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

Honorable Robert B. Kugler

Defendants.)

**TWELFTH 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 January 1, 2007 through March 31, 2007. Pepper Hamilton seeks interim compensation in the amount of \$2,793.00 and reimbursement of expenses in the amount of \$5.84.

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, the 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. 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 January 1, 2007 through March 31, 2007, Pepper Hamilton has provided 8.4 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 Twelfth Applications for Interim Compensation and Expense Reimbursement of Equity Receiver, Reed Smith Sachnoff & Weaver and Pepper Hamilton LLP and Tenth 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 April 9, 2007, Pepper Hamilton filed its eleventh quarterly fee application with the Court, requesting fees in the amount of \$4,560.00 and reimbursement of expenses in the amount of \$296.99 for the period from October 1, 2006 through December 31, 2006. The Court ruled on this eleventh fee application on May 15, 2007.

6. Pepper Hamilton files this twelfth fee application for professional services provided to the Receiver during the first quarter of 2007.

A. General Estate Administration

7. Pepper Hamilton seeks compensation for 5.1 hours of professional services related to the administration of the receivership estate from January 1, 2007 through March 31, 2007. 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 the first quarter of 2007, Pepper Hamilton communicated with the Receiver and his counsel regarding inquiries from various investors regarding the status of the case. Pepper Hamilton also advised the Receiver about the status of various pleadings filed by the Receiver, the filing of a notice of name change after the

Receiver's law firm, Sachnoff & Weaver, merged into the firm of Reed Smith LLP in March 2007, and the relevant rules on stays pending appeal.

B. Reviewing and Filing Motion and Reports With the Court

8. Pepper Hamilton seeks compensation for 3.3 hours for services related to the filing of various motions, reports, and other pleadings from January 1, 2007 through March 31, 2007. 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 first quarter of 2007, Pepper Hamilton reviewed and filed the following documents: the Receiver's Sixth Interim Report, the Receiver's Motion to Disallow the Claims of Certain Universe Investors Based on Repayments Received from Kaivalya Holding Group, the Tenth Applications for Interim Compensation and Expense Reimbursement on behalf of Reed Smith Sachnoff & Weaver and Pepper Hamilton, and the Eighth Application for Interim Compensation and Expense Reimbursement on behalf of FGMK.

C. Expenses for Which Pepper Hamilton Seeks Reimbursement

9. Pepper Hamilton seeks expense reimbursement for \$5.84 incurred for a reference service from January 1, 2007 through March 31, 2007. 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, a senior 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 \$2,793.00 for the 8.4 hours of professional services performed by Carr, whose discounted hourly rate is \$332.50.

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 \$2,793.00 to Pepper Hamilton for services provided and in the amount of \$5.84 for expenses incurred and advanced from January 1, 2007 through March 31, 2007;
2. Authorizing the Receiver to pay Pepper Hamilton the amount of \$2,793.00 in fees and \$5.84 in expenses from the receivership estate; and
3. Providing Pepper Hamilton further relief as may be appropriate in these circumstances.

Respectfully submitted,

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By: s/ Jeffrey A. Carr
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