

**UNITED STATES DISTRICT COURT
FOR THE
DISTRICT OF NEW JERSEY
CAMDEN VICINAGE**

COMMODITY FUTURES TRADING)	
COMMISSION,)	
)	
Plaintiff,)	
)	
vs.)	Civil Action No.: 04CV 1512
)	
EQUITY FINANCIAL GROUP, LLC,)	Honorable Robert B. Kugler
TECH TRADERS, INC., TECH)	
TRADERS, LTD., MAGNUM)	
INVESTMENTS, LTD., VINCENT J.)	
FIRTH, ROBERT W. SHIMER, COYT E.)	
MURRAY, and J. VERNON ABERNETHY)	
)	
Defendants.)	

SECOND INTERIM REPORT OF EQUITY RECEIVER

Stephen T. Bobo, as Equity Receiver (the “Receiver”) for defendants Equity Financial Group, LLC, Tech Traders, Inc., Tech Traders, Ltd., Magnum Investments, Inc., Magnum Capital Investments, Inc., Vincent J. Firth, and Robert W. Shimer, submits this second interim report to apprise the Court of his activities through October 31, 2004. This report summarizes the status of the investor claim process. In addition, the report details the efforts made in carrying out Receiver’s responsibilities to administer the receivership estate and provides an updated summary of the funds held by the receivership estate.

Within a week following the entry of the order authorizing the investor claim process, the Receiver sent out claim forms to all persons believed to have invested with Tech Traders and Shasta Capital Associates. Approximately 170 claim forms were initially sent out, with responses requested within 30 days. The Receiver has received back approximately 100 claim forms. A Sachnoff & Weaver, Ltd. paralegal is following up with investors regarding deficiencies in the information provided on the claim forms or in the supporting documentation.

Certain of the investors appear to have difficulty explaining and documenting their dealings with the defendants. A number of the investors are entities consisting of groups of investors which often makes understanding the beneficial ownership difficult. An additional group of names of potential investors was recently culled from the records of Tech Traders. The Receiver has caused claim forms to be sent out to this supplemental list.

The Receiver is reviewing the claims received to the extent necessary to propose a plan of distribution to the Court. The Receiver's current intent is to propose an initial distribution of a portion of the funds on hand to those investors whose claims are fully documented and not subject to an objection. As any objections to other claims are resolved, then those claims would also be eligible for the same percentage amount of distribution. The Receiver is awaiting certain additional information concerning the total amount of potential investor and creditor claims before determining how large the initial distribution should be. In addition, the Receiver is reviewing the alternatives for how to take into account funds that investors already received back from the defendants for purposes of the distribution, given the facts and circumstances of this case.

The Receiver is working with the accounting the firm of FGMK, LLC to establish the sources and uses of the funds that passed through the bank accounts of Tech Traders, its predecessor entity Magnum, Shasta Capital Associates, and other entities affiliated with Shasta. This task has been complicated by the lack of complete records kept by many of the defendants, the nearly 50 bank and trading accounts involved, the difficulty in obtaining complete detailed transaction records from the defendants' banks, and the various transfers of funds between related entities. Based on the work to date, investors sent a total of approximately \$43.3 million to Tech Traders from April 12, 2001 through April 1, 2004. The Receiver's preliminary analysis shows that Tech Traders used the funds in roughly the following ways:

Approximate Uses of Funds by Tech Traders

Trading losses	\$ 7.4 million
Repaid to Investors	\$12.1 million
Transferred to affiliate Magnum Investments	\$ 2.3 million
Operating Expenses (including payments to or on behalf of the Murray family and commissions)	\$ 1.6 million
Transferred to Kaivalya, Edgar Holdings, and Equity Financial Group	\$ 2.1 million
Unknown or not yet categorized	\$.3 million
Remaining on April 1, 2004 in Tech Traders' account	\$17.5 million

These figures are subject to refinement as more facts are uncovered, the categorizations are made more accurate, and the accounting work is finalized.

The Receiver has taken possession of the Tech Traders' offices in Gastonia, North Carolina and is exploring ways to liquidate its relatively large computer network and other equipment. A verbal expression of interest in the equipment has been received from Tech Traders' landlord. The cost of remaining in the leased office space is \$1,000 per month including utilities. Retaining the equipment in the premises appears to be the most efficient means in the short run of storing it pending a sale. In addition, some trading records remain at the Tech Traders' offices.

The Receiver has been participating in the various depositions as a means of gaining a better understanding of the transactions between the various defendants, their affiliates, and their respective groups of investors. This knowledge has also been useful in reviewing information submitted in connection with investor proofs of claim and in assisting the FGMK firm in identifying and categorizing transactions.

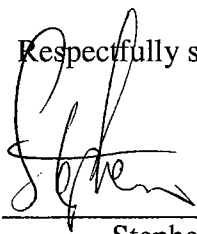
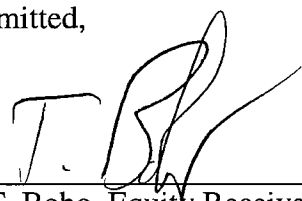
The Receiver is holding a total of \$18,005,672.97 in the receivership bank accounts, including interest accrued through October 30, 2004. Copies of the most recent bank account statements are attached to this report. In addition, the nominal value of the funds remaining in account #37923 at Man Financial, which have primarily been left in U.S. Treasury Notes, is \$1,697,725.50. The Receiver is advised that the actual value of those Treasury Notes is significantly greater. The Receiver has made the following disbursements from receivership funds pursuant to order of court through October 31, 2004:

Date	Description	Amount
6/29/04	Mennaker & Hermann	\$35,000.00
8/25/04	Sachnoff & Weaver, Ltd.	\$300,947.21
8/25/04	FGMK, LLC	\$74,609.14
8/25/04	Pepper Hamilton, LLP	\$14,108.25
8/25/04	Phoenix Management Services	\$14,402.56

Additional Duties Performed Pursuant to the Order

The Receiver initially filed for an extension of time to submit the 2003 tax returns for Shasta Capital Associates LLC. He has also sent a letter to the Shasta investors informing them of this decision and explaining that he could not attest to the accuracy of the 2003 Schedule K-1 forms they received earlier this year. In addition, the Receiver has reviewed a copy of a notice from the Internal Revenue Service to Tech Traders indicating that Tech Traders filed no corporate income tax return for either 2002 or 2003. The Receiver will consider how best to address the tax issues after the accounting work is completed since there is no ability at this time to prepare a tax return having even an approximate level of accuracy.

Dated: November 16, 2004

Respectfully submitted,

 By: 

 Stephen T. Bobo, Equity Receiver

LaSalle Bank N.A.

135 South LaSalle Street
Chicago, Illinois 60603
Member FDIC
(312) 904-7272

MONTHLY CLIENT UPDATE

096 NA
TECH TRADERS INC
SACHNOFF & WEAVER
CLIENT ESCROW ACCOUNT
30 S WACKER DR STE 2900
CHICAGO IL 60606-7413

Enclosure(s)
Statement Date:
Page 1 of 1
Account Number

0
10/31/04
8601311106



209393.0100

LAWYER'S ESCROW MONEY MARKET: 8601311106
Number of Days This Period: 29 Days
Avg. Available Balance: 17,120,161.68
Interest Earned This Year: 66,754.04

Beginning Balance: 17,120,161.68
Deposits and Additions: .00
Interest Paid: 11,600.55
Checks/Debits/Fees: .00
Ending Balance: 17,131,762.23

Other Withdrawals and Deposits

Date	Description	Withdrawals	Deposits
10/29/04	EFFECTIVE DATE 10/31/04 INTEREST PAID		11,600.55

Daily Account Summary

Date	Withdrawals	Deposits	Balance
09/30/04			17,120,161.68
10/29/04		11,600.55	17,131,762.23

IMPORTANT INFORMATION

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LaSalle Bank N.A.
135 South LaSalle Street
Chicago, Illinois 60603
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MONTHLY CLIENT UPDATE

096 NA
SHASTA CAPITAL ASSOCIATES
SACHNOFF & WEAVER
CLIENT ESCROW ACCOUNT
30 S WACKER DR STE 2900
CHICAGO IL 60606-7413

Enclosure(s) 0
Statement Date: 10/31/04
Page 1 of 1
Account Number 8601310983

209393.0101

LAWYER'S ESCROW MONEY MARKET: 8601310983
Number of Days This Period: 29 Days
Avg. Available Balance: 873,318.98
Interest Earned This Year: 3,297.33

Beginning Balance: 873,318.98
Deposits and Additions: .00
Interest Paid: 591.76
Checks/Debits/Fees: .00
Ending Balance: 873,910.74

Other Withdrawals and Deposits

Date	Description	Withdrawals	Deposits
10/29/04	EFFECTIVE DATE 10/31/04		591.76
	INTEREST PAID		

Daily Account Summary

Date	Withdrawals	Deposits	Balance
09/30/04			873,318.98
10/29/04		591.76	873,910.74