

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)
CAPITAL INVESTMENTS, LTD.,)
MAGNUM INVESTMENTS, LTD.,)
VINCENT J. FIRTH, ROBERT W.)
SHIMER, COYT E. MURRAY, and J.)
VERNON ABERNETHY,)

Honorable Robert B. Kugler

Defendants.)

**SUPPLEMENTAL AFFIDAVIT OF STEPHEN T. BOBO IN SUPPORT OF
MOTION OF EQUITY RECEIVER REGARDING TREATMENT OF THE
STERLING CLAIMS AND CLAIMS OF STERLING INVESTORS**

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

1. I am an attorney licensed to practice in the State of Illinois and the District of Columbia.

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

3. Since April 1, 2004, I have served initially as Temporary Equity Receiver and thereafter as Equity Receiver, for certain of the Defendants, including Tech Traders, Inc. and Tech Traders, Ltd.

4. This Court has previously approved a modified version of my recommendations for making a distribution of Tech Traders' funds to investors.

5. I filed objections to certain investor claims. With a few exceptions, all of those objections have been resolved.

6. The primary objections still unresolved relate to claims submitted by a group of related companies: Sterling ACS Ltd., Sterling Alliance Ltd., Sterling Bank Ltd., Sterling Casualty & Insurance Ltd., Sterling Investment Management Ltd., Sterling Trust (Anguilla) Ltd., and Strategic Investment Portfolio LLC.

7. On April 24, 2007, I filed a Motion of Equity Receiver Regarding the Treatment of the Sterling Claims and Claims of Sterling Investors (the "Sterling Motion"). In this motion and supporting papers, I explained the status of the Sterling claims and the additional problems that have come to light regarding them. I also recommended aggregating the Sterling claims into a single claim for purposes of distribution and then dividing up the funds to be distributed on account of the aggregated Sterling Claim ratably among the individual Sterling investors and paid directly to them. I then detailed the individual Sterling investor claims received and explained my recommendations as why each such claim should be allowed or disallowed.

8. On April 24, 2007, I also provided notice of the Sterling Motion to persons who were sent claim forms and requests for information in or around October 2006 and advised them of the May 4, 2007 date to respond to the Sterling Motion.

9. Sterling investor Patti Reiter filed a submission with the Court responding to the Sterling Motion.

10. In Ms. Reiter's response, she amends information contained in the claim form she and her husband submitted to me in November 2006. In their prior claim form, the Reiters stated that they invested \$130,037 with Sterling ACS Ltd., of which \$55,000 was invested on January 6, 2004 and \$75,037 was invested on March 8, 2004. The claim form also indicated that the

Reiters were told by Sterling that the latter amount was not actually invested. Their response to the Court dated May 2, 2007 appears inconsistent with their claim form. In this response, the Reiters state that the \$75,037 was sent to “the Strategic Fund however they did not start trading the monies yet.”

11. Despite this new information from the Reiters, my previous conclusion regarding their \$75,037 investment remains unchanged – this investment cannot be traced to Tech Traders. My conclusion is confirmed by the McCormack tracing analysis, which shows that there were no Sterling transfers to Tech Traders on or after March 8, 2004 which could have included the Reiters’ \$75,037. This is also supported by the Supplemental Declaration Under Penalty of Perjury of Joy McCormack attached hereto as Exhibit A.

12. In their May 2, 2007 response, the Reiters also provide documentation to support an additional investment in the amount of \$145,000 with Strategic Investment Portfolio on January 12, 2003. Four days later, on January 16, 2003, the Sterling bank records reflect that \$240,000 was transferred from Sterling ACS, Ltd. to Tech Traders. Although the Reiters’ funds are not definitely traceable to Tech Traders, the Reiters are the only identifiable claimants whose funds could well have been included within the \$240,000 transferred from the Sterling ACS account to Tech Traders on January 16, 2003 (Transaction #13 as identified in the McCormack tracing analysis.) This is consistent with the determination reached by Joy McCormack in her Supplemental Declaration.

13. Therefore, I recommend that the Reiters’ claim be fully allowed with respect to the \$145,000 transfer and only allowed for one-half of the \$55,000 transferred (as explained more fully in my first affidavit), for a total allowed claim of \$172,500.

Affiant says nothing further

Stephen T. Bobo

Stephen T. Bobo

SUBSCRIBED AND SWORN
to before me this 11th day of
May, 2007

Jennifer Lynn Iraci

NOTARY PUBLIC



Exhibit A

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**SUPPLEMENTAL DECLARATION UNDER PENALTY OF PERJURY OF
JOY MCCORMACK PURSUANT TO 28 U.S.C. § 1746**

I, Joy McCormack, hereby declare as follows:

1. I am a Senior Futures Trading Investigator with the Division of Enforcement of the United States Commodity Futures Trading Commission ("Commission" or "CFTC"), an independent regulatory agency of the United States Government. I have been employed with the Commission's Division of Enforcement since 1999.

2. I have been primarily responsible for the investigation conducted by the Division of Enforcement into the facts surrounding the case of *CFTC v. Equity Financial Group, LLC, et al.* As part of this investigation, I have been assigned the task of obtaining and reviewing financial records and other relevant documents relating to various individuals who and entities that invested with the Receivership Defendants in the case.

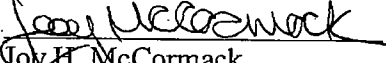
3. This declaration serves as a supplement to the declaration I prepared and signed on April 24, 2007 in support of the Motion of Equity Receiver Regarding Treatment of the Sterling Claims and Claims of Sterling Investors (the "Sterling Motion"). My April 24, 2007 declaration, along with the tracing analysis I prepared in support thereof, were designated as Exhibit C to the Affidavit of Stephen T. Bobo in Support of Motion of Equity Receiver Regarding Treatment of the Sterling Claims and the Claims of Sterling Investors.

4. Based on the new information submitted by Sterling investor Patti Reiter in response to the Sterling Motion, I have reached the following conclusions:

a. Patti and Gary Reiter: In November 2006, the Reiters provided a claim form and supporting documentation showing that they invested a total of \$130,037 with Sterling ACS Ltd. In particular, they provided wire transfer advices that confirmed they wired \$55,000 to Sterling ACS Ltd. on January 6, 2004, and \$75,000 on March 8, 2004. On their claim form, the Reiters acknowledged that they were told (apparently by the Sterling Entities) the \$75,037 transfer "never actually got invested." In the Reiters' May 2, 2007 response to the Sterling Motion, they claim that these funds may have been invested with Tech Traders. In particular, Ms. Reiter states that the \$75,037 was sent to "the Strategic Fund however they did not start trading the monies yet." Despite this information, as I stated in my April 24, 2007 declaration, there are no transfers from the Sterling Entities to Tech Traders on or around March 8, 2004 in the amount of \$75,000, or a comparable amount. As for the Reiters' \$55,000 investment, while it cannot be definitely traced to Tech Traders, it is possible that the Reiters' funds represent a portion of the Sterling Entities' January 15, 2004 transfer of \$225,000, through the Bahamian financial institution Alliance, to Tech Traders (Transaction #38). In their May 2, 2007

response, the Reiters also provide documentation to support an additional investment in the amount of \$145,000 with Strategic Investment Portfolio on January 12, 2003. In particular, the Reiters provide a cancelled check showing that a Mountain Top Enterprise sent a check payable to Professional Fiduciaries on November 18, 2002 in the amount of \$148,000, along with Sterling Statements of Activity showing Sterling ACS's receipt of these funds and a transfer of a portion of these funds (totaling \$145,000) on January 12, 2003 to Strategic Investment Portfolio. On January 16, 2003, the Sterling bank records show that \$240,000 was transferred from Sterling ACS, Ltd. to Tech Traders (Transaction #13). This transfer cannot definitely be traced to any particular investor, and it is possible that the Reiters' funds represent a portion of this transfer. In sum, \$200,000 of the Reiters' total investment of \$275,037 may have been transferred to Tech Traders.

I declare under penalty of perjury that the foregoing is true and correct. I have executed this Declaration on the 10th day of May 2007.


Joy H. McCormack
Investigator

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