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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 )  
CAPITAL INVESTMENTS, LTD., )  
MAGNUM 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  
EQUITY RECEIVER'S MOTION FOR  
APPROVAL OF SETTLEMENT AGREEMENT WITH DONALD A. DIENNO**

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

1. Pursuant to appointment by this Court, I am serving as 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 (the "Receivership Defendants").

2. I have personal knowledge of the contents of this affidavit and am competent to testify regarding them. I submit this affidavit in support of my motion requesting authority to settle the receivership estate's disputes with Dr. Donald A. DiIenno ("DiIenno").

3. The Court entered an order authorizing me to carry out an investor claim process in August 2004. I carried out this process and ultimately presented a proposed plan for distributing receivership assets to investors to the Court for approval. The Court thereafter approved a modified version of the proposed distribution plan in October 2005.

4. Several investors that invested directly with Tech Traders (which I have come to refer to as "Tier 1 Investors") failed to participate in the investor claim process, including an entity known as Bally Lines, Ltd. ("Bally Lines"). According to Tech Traders, Inc.'s bank records, Bally Lines invested a total of \$1,458,000 with Tech Traders, Inc. and received \$485,000 in withdrawals prior to the Court's freeze order on April 1, 2004. DiIenno was one of several investors who invested funds with Bally Lines. DiIenno invested a total of \$790,000 through Bally Lines for the purpose of having Bally Lines invest those funds with Tech Traders, Inc.

5. By order entered on January 4, 2007 (the "January 4, 2007 Order") the Court disallowed Bally Lines' claim in its entirety along with the claims of certain other Tier 1 Investors who failed to participate in the investor claim process. As a consequence of the disallowance of Bally Lines' claim, the receivership estate will make no distribution on account of that claim and Bally Lines reportedly has no remaining funds to distribute to its investors, including DiIenno. DiIenno asserts that he will be unable to recover any portion of his \$790,000 investment with Bally Lines.

6. DiIenno has repeatedly petitioned the Court requesting that his claim be treated as a Tier 1 claim for purposes of the investor claim process, but without success. DiIenno's claim for different treatment has been based, in part, on the fact that he sent \$400,000 of his investment directly to Tech Traders following his visit with Coyt Murray at the Tech Traders' offices in Gastonia, North Carolina to learn more about the Tech Traders' trading system.

7. DiIenno's counsel recently sought admission pro hac vice before this Court in order to seek to modify or vacate the Court's January 4, 2007 Order disallowing the Bally Lines claim, at least as far as the order pertains to him. Among other things, DiIenno contends that he received no notice of the entry of the Order despite having filed a pleading on or about November 27, 2006 concerning his claim position and his request for separate treatment, and therefore he was precluded from filing a timely appeal. In addition, he contends that the Court gave no apparent consideration to his pleading.

8. Although DiIenno's chances of either having the order vacated or having his claim ultimately allowed individually as a Tier 1 investor seem remote, litigation over these issues will likely cause the receivership estate to incur significant legal fees and costs. Of equal importance, such litigation is also likely to delay resolution of a final distribution to investors and the winding up of the estate, particularly if DiIenno were to follow through on his threat to take an appeal. Therefore, I am interested in reaching an overall resolution of DiIenno's issues.

9. I seek authority to enter into the attached Settlement Agreement to resolve any claims DiIenno has or may have, either directly against Tech Traders or its receivership estate or derivatively through Bally Lines, in connection with DiIenno's investment in the amount of \$790,000 with Bally Lines. The terms of the settlement agreement are as follows: payment of \$30,000 to DiIenno in full satisfaction of any claim he may have against or involving Tech

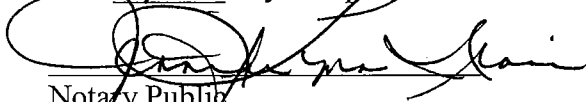
Traders, either directly or through Bally Lines, plus a general release of Tech Traders, the receivership estate and me in my capacity as Receiver. A copy of the Settlement Agreement is attached hereto as Exhibit A.

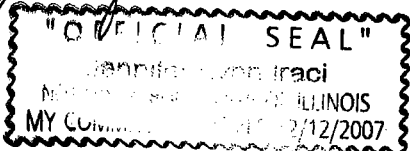
10. I believe this settlement is fair and reasonable for the receivership estate for a number of reasons. The settlement minimizes the cost to the estate of what could be a protracted dispute over DiIenno's claim. It also removes what could be a major impediment to making a final distribution and closing up the estate, particularly if a threatened appeal were taken. DiIenno has repeatedly pointed out how he is in the unique position of having sent most of his funds directly to Tech Traders after dealing directly with Coyt Murray. In addition, the disallowance of Bally Lines' claim resulted from the failure of Bally Lines to respond to the objection to its claim and had nothing to do with the lack of documentation of DiIenno's investment.

11. DiIenno asserts that he never received back any portion of his \$790,000 investment, and I am aware of no information to the contrary. The proposed settlement payment to DiIenno is less than he would have received as his proportionate share of the interim distribution that Bally Lines would have been entitled to receive if its claim had been allowed, after even taking into account the significant withdrawals that Bally Lines had received from its Tech Traders account. Therefore, this settlement, which involves a payment to DiIenno of about 3.8% of the total amount he invested, is not unfair to other Tier 1 Investors with Tech Traders.

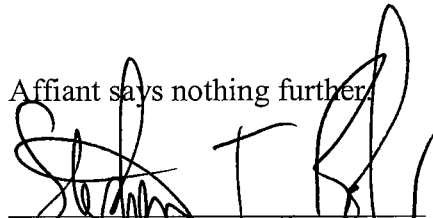
12. I have discussed the settlement with the CFTC's attorney, who indicated that she had no objection to the proposed terms.

Sworn to and subscribed before me  
This 24<sup>th</sup> day of April, 2007

  
Notary Public



Affiant says nothing further.

  
Stephen T. Bobo

# EXHIBIT A

**SETTLEMENT AGREEMENT**

**Between**

**Donald A. DiIenno**

**and**

**Stephen T. Bobo, Equity Receiver for Tech Traders, Inc. and Tech Traders, Ltd.**

This Settlement Agreement (the "Agreement") is entered into as of March \_\_\_\_, 2007 between Donald A. DiIenno ("DiIenno") and Stephen T. Bobo, not individually, but as Equity Receiver (the "Receiver") for Tech Traders, Inc. and Tech Traders, Ltd. (collectively "TECH TRADERS") in *Commodity Futures Trading Commission v. Equity Financial Group, LLC, et al.* pending in the United States District Court for the District of New Jersey.

**RECITALS**

A. WHEREAS, on April 1, 2004, the Commodity Futures Trading Commission (the "CFTC") filed a complaint in the United States District Court for the District of New Jersey (the "Court"), entitled *Commodity Futures Trading Commission v. Equity Financial Group, LLC, et al.*, Civil Action No. 04 CV 1512 (the "CFTC Litigation"), against TECH TRADERS and other receivership defendants;

B. WHEREAS, on the day that the CFTC filed the CFTC Litigation, the Court entered a Statutory Restraining Order and Order Appointing Stephen T. Bobo as Receiver for the purpose of taking "exclusive custody, control and possession of all customer funds and property and other assets traceable to customers in the possession of, or under the control of Shimer or Tech Traders Inc." The Court also ordered the Receiver to "preserve, hold and manage all receivership assets, and perform all acts necessary to preserve the value of those assets, in order to prevent any loss, damage or injury to customers or clients." The Receiver carried out the Court's directives and ultimately transferred all customer funds to an escrow account at LaSalle Bank, N.A., the designated depository for receivership assets;

C. WHEREAS, the Court also entered an order authorizing the Receiver to carry out an investor claim process in August 2004. The Receiver carried out this process and ultimately presented a proposed plan for distributing receivership assets to investors to the Court for its approval. The Court thereafter approved the Receiver's proposed distribution plan (as modified);

D. WHEREAS, several TECH TRADERS' investors (known as Tier 1 investors) failed to participate in the investor claim process, including an entity known as Bally Lines, Ltd. ("Bally Lines"). According to Tech Traders, Inc.'s bank records, Bally Lines invested a total of \$1,458,000 with Tech Traders, Inc. and received \$485,000 in withdrawals prior to the Court's freeze order on April 1, 2004. DiIenno was one of several investors who invested funds with Bally Lines. DiIenno invested a total of \$790,000 with Bally Lines for the purpose of having Bally Lines invest those funds in its account at Tech Traders, Inc.;

E. WHEREAS, the Court disallowed Bally Lines' claim in its entirety (along with the claims of other Tier 1 investors who failed to participate in the investor claim process), which has prevented DiIenno from recovering any of his \$790,000 investment with Bally Lines;

F. WHEREAS, DiIenno has repeatedly petitioned to the Court requesting that his claim be treated as a Tier 1 claim for purposes of the investor claim process, but without success, and DiIenno is contemplating further proceedings in pursuit of recovery on his claim;

G. WHEREAS, the Receiver and DiIenno (the "Settling Parties") enter into this Agreement to resolve any claims Dr. DiIenno has or may have, either directly against TECH TRADERS or its receivership estate or derivatively through Bally Lines, in connection with DiIenno's investment in the amount of \$790,000 with Bally Lines;

NOW, THEREFORE, in consideration of the promises, mutual promises, covenants, and considerations expressed in this Agreement, in exchange for good and valuable consideration more specifically set forth in this Agreement, the receipt and sufficiency of which is hereby acknowledged, and incorporating Recitals A through G, the Settling Parties agree as follows:

**AGREEMENT**

1. NO ADMISSIONS OF LIABILITY. Each party agrees that this Agreement has been executed only for purposes of settlement and shall not be deemed or construed as an admission or concession of liability or wrongdoing on the part of either of the Settling Parties.

2. PAYMENT OF AMOUNT DUE. Within 14 business days of the Court entering an order approving the terms of this agreement, the Receiver will distribute a check payable to Donald A. DiIenno in the amount of \$30,000.

3. CONDITION PRECEDENT. The effectiveness of this Agreement is expressly conditioned upon the Court in the CFTC Litigation entering an order approving this Agreement.

4. RELEASE. Upon this Agreement becoming effective, DiIenno hereby releases the Receiver, his counsel, and the TECH TRADERS receivership estate from any and all claims, rights to payments, liabilities and causes of action, whether known or unknown, that occurred before the execution of this Agreement, other than obligations set forth in this Agreement.

5. MODIFICATIONS. No modification of this Agreement shall be effective unless it is in writing duly signed by all the Settling Parties. The Settling Parties agree that any dispute arising under this Agreement shall be resolved by the Court and consent to the jurisdiction and venue of the Court for any action arising out of this Agreement.

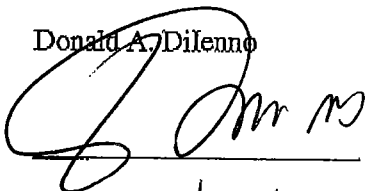


6. ENTIRE AGREEMENT. The parties understand and acknowledge that this Agreement is made without reliance upon any statement or representation other than those expressly described in this Agreement.

7. FEES. The Settling Parties shall each bear their own costs and attorneys' fees.

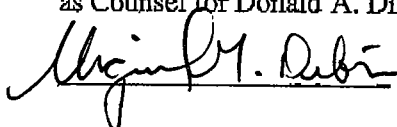
The parties hereby enter this Agreement as indicated by their signatures below.

Donald A. DiIenno



Date: 3/21/07

Miguel Debon,  
as Counsel for Donald A. DiIenno



Date: 3/26/07

Equity Receiver

\_\_\_\_\_  
Stephen T. Bobo, not individually but as  
Equity Receiver for the Receivership  
Defendants

Date: \_\_\_\_\_