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**In The United States District Court  
For The District Of New Jersey**

Commodity Futures Trading Commission,  
Plaintiff,

vs.

Equity Financial Group LLC,  
Tech Traders, Inc.,  
Vincent J. Firth, and  
Robert W. Shimer,  
Defendants.

**Civil Action No:**

Complaint For Injunctive And  
Other Equitable Relief And  
Civil Monetary Penalties Under  
The Commodity Exchange Act

## I. The Parties and A Related Entity

1. The parties to this action are as follows:

a. Plaintiff Commodity Futures Trading Commission (“Commission”) is an independent federal regulatory agency that is charged with responsibility for administering and enforcing the provisions of the Commodity Exchange Act, as amended (the “Act”), 7 U.S.C. §§ 1 *et seq.* (2002), and the Regulations promulgated thereunder, 17 C.F.R. §§ 1 *et seq.* (2003). The agency’s principal office and headquarters is located at Three Layette Centre, 1155 21<sup>st</sup> Street, NW, Washington, DC 20581, although this matter is being prosecuted through its Chicago Regional Office at 525 West Monroe Street, Suite 1100, Chicago, Illinois 60661.

b. Defendant Equity Financial Group, LLC, (“Equity”) is a New Jersey limited liability company formed on September 1, 1998, with an address of 3 Aster Court, Medford, NJ 08055.

c. Defendant Tech Traders, Inc. is a Delaware corporation located at 1903 Auten Road, Gastonia, NC 28054.

d. Defendant Vincent J. Firth is the President and sole shareholder of Equity. He also resides at 3 Aster Court, Medford, NJ 08055.

e. Defendant Robert W. Shimer is legal counsel for Shasta and Equity and resides at 1225 West Leesport Road, Leesport, Pennsylvania 19533.

f. Shasta Capital Associates, LLC (“Shasta”) is a Delaware limited liability company, also with address at 3 Aster Court, Medford, NJ 08055, and with a web site at <http://www.shastacapitalassociates.com/> . It is the commodity pool operated by Equity for the speculative trading of commodity futures with pool participant funds.

## II. Summary Of Action

2. The Commission seeks emergency injunctive relief to enjoin a fraudulent multi-million dollar solicitation scheme. Since at least June 2001 and continuing to the present (the “relevant time”), Equity and Firth have solicited and received at least \$5.7 million from at least 29 investors for participation interests in Shasta. Shasta is an enterprise operated as a commodity pool that is engaged in the business of investing the collective, or “pooled”, funds of multiple participants in trading commodity futures or options, where participants share in profits and losses on a pro rata basis. Equity is the unregistered commodity pool operator (“CPO”) for Shasta. In a Private Placement Memorandum and in other means of soliciting participation interests in Shasta, Equity claims that pool participants’ funds in Shasta are placed with a trading company with access to a managed futures trading system for the trading of commodity futures contracts on selected financial markets. Equity and Firth falsely tout “astonishing” performance of the Shasta commodity pool, claiming that the pool has earned trading profits of approximately 100% per annum since inception, when in fact it appears that the trading accounts into which the pool participants’ funds were placed actually have suffered large losses that have not been disclosed to the pool participants. Equity has also received disbursements from the pool and from Tech Traders, the secret commodity trading advisor selected by Equity, totaling over \$196,000.

3. Tech Traders illegally accepts the pool participants’ funds in its own name and trades those funds in futures trading accounts that Tech Traders maintains in its own name. Tech Traders misrepresented to the futures commission merchants carrying those accounts that the funds were its own. On information and belief, Tech Traders incurred trading losses of at least \$3.5 million during the last 12 months alone. On information and belief, Tech Traders received management fees to which it is not entitled, in that the Private Placement Memorandum

distributed to pool participants states that the trading company selected by Equity shall receive a share of trading profits remaining after payment of a monthly preferential return on investment received by Shasta.

4. As noted above, Equity is the unregistered CPO for Shasta. Shimer has aided and abetted Equity's failure to register as a CPO by accepting Shasta funds on behalf of an unregistered CPO. Shimer has also aided and abetted Tech Traders' prohibited act of receiving Shasta pool funds and trading those funds in its own name by entering into an investment agreement with Tech Traders that allows such concealment.

5. Firth misrepresented Shasta's performance and his own experience and qualifications. He is the controlling person of Equity and did not act in good faith or knowingly induced the acts constituting its violations, and therefore is liable for those violations.

6. Thus, Equity, Firth, Shimer, and Tech Traders (collectively, the "Defendants") have engaged, are engaging, or are about to engage in acts or practices which violate sections of the Act, 7 U.S.C. §§ 1 *et seq.* (2002), or Commission Regulations thereunder, 17 C.F.R. §§ 1 *et seq.* (2003). Specifically, Equity and Firth have violated Sections 4b and 4o (1) of the Act, 7 U.S.C. §§ 6b and 6o(1), by misrepresenting the performance of the commodity pool and accepting disbursements to which they were not entitled. Equity also violated Section 4m(1) of the Act, 7 U.S.C. § 6m(1), by failing to register with the Commission as a CPO and Firth violated Section 4k(2) of the Act, 7 U.S.C. § 6k(2), by failing to register as an associated person ("AP") of Equity. Tech Traders has violated Commission Regulation 4.30, 17 C.F.R. § 4.30, by holding and trading pooled investor funds in Tech Trader's name. Shimer has also violated Section 4m(1) and Regulation 4.30 by aiding and abetting Equity's failure to register and Tech Trader's holding of pool participant funds in its own name.

7. Unless restrained and enjoined by this Court, Defendants are likely to continue to engage in the acts and practices alleged in this Complaint and in similar acts and practices, as more fully described below.

8. Accordingly, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, the Commission brings this action to enjoin such acts and practices, prevent the dissipation of assets, and compel compliance with the provisions of the Act. In addition, the Commission seeks civil penalties, an accounting, restitution, disgorgement and such other equitable relief as the Court may deem necessary or appropriate under the circumstances.

### III. Jurisdiction And Venue

9. The Act establishes a comprehensive system for regulating the purchase and sale of commodity futures contracts and options on commodity futures. This Court has jurisdiction over this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, which authorizes the Commission to seek injunctive relief against any person whenever it shall appear to the Commission that such person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of any provision of the Act or any rule, regulation or order thereunder.

10. Venue properly lies with this Court pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1(e), in that the Defendants are found in, inhabit, and transact business in this District, and the acts and practices in violation of the Act have occurred, are occurring, or are about to occur within this District.

## IV. Facts

### A. Statutory Background

11. A “commodity pool” is defined in Commission Regulation 4.10(d)(1), 17 C.F.R. § 4.10(d)(1), as any investment trust, syndicate or similar form of enterprise engaged in the business of investing its pooled funds in trading commodity futures and/or commodity options.

12. A “commodity pool operator” (“CPO”) is defined in Section 1a(5) of the Act, 7 U.S.C. § 1(a)(5), as any person engaged in a business that is of the nature of an investment trust, syndicate, or similar form of enterprise, and who, in connection therewith, solicits, accepts or receives from others, funds, securities, or property, either directly or through capital contributions, the sale of stock or other forms of securities or otherwise, for the purpose of trading in any commodity for future delivery on or subject to the rules of any contract market.

13. A “participant” is defined in Commission Regulation 4.10(c), 17 C.F.R. § 4.10(c), as any person who has any direct financial interest in a commodity pool.

14. A “commodity trading advisor” (“CTA”) is defined in Section 1a(6) of the Act as any person who for compensation or profit, engages in the business of advising others, either directly or through publications, writings, or electronic media, as to the value of or advisability of any contract of sale of a commodity for future delivery made or to be made on or subject to the rules of a contract market or derivatives transaction execution facility.

15. A “futures commission merchant” (“FCM”) is defined in Section 1a(20) of the Act as an individual, association, partnership, corporation or trust that is engaged in soliciting or in accepting orders for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market or derivatives execution facility and in or in connection with such solicitation or acceptance or orders, accepts any money, securities, or property (or extends

credit in lieu thereof) to margin, guarantee, or secure any trades or contracts that result or may result therefrom.

16. An "associated person" ("AP") is a person associated with, among others, a CPO as a partner, officer, employee, consultant or agent (or any person occupying a similar status or performing similar functions), in any capacity that involves: (i) the solicitation or acceptance of participation in a commodity pool (other than in a clerical capacity); or (ii) the supervision of any person or persons so engaged.

17. An "accredited investor" is defined by Rule 501 of Regulation D of the Securities Act of 1933, 17 C.F.R. § 230.501 (2003) as any natural person who has an individual net worth, or joint net worth with a spouse, of \$1,000,000 or individual income in excess of \$200,000 in each of the two most recent years or in excess of \$300,000 in joint income with a spouse during those years.

B. None of the Defendants is Registered with the Commission in Any Capacity

18. Shasta is the commodity pool operated by Equity. According to its Private Placement Memorandum issued on June 30, 2001, revised effective February 18, 2003 and September 2, 2003, Equity offers for sale to prospective pool participants, called "accredited investors", 200,000 member shares in Shasta, with a minimum subscription of 1,000 member shares at \$100 per share, for a total minimum subscription of \$100,000. According to the Private Placement Memorandum, ninety-nine percent of the proceeds from this offering are supposed to be invested by the pool operator for the benefit of Shasta.

19. Equity is the CPO of Shasta. It has never been registered with the Commission, nor has it filed an exemption from registration. Nonetheless, it has accepted at least over \$196,000 in disbursements from the pool and Tech Traders.

20. Tech Traders is the CTA selected by Equity to trade Shasta funds. Tech Traders has never been registered with the Commission. It trades commodity futures contracts for Shasta in accounts it maintains in its own name that are carried at at least two FCMs. In account opening documents Tech Traders submitted to one of these FCMs, it claimed to be a family-run company with a net worth of \$1 to 5 million.

21. Firth is the President and sole shareholder of Equity. He has never been registered with the Commission, but was registered in the securities industry as a registered representative of several broker-dealers between 1981 and 1990.

21. Shimer is legal counsel for Shasta and its CPO, Equity. He is an attorney and has been a member of the Massachusetts Bar since 1973. From June to December 1986, he was registered as an AP of Churchill Commodities, a former CPO that had been registered with the Commission. From December 1988 to April 1989, he was registered as an AP of Capital Management Partners, a former introducing broker. Shimer drafted the Private Placement Memorandum and all related documents, as well as all filings with the Securities Exchange Commission under Rule 501 of Regulation D of the Securities Act of 1933, 17 C.F.R. § 230.501 (2003), commonly known as Form D filings.

C. The Defendants Repeatedly Tout Astonishing Performance in the Shasta Pool

23. Equity and Firth have solicited prospective participants to invest in the Shasta commodity pool since at least June 2001. Since approximately June 2001, they have solicited investors to purchase commodity futures contracts using a “unique computerized approach called the ‘Synergetic Portfolio Trading System.’” Equity solicits interest in Shasta by various means, including distribution of a Private Placement Memorandum drafted by Shimer, operation of a website, <http://www.shastacapitalassociates.com/>, and provision of information to third parties that tout hedge funds to investors on various web sites, including <http://www.hedgeco.net/>.



24. According to its Private Placement Memorandum, Equity also claims that its trading system, called the "Synergy Trading System" in the Private Placement Memorandum, has resulted in "astonishing performance," delivering an average net return of over 100% in 2001 and 2002.

25. On the <http://www.shastacapitalassociates.com/> web site, Equity claims that Shasta has earned monthly returns of as much as 30.19% and no less than 9% for every month since January 2001. The web site currently reports purported returns totaling over 130% for the period March 2003 to February 2004.

26. On information and belief, it appears that prospective investors learn about Shasta through internet searches of web sites such as <http://www.hedgeco.net/>, which has touted Shasta as a top performing hedge fund and featured Shasta as the hedge fund of the week during the week of March 14, 2004. According to the hedgeco.net site, Shasta was up over 8% net of all fees for January and February 2004 and has also achieved net returns of 107.54% in 2002 and 92.02% in 2003. On information and belief, some or all of this performance information is supplied to Hedgeco and other third parties by Equity and Firth.

D. Shasta's Form D Filings Show Large Sums of Money Invested in Shasta

27. The Form D filings filed by Shimer show that these extraordinary returns touted by Equity and Firth have attracted a number of pool participants who have invested substantial sums of money in Shasta. According to the Form D filings, as of February 2002, Shasta had only one participant who had invested \$100,000. However, Shasta's October 2003 amendment to its Form D filing states that by October 10, 2003, it had 29 investors who collectively had invested an aggregate \$5,710,973 in participation interests. It appears that the amount of money invested in Shasta continues to increase.

E. Pool Participants have Invested Millions of Dollars for Interests in Shasta

28. Equity, Firth and/or Shimer deposit funds Equity receives from Shasta pool participants into a bank account designated as an escrow account of Shimer's for the benefit of Shasta, where the funds are pooled. Between January 2002 and February 2004, Shimer accepted deposits totaling over \$14.9 million.

29. From time to time, Equity, Firth and/or Shimer caused portions of these funds to be transferred to Tech Traders on behalf of Shasta. Since February 2002, at least \$9.6 million has been transferred from Shimer's escrow account to Tech Traders.

30. Upon accepting the Shasta pool participants' funds, Tech Traders holds the funds in a bank account in its own name. From time to time, Tech Traders causes portions of these funds to be transferred from this account into one or more commodity futures trading accounts that Tech Traders maintains in its own name at one or more FCMs. Tech Traders uses these funds to trade commodity futures contracts. Between March 2003 and March 2004, Tech Traders has transferred over \$14.9 million into its trading accounts at two FCMs.

31. At all relevant times, Tech Traders knew that the funds it received from Shasta were comprised of funds invested by third-party pool participants.

F. The Private Placement Memorandum Conceals the Identity of the CTA that Equity Selected to Trade Shasta's Funds and the Identity of the Purported CPA that Provides Independent Verification of the Trading Performance

32. According to the Private Placement Memorandum, Shasta invests its funds with an undisclosed "private trading company" that holds the funds for trading not in the name of Shasta, but in the name of the trading company. That "private trading company" is Tech Traders.

33. According to the Private Placement Memorandum, a "Certified Public Accounting Firm" provides "independent verification" to the profitability of the trading system

used by Tech Traders. This representation is misleading, in that it would cause a reasonable investor to believe that the trading results touted by Equity and Firth are legitimate. However, the Private Placement Memorandum does not identify the name of the “Certified Public Accounting Firm.” In addition, the Private Placement Memorandum elsewhere indicates that even the “Certified Public Accounting Firm” does not actually review the trading statements of Tech Traders. That function allegedly is performed by yet another unidentified firm.

34. The Private Placement Memorandum misleadingly depicts that Firth, the president of Equity, is a successful businessman. It states that Firth has been in the real estate and finance business since 1981 and has 20 years experience in sales, operations, planning and competitive market development, including successful orchestrations of several start-up sales operations and a real estate holding, consulting, and finance company. The Private Placement Memorandum omits to disclose that Firth and his wife Patricia twice have filed for bankruptcy under Chapter 13 of the Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.* (2003), in October 2000 and February 2003, and also for discharge under Chapter 7 of the Code in 1992. In addition, the Private Placement Memorandum states that Firth holds an NASD Series 7 license, when in fact he is not so registered.

35. The Private Placement Memorandum contains other misleading representations and omissions of material fact, including, but not limited to:

a. a representation that it would be a benefit to the pool participants that their funds would be held at an FCM in the name of Tech Traders, rather than in the name of Shasta;

b. omitting to state that Tech Traders would misrepresent the true ownership of trading account funds to the FCMs carrying the trading accounts, and

c. a representation that Shasta would not be subject to any margin call that may occur as a result of trading by Tech Traders, which, while technically true, is nevertheless misleading in that the entirety of the pool participants' funds in Shasta remain at risk.

G. The Defendants Have Failed to Disclose that the Trading Accounts Containing Pool Participant Funds Are Losing Money

36. The performance of Tech Traders' accounts has belied the touted performance numbers on Shasta's website and the Private Placement Memorandum distributed by Equity and Firth. For the period March 2003 to February 2004, the commodity futures trading accounts containing Shasta pool participant funds lost \$3,554,112.44. Only one month, November 2003, showed any profit at all.

V. Violations of the Commodity Exchange Act  
and Commission Regulations

Count I

Violations of Section 4b of the Act  
Fraud by Misrepresentation

37. The allegations set forth in paragraphs 1 through 36 are re-alleged and incorporated herein.

38. Section 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. §§ 6b(a)(2)(i)-(iii), makes it unlawful for any person to cheat or defraud or attempt to cheat or defraud; or willfully make or cause to be made to other persons false reports or statements, or willfully enter or cause to be entered for other persons false records; or willfully deceive or attempt to deceive by any means whatsoever other persons in or in connection with orders to make, or the making of, contracts of sale of commodities, for future delivery, made, or to be made, for or on behalf of such other persons where such contracts for future delivery were or may have been used for (a) hedging any

transaction in interstate commerce in such commodity, or the products or byproducts thereof, or  
(b) determining the price basis of any transaction in interstate commerce in such commodity, or  
(c) delivering any such commodity sold, shipped or received in interstate commerce for the  
fulfillment thereof.

39. From at least March 2003 to the present, Equity and Firth have cheated or defrauded or attempted to cheat or defraud and willfully deceived or attempted to deceive pool participants or prospective pool participants by misrepresenting the performance of the commodity pool and other misrepresentations and omissions of material facts.

40. The actions and omissions of Firth described in this count were done within the scope of his employment with Equity. Therefore, Equity is also liable for Firth's violations of Section 4b(a)(2)(i)-(iii) of the Act, pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2a(1)(B).

41. Firth directly or indirectly, controlled Equity and did not act in good faith or knowingly induced, directly or indirectly, the acts constituting Equity's violations alleged in this count. Firth is thereby liable for Equity's violations of Section 4b(a)(2)(i)-(iii) of the Act, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b).

42. Each material misrepresentation or omission made during the relevant time period, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 4b(a)(2)(i)-(iii) of the Act.

## Count II

### Violations of Section 4o(1) of the Act: Commodity Pool Fraud

43. Paragraphs 1 through 36 are re-alleged and incorporated herein.

44. During the relevant time period, Equity acted as a CPO in that it engaged in a business that is of the nature of an investment trust, syndicate, or similar form of enterprise and

in connection therewith, has solicited, accepted or received funds, securities or property from others for the purpose of trading in any commodity for future delivery on or subject to the rules of any contract market or derivatives transaction execution facility. Firth acted as an AP to Equity in that he solicited pool participants to invest in Shasta.

45. From at least March 2003 through the present, Equity and Firth have violated Section 4o(1) of the Act, 7 U.S.C. § 6o(1), in that they directly or indirectly employed or are employing a device, scheme, or artifice to defraud commodity pool participants, or have engaged or is engaging in transactions, practices or a course of business which operated as a fraud or deceit upon commodity pool participants by means of the acts and practices described in paragraphs 1 through 36.

46. In connection with such conduct, Equity and Firth used or are using the mails and other means or instrumentalities of interstate commerce, directly or indirectly, to engage in business as a CPO and an AP of a CPO.

47. The actions and omissions of Firth described in this count were done within the scope of his employment with Equity. Therefore, Equity is also liable for Firth's violations of Section 4o(1) of the Act, pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2a(1)(B).

48. Firth, directly or indirectly, controlled Equity and did not act in good faith or knowingly induced, directly or indirectly, the acts constituting Equity's violations alleged in this count. Firth is thereby liable for Equity's violations of Section 4o(1), pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b).

### Count III

#### **Violation of Section 4m(1) of the Act: Failure to Register as a CPO**

49. Paragraphs 1 through 36 are re-alleged and incorporated herein.

50. During the relevant time period, Equity has acted as a CPO in that it has engaged in a business that is of the nature of an investment trust, syndicate, or similar form of enterprise and in connection therewith, and has solicited, accepted or received funds, securities or property from others for the purpose of trading in any commodity for future delivery on or subject to the rules of any contract market or derivatives transaction execution facility.

51. In connection with such conduct, Equity used or is using the mails and other means or instrumentalities of interstate commerce, directly or indirectly, to engage in business as a CPO.

52. Equity engaged and continues to engage in these activities without the benefit of registration, in violation of Section 4m(1) of the Act, 7 U.S.C. § 6m(1) (2002).

53. Firth, directly or indirectly, controlled Equity and did not act in good faith or knowingly induced, directly or indirectly, the acts constituting Equity's violations alleged in this count. Firth is thereby liable for Equity's violations of Section 4m(1), pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b).

54. Shimer aided and abetted Equity's violation of Section 4m(1) of the Act by accepting investor funds in an escrow account entitled Robert W. Shimer escrow, attorney escrow account, Shasta Capital Associates, LLC, on behalf of Equity, an unregistered CPO.

55. Each use of the mails or any means or instrumentality of interstate commerce in connection with its business as a CPO without proper registration during the relevant time

period, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 4m(1) of the Act, 7 U.S.C. § 6m(1).

#### COUNT IV

##### Violation of Section 4k(2) of the Act Failure To Register as an AP of a CPO

56. Paragraphs 1 through 36 are re-alleged and incorporated herein.

57. During the relevant time period, Firth was associated with Equity, a CPO, as a partner, officer, employee, consultant, or agent (or in a similar status), in a capacity that involved the solicitation of funds, securities or property for participation in Shasta, a commodity pool without the benefit of registration, in violation of Section 4k(2) of the Act, 7 U.S.C. § 6k(2) (2002).

58. The actions and omissions of Firth described in this count were done within the scope of his employment with Equity. Therefore, Equity is also liable for Firth's violations of Section 4k(2) of the Act, pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2a(1)(B).

#### COUNT V

##### Violation of Regulation 4.30 Holding Third Party Funds in the Name of the CTA

59. Paragraphs 1 through 36 are re-alleged and incorporated herein.

60. Regulation 4.30 prohibits any CTA from soliciting, accepting or receiving from an existing or prospective client funds, securities or other property in the trading advisor's name to purchase, margin, guarantee or secure any commodity interest of the client.

61. Tech Traders was the CTA for Shasta in that, for compensation or profit, it advised the Shasta commodity pool as to the advisability of trading in commodity futures contracts.



62. As CTA for the Shasta pool, Tech Traders violated Regulation 4.30 by accepting Shasta funds and trading them in its accounts at future commission merchants under its own name.

63. Shimer aided and abetted Tech Trader's violation of Regulation 4.30 pursuant to Section 13(a) of the Act, 7 U.S.C. § 13c(a), by drafting an investment agreement between Shasta and Tech Traders that provides that pool funds will be held in the name of Tech Traders. Shimer also drafted the Private Placement Memorandum that also sets out that funds will be held in the name of the trading company.

64. Each act of accepting funds into Tech Traders' commodity interest accounts in its own name including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Commission Regulation 4.30, 17 C.F.R. § 4.30.

## VI. Relief Requested

WHEREFORE, the Commission respectfully requests that this Court, as authorized by Section 6c of the Act, 7 U.S.C. § 13a-1, and pursuant to its own equitable powers:

A. Find Equity and Firth liable for violating Sections 4b, 4k(2), 4m(1) and 4o(1) of the Act, 7 U.S.C. §§ 6b, 6k(2), 6m and 6o(1), Shimer for violating Section 4m(1) of the Act, and Tech Traders and Shimer liable for violating Commission Regulation 4.30, 17 C.F.R. §§ 4.30;

B. Enter an order of permanent injunction enjoining Defendants and all persons insofar as they are acting in the capacity of their agents, servants, employees, successors, assigns, and attorneys, and all persons insofar as they are acting in active concert or participation with Defendants who receive actual notice of such order by personal service or otherwise, from directly or indirectly:

1. Engaging in conduct in violation of Sections 4b, 4k, 4m(1) and 4o(1) of the Act, 7 U.S.C. §§ 6b, 6k, 6m and 6o(1), and Commission Regulation 4.30, 17 C.F.R. § 4.30;
2. Directly or indirectly soliciting or accepting any funds from any person in connection with the purchase or sale of any commodity futures or options contract;
3. Engaging in, controlling, or directing the trading of any commodity futures or options accounts, on their own behalf or for or on behalf of any other person or entity, whether by power of attorney or otherwise;
4. Introducing customers to any other person engaged in the business of commodity futures and options trading;
5. Issuing statements or reports to others concerning commodity futures or options trading;
6. Otherwise engaging in any business activities related to commodity futures or options trading.

C. Enter an order pursuant to Section 6c(a) of the Act restraining Defendants and all persons insofar as they are acting in the capacity of Defendants' agents, servants, successors, employees, assigns, and attorneys, and all persons insofar as they are acting in active concert or participation with them who receive actual notice of such order by personal service or otherwise, from directly or indirectly:

1. Destroying, mutilating, concealing, altering or disposing of any books and records, documents, correspondence, brochures, manuals, electronically stored data, tape records or other property of Defendants, or Shasta Capital Associates, LLC wherever located, including all such records concerning Defendants' and Shasta's business operations;
2. Refusing to permit authorized representatives of the Commission to inspect, when and as requested, any books and records, documents, correspondence, brochures, manuals, electronically stored data, tape records or other property of Defendants, or Shasta wherever located, including all such records concerning Defendants' business operations; and
3. Withdrawing, transferring, removing, dissipating, concealing or disposing of, in any manner, any funds, assets, or other property, wherever situated, including but not limited to, all funds, personal property, money or securities held in safes, safety deposit boxes and all funds on deposit in

any financial institution, bank or savings and loan account held by, under the control, or in the name of the Defendants or Shasta Capital Associates, LLC;

D. Enter an order directing that Defendants provide the Plaintiff immediate and continuing access to their books and records and the books and records of Shasta, make an accounting to the Court of all of Defendants' assets and liabilities, together with all funds they received from and paid to pool participants and other persons in connection with commodity futures transactions or purported commodity futures transactions, including the names, addresses and telephone numbers of any such persons from whom they received such funds from June 2001 to the date of such accounting, and all disbursements for any purpose whatsoever of funds received from commodity pool participants, including salaries, commissions, fees, loans and other disbursements of money and property of any kind, from June 2001 to and including the date of such accounting;

E. Enter an order requiring Defendants to disgorge to any officer appointed or directed by the Court or directly to the pool participants all benefits received including, but not limited to, salaries, commissions, loans, fees, revenues and trading profits derived, directly or indirectly, from acts or practices which constitute violations of the Act as described herein, including pre-judgment interest;

F. Enter an order requiring Defendants to make restitution by making whole each and every pool participant whose funds were received or utilized by them in violation of the provisions of the Act as described herein, including pre-judgment interest;

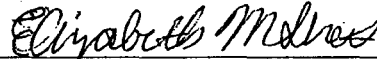
G. Enter an order requiring Defendants to pay civil penalties under the Act, to be assessed by the Court, in amounts of not more than the higher of: (1) triple the monetary gain to Defendant for each violation of the Act and Regulations, or (2) \$120,000 for each violation of the Act and Regulations;

H. Enter an order requiring Defendants to pay costs and fees as permitted by 28 U.S.C. §§ 1920 and 2412(a)(2) (1994); and

I. Enter an Order providing such other and further relief as this Court may deem necessary and appropriate under the circumstances.

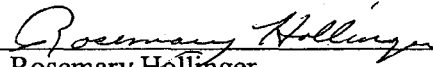
Date: April 1, 2004

Respectfully submitted,



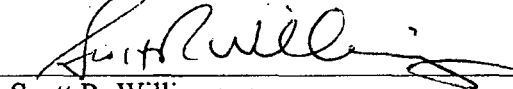
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