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

**COMMODITY FUTURES TRADING )  
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. )**

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

**Honorable Robert B. Kugler**

**AFFIDAVIT OF STEPHEN T. BOBO IN SUPPORT  
OF MOTION OF EQUITY RECEIVER FOR AUTHORITY TO  
IMPLEMENT CREDITOR CLAIM PROCESS FOR NON-INVESTOR  
CREDITORS OF TECH TRADERS, INC., TECH TRADERS, LTD.,  
AND EQUITY FINANCIAL GROUP, LLC, AND RELATED RELIEF**

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

1. I am serving as Equity Receiver of Equity Financial Group, LLC, Tech Traders, Inc., Tech Traders, Ltd., Magnum Investments, Ltd., Magnum Capital Investments, Ltd., Vincent J. Firth and Robert W. Shimer, in support of my motion for entry of an order approving a claim process for non-investor creditors of Defendants Tech Traders, Inc., Tech Traders, Ltd.

(collectively, "Tech Traders"), and Equity Financial Group, LLC ("Equity"). I also propose sending out a notice to potential creditors of Magnum Investments, Ltd., and Magnum Capital Investments, Ltd. (collectively, "Magnum") informing them that no assets are available to distribute to them.

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

3. The accuracy and completeness of the records of Tech Traders and Equity with respect to creditors are unproven. I believe that it would be prudent to require corroboration through information from the creditors themselves. Therefore, I propose that the creditors of Tech Traders and Equity submit sworn claim forms and documentary proof of their respective claims against those entities. This process will enable me and my accountants to verify the claims to ensure that the creditors of Tech Traders and Equity are known and included in the overall accounting and the final distribution.

4. I have prepared a creditor claim form which I propose to be distributed to all persons believed to be non-investor creditors of Tech Traders and Equity, as well as the former employees of Tech Traders and Equity. These would include recipients of payments from Tech Traders and Equity during the period of January 1, 2002 through April 1, 2004, such as landlords, utilities, supply and service companies, and federal, state and local taxing authorities. Possible creditors were also identified from invoices and other requests for payment received by Tech Traders and Equity. The claim forms will be accompanied by a letter explaining the creditor claim process.

5. I recommend that all non-investor creditors be required to complete and return the creditor claim form within forty-five (45) days from the date of distribution in order to

participate in the claim process. Creditors must also submit a copy of documentary proof supporting their claims against Tech Traders and Equity. Any creditor failing to return a completed creditor claim form and supporting documentation within this time period should be barred from participating in the distribution of the receivership assets unless the creditor is able to demonstrate to the satisfaction of the Court: (i) good cause for the delay, (ii) the exercise of all reasonable diligence in submitting the information at the earliest possible date after the deadline, and (iii) the absence of prejudice to the receivership estate.

6. Following receipt and review of the creditor claim information, I intend to seek approval of a plan of distribution to non-investors with allowed claims against Tech Traders and Equity.

7. I recommend that the claim process not include possible creditors of Magnum Investments, Ltd. ("MI") and Magnum Capital Investments, Ltd. ("MCI") (collectively, "Magnum") at this time for a number of significant reasons. Most importantly, Magnum has no assets available to distribute to creditors or even to contribute towards the costs of administration. Encouraging Magnum creditors to file claims, followed by reviewing the claims and objecting to any inappropriate ones, would serve no purpose. The costs of those efforts would be borne by the Tech Traders' receivership estate, not the impecunious Magnum estate.

8. A Magnum claims process would tend to create false expectations in the minds of Magnum creditors that they are entitled to receive a distribution. It could also result in a delay in the administration of the receivership estates in this case.

9. At an earlier stage of this case, I recommended, and this Court ordered, that Tech Traders funds be reserved for a potential distribution to Magnum investors and creditors in order to preserve this possible remedy if it were found appropriate after further investigation. Since

then, I have gathered and reviewed ample information to conclude that the circumstances do not support a recovery by Magnum creditors from Tech Traders funds and that such a reserve of Tech Traders funds is no longer either necessary or appropriate.

10. The known facts regarding the activities of Tech Traders and Magnum do not support treating them as a single, consolidated entity for purposes of distribution. As set forth in greater detail on pages 6 through 8 of the Receiver's Fourth Interim Report filed with this court in late January 2006, MI traded commodity futures contracts from early 1998 through May 2002 and began using investor funds for this purpose in the spring of 1999. It had only a total of only four direct investors, although at least two of those investors were entities that pooled the funds of others and transferred them to MI. None of MI's investors also invested later in Tech Traders, although one MI investor, Edgar Holding Group, received funds from individuals who later invested with Tech Traders through Shasta.

11. MCI was formed in the Bahamas in 1999 as an entity for Coyt Murray to do business there with Hubert Pinder and his companies. Although an existing Service Agreement recites that MI would handle the trading on behalf of investors that placed funds offshore with MCI, there is no indication that this ever happened. Instead, the Magnum investors placed their funds with MI which transferred certain of those funds to MCI.

12. Virtually all of the funds placed in the commodity trading account under the name of MCI were lost in the markets. There is no indication that MCI took in funds directly from investors or incurred obligations to creditors, although the records available for this entity are far from complete.

13. MI's activities largely ceased in the spring of 2002, and its transactions thereafter appear to be primarily receiving substantial amounts of funds from Tech Traders' and using them used to satisfy its investors and creditors.

14. Tech Traders and MI each kept separate books and records. There is no indication that Tech Traders held itself out as responsible for obligations of either MI or MCI. Although Tech Traders and MI each used the same premises, had many of the same employees and both conducted fraudulent commodity trading operations, those operations and their respective investors were distinct. Tech Traders and Magnum maintained separate bank accounts and commodity trading accounts in their own names. They also used different banks and brokerage firms for their trading and bank accounts.

15. In addition, Tech Traders has already heavily subsidized MI. Tech Traders transferred in excess of \$2.4 million to MI which MI used to repay its investors and creditors. By contrast, there is no indication that any funds flowed from MI to Tech Traders.

16. Nor is there any equitable reason why the remaining Tech Traders' funds should be shared with Magnum investors and other creditors. Those funds originated from investors of Tech Traders, not Magnum. Magnum's obligations to its investors and other creditors were incurred before Tech Traders received the funds that remain available for distribution. Therefore, no reasonable basis is apparent for Magnum investors and creditors to have relied on Tech Traders for repayment of the obligations owed by Magnum.

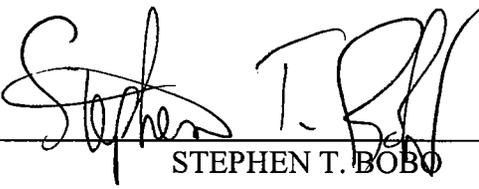
17. Based on all of these considerations, I am aware of no support for Magnum or its creditors sharing in the funds held by the Tech Traders estate. I recommend that this Court terminate the reserve of Tech Traders' funds currently set aside in case a distribution to Magnum creditors was determined to be appropriate. Instead, the funds should be transferred back to the

Tech Traders' general escrow account and be made available for distribution to Tech Traders' investors and creditors as may be authorized by this Court in the future. No claim form should be sent to potential Magnum investors and creditors unless and until the Magnum estate has assets that can be distributed.

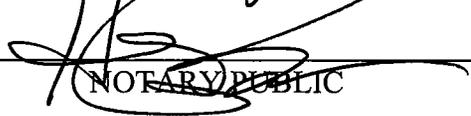
18. Instead, I recommend that a separate notice be sent to all currently known Magnum investors and other creditors. This proposed notice would state that there appear to be no Magnum assets available from which a distribution can be made, that it is unnecessary to file a claim against Magnum and that if sufficient assets become available at a later time to fund a distribution, further notice will be given for the filing of claims. This form of notice is analogous to the notice to creditors of impecunious bankruptcy estates authorized by Fed. R. Bankr. P. 2002(e).

19. Magnum's records do not contain addresses for certain recipients of its payments. In addition, the identity of beneficial owners of certain Magnum investors and their whereabouts are not clear. I have caused searches to be made for creditor addresses, and although the vast majority have been found, not all of them can be definitely identified without extreme measures. I recommend that the Magnum notice be sent out to all possible creditors whose identities and addresses are currently known. Requiring notice to be provided to all possible Magnum creditors and all holders of beneficial interests in Magnum's investors would require significant additional effort and expense to locate those persons, and the task may be impossible to complete.

20. Counsel for the CFTC, Elizabeth Streit, has reviewed the proposed claim process and has informed me that she has no objection to this motion.

  
STEPHEN T. BOBO

SWORN TO AND SUBSCRIBED before me  
this 21<sup>st</sup> day of August, 2006

  
NOTARY PUBLIC

