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Temporary Equity Receiver*

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

COMMODITY FUTURES TRADING	)	
COMMISSION,	)	
	)	No.: 04-cv-1512 (RBK)
Plaintiff,	)	
	)	
vs.	)	
	)	
EQUITY FINANCIAL GROUP, LLC,	)	
TECH TRADERS, INC., VINCENT J.	)	
FIRTH, and ROBERT W. SHIMER,	)	
	)	
Defendants.	)	

**ELEVENTH APPLICATION OF PEPPER HAMILTON LLP FOR INTERIM  
COMPENSATION AND EXPENSE REIMBURSEMENT**

Pepper Hamilton LLP (“Pepper Hamilton”), local counsel for Stephen T. Bobo as Equity Receiver (the “Receiver”) for the Defendants, Equity Financial Group, LLC, Tech Traders, Inc., Tech Traders, Ltd., Magnum Investments, Inc., Magnum Capital Investments, Ltd., Vincent J. Firth, and Robert W. Shimer, requests an award of interim compensation and expense reimbursement for services provided from October 1, 2006 through December 31, 2006. Pepper Hamilton seeks interim compensation in the amount of \$4,560.00 and reimbursement of expenses in the amount of \$296.99.

**BACKGROUND AND CASE STATUS**

1. On April 1, 2004, the Commodity Futures Trading Commission (the “CFTC”) filed its Complaint and Motion for *Ex Parte* Statutory Restraining Order with the United States District Court for the District of New Jersey, seeking injunctive relief and civil monetary penalties against Defendants Equity Financial Group, LLC, Tech Traders, Inc., Vincent J. Firth, and Robert W. Shimer. That same day, this Court granted the CFTC’s motion for the restraining order and appointed Stephen T. Bobo as Temporary Equity Receiver for these Defendants and their assets.

2. In light of additional facts that emerged from the CFTC’s ongoing investigation, on August 12, 2004, the CFTC filed its Amended Complaint, naming five additional Defendants, including Coyt E. Murray, J. Vernon Abernethy, Tech Traders, Ltd., Magnum Investments, Inc., and Magnum Capital Investments, Ltd. As of August 24, 2004, all named Defendants consented to the Court’s entry of a preliminary injunction. Under the Court’s preliminary injunction orders, Mr. Bobo serves as the Receiver for Tech Traders, Inc., Tech Traders, Ltd., Magnum Investments, Ltd., Magnum Capital Investments, Ltd., Equity Financial Group, LLC, Vincent J. Firth, and Robert W. Shimer (“Receivership Defendants”).

3. With the Court’s approval, the Receiver continues to employ the law firm of Pepper Hamilton. In its role as local counsel, Pepper Hamilton reviews and files the Receiver’s motions and reports, as well as other pleadings, to ensure compliance with the Local Rules. Pepper Hamilton also frequently advises the Receiver and his principal counsel, Reed Smith Sachnoff & Weaver, on local practice issues.

**NATURE OF THE SERVICES RENDERED AND EXPENSES INCURRED**

4. From October 1, 2006 through December 31, 2006, Pepper Hamilton has provided 15 hours of professional services as local counsel for the Receiver. For the Court’s

benefit in reviewing this application, Pepper Hamilton's services are divided into 2 categories:

- A. General estate administration; and
- B. Reviewing and filing motions and reports with the Court.

A copy of Pepper Hamilton's statement of services is attached as Exhibit A to the Declaration of Stephen T. Bobo as Equity Receiver in Support of the Eleventh Applications for Interim Compensation and Expense Reimbursement of Equity Receiver, Reed Smith Sachnoff & Weaver and Pepper Hamilton LLP, and Ninth Application for Interim Compensation and Expense Reimbursement of FGMK, LLC.

5. In its April 1, 2004 Order, the Court directed the Receiver's counsel to file a fee application on a quarterly basis. On January 19, 2007, Pepper Hamilton filed its tenth quarterly fee application with the Court, requesting fees in the amount of \$2,432.00 and reimbursement of expenses in the amount of \$91.14 for the period from July 1, 2006 through September 30, 2006. The Court has not yet ruled on this tenth fee application.

6. Pepper Hamilton files this eleventh fee application for professional services provided to the Receiver during the fourth quarter of 2006.

**A. General Estate Administration**

7. Pepper Hamilton seeks compensation for 6.8 hours of professional services related to the administration of the receivership estate from October 1, 2006 through December 31, 2006. Pepper Hamilton communicates with and advises the Receiver and his principal counsel on a regular basis regarding New Jersey local practices and procedures, which allows the Receiver to carry out his duties in an efficient manner. During this fourth quarter of 2006, Pepper Hamilton communicated with Judge Kugler's clerk regarding the Court's need for revised exhibits to two proposed orders filed by the Receiver. Pepper Hamilton also communicated with the Receiver regarding the motion to disallow certain Universe investor

claims based on repayments they received from Kaivalya Holding Group, Inc. and the status of various pleadings filed by the Receiver.

**B. Reviewing and Filing Motion and Reports With the Court**

8. Pepper Hamilton seeks compensation for 8.2 hours for services related to the filing of various motions, reports, and other pleadings from October 1, 2006 through December 31, 2006. To ensure the Receiver keeps the Court abreast of his efforts on behalf of the estate, Pepper Hamilton reviews and files all motions, reports, and other pleadings for the Receiver. During the fourth quarter of 2006, Pepper Hamilton reviewed and filed the following documents: Response of Equity Receiver to the Motions of Robert W. Shimer and Vincent J. Firth for Stay Pending Appeal, Response of Equity Receiver to the Appeals of Robert W. Shimer and Vincent J. Firth from Order of September 1, 2006 Compelling Production of Tax Returns, three separate Motions of Equity Receiver for Authority to Settle Disputes with Marshall LaFar, McDermott, Will & Emery, and Lynn Obester, Motion of Equity Receiver for Authority to Approve Settlement Agreement with Puttman & Teague, LLP, Elaine Teague, and John Puttman, and the Ninth Applications for Interim Compensation and Expense Reimbursement.

**C. Expenses for Which Pepper Hamilton Seeks Reimbursement**

9. Pepper Hamilton seeks reimbursement for a total of \$296.99 in expenses incurred from October 1, 2006 through December 31, 2006. Expenses necessary to perform the Receiver's obligations include photocopying expenses, telephone charges, postage and overnight courier costs, and process service expenses. A summary of these expenses is included in Exhibit A to the Declaration of Stephen T. Bobo.

**REASONABLENESS OF THE COMPENSATION REQUESTED**

10. Pepper Hamilton has provided a small team of local counsel including a partner and an associate in its litigation department to assist the Receiver in administering the

receivership estate and ensuring compliance with the Local Rules. During this quarter, all professional services were provided by Jeffrey Carr, an associate in Pepper Hamilton's Princeton, New Jersey office.

11. Pepper Hamilton continues to seek compensation for its attorneys at a 5 percent discount from its customary hourly rates. For this quarter, Pepper Hamilton requests compensation in the amount of \$4,560.00 for the 15 hours of professional services performed by Carr, whose discounted hourly rate is \$304.00.

12. As the Court is aware, Pepper Hamilton agreed to take on this matter with no assurance that funds would exist in the Receivership Defendants' estate to compensate the firm for its services. Pepper Hamilton does not hold a retainer for the services that its attorneys continue to provide to the Receivership Defendants. For these reasons, Pepper Hamilton is deserving of the full amount of the compensation requested.

### **RELIEF REQUESTED**

Based upon the amount of services provided, the skill required, and the results achieved, Pepper Hamilton submits that the compensation requested is justified in its allowance and payment is appropriate.

WHEREFORE, Pepper Hamilton respectfully requests that this Court enter an order:

1. Allowing interim compensation in the amount of \$4,560.00 to Pepper Hamilton for services provided and in the amount of \$296.66 for expenses incurred and advanced from October 1, 2006 through December 31, 2006;
2. Authorizing the Receiver to pay Pepper Hamilton the amount of \$4,560.00 in fees and \$296.66 in expenses from the receivership estate; and
3. Providing Pepper Hamilton further relief as may be appropriate in these circumstances.

Respectfully submitted,

PEPPER HAMILTON LLP

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