117-03	704103000	
2300026877		

CFTC 507-04-0065

60-7496/2313  
5300700217

582

**KAVALYA HOLDING GROUP, INC.**  
2211 N. RAMPART, #145  
LAS VEGAS, NV 89128

DATE Dec 18, 2002

010204528 408 21 5560 5560

PAY TO THE ORDER OF Bob COOPER \$ 5,000.00 <sup>00</sup>/<sub>100</sub>

Five thousand and 00/100 DOLLARS

**Patriot Bank**  
Pottstown, PA 19454

MEMO \_\_\_\_\_

⑆ 231374961⑆ 5300700217⑆ 06 0582 ⑈0000500000⑈

Account	000005300700217	Serial	000000582
Amount	5000.00	Tran	000000
Post Date	20030102	Routing	023137496
Sequence	234962979	Bank	000000000

FRBP \* ~~12/31/02~~ 12/31/02

010204528 408 21 5560 5560

010204528 408 21 5560 5560

PROCESSED FISERV UFOC

234962979 01-02-03 0814 0815 06

234962979 01-02-03 0814 0816 06

031000037

1022003 1781-014

2300922551

*Bob Cooper*

CFTC 507-04-0075

60-7496/2313  
5300700217

604

**KAVALYA HOLDING GROUP, INC.**  
2211 N. RAMPART, #145  
LAS VEGAS, NV 89128

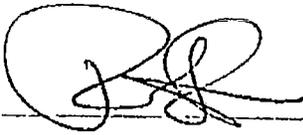
530088 408 21 5342 5342  
DATE MAY 16, 2003

PAY TO THE ORDER OF BOB COOPER \$ 5,000.<sup>00</sup>/<sub>100</sub>

Five thousand and <sup>00</sup>/<sub>100</sub> DOLLARS

**Patriot Bank**  
Pottstown, PA 19464

MEMO PRINCIPAL REPAY (PARTIAL)



⑆ 231374961⑆ 5300700217⑈06 0604 ⑆0000500000⑆

Account	000005300700217	Serial	000000604
Amount	5000.00	Tran	000000
Post Date	20030522	Routing	023137496
Sequence	246712355	Bank	00000000

FRBP\*RCPC-GROUP  
031000040  
05-22-03  
0912-91245

057540254

PROCESSED FISERV VFOC

246712355 05-22-03 0177 0178 06  
246712355 05-22-03 0177 0178 06

031000037  
05/22/03 246712355

TR 3829KT 0415  
>1240-6290  
7742839139

FOR E-HIT



CFTC 507-04-0096

609

**KAVALYA HOLDING GROUP, INC.** 21 51 60-7496/2313  
 2211 N. RAMPART, #145 5300700217  
 LAS VEGAS, NV 89128

DATE June 18, 2003

PAY TO THE ORDER OF BOB COOPER \$ 5,000.00 <sup>00</sup>/<sub>100</sub>

Five thousand and 00/100 DOLLARS

**Patriot Bank**  
 Pottstown, PA 19464

MEMO INTERNAL RECEIPT

*[Signature]*

⑆23137496⑆ 5300700217⑆06 0609 ⑆0000500000⑆

Account	000005300700217	Serial	000000609
Amount	5000.00	Tran	000000
Post Date	20030626	Routing	023137496
Sequence	241048934	Bank	000000000

KAVALYA HOLDING GROUP  
 2211 N. RAMPART, #145  
 LAS VEGAS, NV 89128

031000040  
 06-26-03

057034557

PROCESSED FISERV VFOC

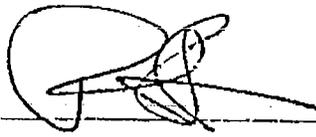
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 241048934 06-26-03 0706 0706 061

031000037  
 0362003 104-014

1221-0147-6X  
 7543519793

*[Signature]*

CFTC 507-04-0102

<b>KAVALYA HOLDING GROUP, INC.</b>		60-7496/2313 5300700217	<b>630</b>
2211 N. RAMPART #1416 LAS VEGAS, NV 89128		4043 4043 DATE <u>Oct 27, 2003</u>	
PAY TO THE ORDER OF <u>AMANDA GRAVES</u>		\$ <u>25,000.00</u> /100	
<u>Twenty Five Thousand and 00/100</u>		DOLLARS	
 <b>Patriot Bank</b> Pottstown, PA 19464			
MEMO <u>PAYAL REPLY</u>			
@ 23137496 1: 5300700217 06 0630 0002500000			

Account	000005300700217	Serial	000000630
Amount	25000.00	Tran	000000
Post Date	20031027	Routing	023137496
Sequence	242155002	Bank	000000000

19 OCT 27 2003  
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 010171246 10-27-03  
 0228251097  
 10272003  
 0520-0027-8  
 ENT=4228  
 242155002 10-27-03  
 PROCESSED - FISERV - WED  
 2540701164  
 CITIBANK FSB  
 1370 06  
 1370 06  
 (888)-402-0517  
 2540701164

FOR DEPOSIT ONLY  
 Amanda Graves  
 12575159

CFTC 507-04-0128

**KAVALYA HOLDING GROUP, INC.**  
2211 N. RAMPART, #145  
LAS VEGAS, NV 89128

60-7495/2313  
5300700217

642

DATE Nov 17, 2003

PAY TO THE ORDER OF CORY GUSLER \$ 15,000.00/100

Fifteen thousand and 00/100 DOLLARS

**Patriot Bank**  
Pottsville, PA 19464

MEMO PATRIAL PAID REBTY

⑆ 231374961⑆ 5300700217⑆ 06 0642 ⑆0001500000⑆

Account	0000005300700217	Serial	0000000642
Amount	15000.00	Tran	000000
Post Date	20031128	Routing	231374961
Sequence	245336867	Bank	000000000

FEDERAL RESERVE BANK OF PHILADELPHIA  
SALT LAKE CITY, UTAH

SUN CORP  
SALT LAKE CITY, UTAH

324D84003 <

1988 11-28-03

3333 90 90 47 2 8 9

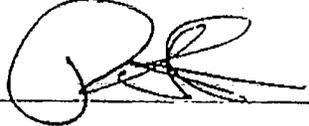
A324D84003 A

SUN CORP

SALT LAKE CITY, UTAH

10877-5

CFTC 507-04-0136

<b>KAVALYA HOLDING GROUP, INC.</b> 2211 N. RAMPART, #145 LAS VEGAS, NV 89128		ID <input checked="" type="checkbox"/> Exp. Date <input checked="" type="checkbox"/> DISPOSIT ONLY <input checked="" type="checkbox"/> TOKEN <input checked="" type="checkbox"/> HST <input checked="" type="checkbox"/>	0100 60-7496/2313 5300700217 AD <input checked="" type="checkbox"/> DATE <i>March 18, 2004</i> SGT <input checked="" type="checkbox"/> HPF <input checked="" type="checkbox"/> MEMO <input type="checkbox"/>	664
PAY TO THE ORDER OF <i>HARRY SCHMALZ</i>		\$ <i>20,000.00/100</i>		
<i>Twenty thousand and 00/100</i>		DOLLARS		
 Patriot Bank Pottstown, PA 19464				
MEMO _____				
⑆ 231374961⑆ 5300700217⑆ 06 0664 ⑆0002000000⑆				

Account	000005300700217	Serial	000000664
Amount	20000.00	Tran	000000
Post Date	20040326	Routing	231374961
Sequence	241240857	Bank	000000000

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 031000040 FRB-PHILA  
 ENT=0956 TRC=0956 PL=09

PROCESSED FISERV VFOC

241240857 03-26-04  
 241240857 03-26-04

7137157753

*Handwritten signature and date: 4/6/04*

CFTC 507-04-0158

60-7496/2313  
5300700217

578

**KAVALYA HOLDING GROUP, INC.**  
2211 N. RAMPART #145 79667 408 21 ~~79667~~ 5238  
LAS VEGAS, NV 89128 DATE

PAY TO THE ORDER OF ATT Unimercial Card \$ 22,000.00/100

Twenty Two Thousand and 00/100 DOLLARS

**Patriot Bank**  
Pottstown, PA 19464  
MEMO Acct # 4492-2800 0277 9226

6603300138  
129 3 390  
025 230 900

UCS  
J

⑆231374961⑆ 5300700217⑆06 0578 ⑆0002200000⑆

Account	000005300700217	Serial	000000578
Amount	22000.00	Tran	000000
Post Date	20021202	Routing	023137496
Sequence	230700379	Bank	000000000

FRBP\*\*RCPC-GROUP  
030479667 031000040  
030479667 12-02-02

PROCESSED FISERV VFOC

230700379 12-02-02 0208 0208 06  
230700379 12-02-02 0208 0208 06

112902 5228002779226  
PAY BANK PEG 07 41066297  
CITIBANK  
021272671  
0208 06  
0208 06  
0208 06

/04115007

CFTC 507-04-0068

**2105 - Transaction Detail (Patriot Bank)**

Account Number: 5300700217 Queue / Application / Queue Sub: [ ]

Transaction Number: 2880 Parent Account Number: [ ]

Check Number: [ ] Parent Transaction Number: [ ]

Transaction Amount: (\$50,000.00) Reversed Transaction Number: [ ]

Hold Account Number: [ ] Adjustment / Instance Number: [ ]

Transaction Description: Domestic Wire Withdrawal Cash Box Number: 248

Status Description: Completed Trace Number: [ ]

Passbook Posted:  Offline:  Originating Person: [ ]

Date / Times / Location / Reason: [ ] Approving Person: [ ]

Activity Date: 12-18-2003 Rmt/Reason/Year: [ ]

Activity Time: 11:00:09 Description: Internal WIRE TO Trinidad Investments

Post Date: 12-18-2003

Effective Date: 12-18-2003

Balance Type	Amount
Note Balance	(\$50,000.00)

Fund Type	Fund Detail	Clearing Category	Amount	Number of Items	Sequence Number
EL	INTR	IMED	(\$50,000.00)	1	1

Buttons: Help, Print, Bank Check, Online Info, Edit, Close

System Tray: Start, GroupWise - Mailbox, 100 - Customer Ser..., JCONI, D, 267511, 2:58 PM

**KAVALYA HOLDING GROUP, INC.**  
 2211 N. RAMPART, #145  
 LAS VEGAS, NV 89128

60-7495/2313  
 5300700217

644

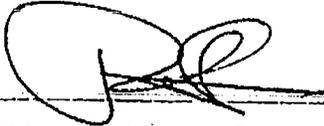
DATE Nov 11, 2003

PAY TO THE ORDER OF Harland Wedel \$ 10,000.00/100

Ten thousand and 00/100 DOLLARS

**Patriot Bank**  
 Posttown, PA 19464

MEMO PARTIAL PAIN REPAY



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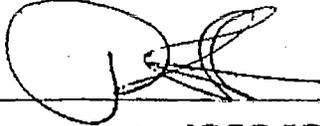
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 0330 0000000000 21  
 244893079 11-24-03 0946 0949  
 244893079 11-24-03 0946 0949  
 020047823 11-21-03

HUTCHINSON CREDIT UNION 01538 >301178372< 11 20 22

Deposit to the credit of within-named Payee. Hutchinson Credit Union.

CFTC 507-04-0133

<b>KAVALYA HOLDING GROUP, INC.</b> 2211 N. RAMPART, #145 LAS VEGAS, NV 89128		60-7496/2313 5300700217	666
		DATE <u>March 18 2004</u>	
PAY TO THE ORDER OF <u>HARLAND WEDEL</u>	\$ <u>20,000.00</u>		
<u>Twenty thousand and 00/100</u>		DOLLARS	
 Patriot Bank Pottstown, PA 19464			
MEMO _____			
@ 231374961: 5300700217 06 6666 @0002000000@			

Account	0000005300700217	Serial	0000000666
Amount	20000.00	Tran	000000
Post Date	20040325	Routing	231374961
Sequence	241122670	Bank	000000000

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 0313792346  
 0313792346  
 PHILA  
 PK=03  
 FISERV VFOC  
 241122670 03-25-04 0141 0141 06  
 241122670 03-25-04 0141 0141 06  
 0330 0000000140 21  
 020058616-03-24-04  
 HUTCHINSON CREDIT UNION 88864 >381178372< 93 22 04 0P003

Harland Wedel

CFTC 507-04-0156

# **Exhibit L**

January 19, 2007

Investor Name  
Address  
City, State Zip

***Re: CFTC v. Equity Financial Group, LLC, et al.***

Dear Investor:

Please take notice that on January 19, 2007, my client, Stephen T. Bobo (the "Receiver"), the Equity Receiver for Defendants Equity Financial Group, LLC, Tech Traders, Inc., Tech Traders, Ltd., Magnum Investments, Ltd., Magnum Capital Investments, Ltd., Robert W. Shimer, and Vincent J. Firth, filed a motion with the U. S. District Court for the District of New Jersey (the "Court") in the above-captioned case. The motion requests the disallowance of certain Universe investor claims based on repayments those investors received from Kaivalya Holding Group, Inc. (the "Motion").

You are receiving this letter, the Motion and accompanying documentation because the Receiver seeks to disallow your claim either in part or in its entirety. The Receiver's objections in support of disallowing your claim are discussed at length in the enclosed Receiver's Affidavit and Memorandum in Support of Motion to Disallow Certain Universe Investor Claims Based on Repayments Received from Kaivalya Holding Group, Inc.

The Court has fixed Friday, February 2, 2007 as the date by which any objection or other response to the Motion must be placed in writing with the name and number of the case prominently displayed on the first page, signed and filed in duplicate with the Clerk of the Court, with a copy simultaneously served upon the Receiver. The address of the Clerk of the Court is:

Clerk of the Court  
United States District Court for the District of New Jersey  
Mitchell H. Cohen Federal Building & U.S. Courthouse  
1 John F. Gerry Plaza  
Camden, NJ 08101

January 19, 2007  
Page 2 of 2

The Receiver's address is:

Stephen T. Bobo  
Sachnoff & Weaver, Ltd.  
10 S. Wacker Drive, 40th Floor  
Chicago, IL 60606

The Receiver will serve on the parties in this case copies of all objections received from Universe investors.

The Receiver may file a reply no later than Friday, February 9, 2007 to any of the objections received. He will serve a copy of his reply upon any Universe investor who files an objection, as well as upon the parties in this case.

Ultimately, the Court will determine whether to allow your claim, along with the other Universe claims. To the extent the claims are allowed, the Court will also determine the distribution amounts that you and the others are entitled to receive. The return date for the Receiver's Motion is Friday, February 16, 2006, which is the date by which the Court may rule on this Motion. If the Court determines that a hearing is necessary to resolve these Universe claims, the Receiver will provide notice to all Universe investors potentially impacted by the Motion and to the parties in this case.

Very truly yours,

Raven Moore

Enclosure

cc: Parties of Record