

February 4, 2005

Clerk of the Court
United States District Court for the District of New Jersey
Mitchell H. Cohen Federal Building & U. S. Courthouse
1 John F. Gerry Plaza
Camden, NJ 08101

**RE: Civil Action 04CV 1512
Honorable Robert B. Kugler**

**Commodity Futures Trading Commission vs. Equity Financial Group, LLC., Tech Traders, LTD.,
Magnum Capital Investments, LTD., Vincent J. Firth, Robert W. Shimer, Coyt E. Murray, and J.
Vernon Abernathy**

I very respectfully object to the interim distribution schedule and provide my response below. Much to my dismay, Mr. Stephen T. Bobo, the receiver, informed me that what I thought was a legitimate investment was in fact a Ponzi scheme. I am writing this letter in hope that you will provide my family with some relief.

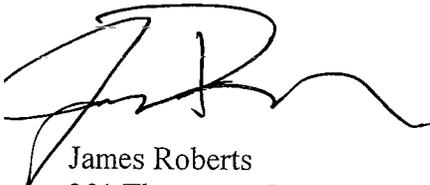
Quickly, here are the facts: I came to know about Tech Traders from Gregg Amerman. Gregg Amerman is the owner of a company called Dream Venture Group, Inc (disputed claim #22). On February 2, 2004, he took me to the Tech Traders offices and I met Coyte E. Murray. It appeared to be a legitimate operation. I was told that to invest directly with Tech Traders I had to have \$250,000 otherwise, I would have to give my money to Dream Venture Group, Inc., C/O Gregg Amerman and he would put my money with Tech Traders.

Believing this was a good investment, on February 6, 2004, I wired \$150,000.00 to Dream Venture Group, Inc., C/O Gregg Amerman and my money was forwarded to Tech Traders. Gregg Amerman assigned to me a promissory note dated February 9, 2004 from Tech Traders for \$150,000.00 (copy attached).

On March 17, 2004, I received a check from Dream Venture Group for \$1,001.00. On April 19, 2004 I received another check for \$3,681.00 (copies are attached). **That is all the money I ever received from this "investment."** I put in \$150,000 and received back a total of **\$4,682.00.**

I understand that the receiver has an interim proposal for returning a percentage of the monies. I beseech you. Please allow the balance \$145,318.00 (\$150,000 minus \$4,682.00) to be sent to my family. I implore the court to not lump me in the pool with Dream Venture Group C/O Gregg Amerman disputed claim #22.

Sincerely,



James Roberts
201 Thompson Lane
Suite 200
Nashville, TN 37211
Phone (615) 207-9884

cc: Stephen T. Bobo

- EXHIBIT A -

- CORPORATE PROMISSORY NOTE -

**Tech Traders, Ltd.
Marron House, Virginia St.
Nassau, Bahamas**

**Commonwealth of the Bahamas
Nassau, Bahamas**

On this 9th day of February, 2004, the undersigned Promisor, hereinafter referred to as "Promisor", in consideration of the receipt of One Hundred Fifty Thousand US Dollars (\$150,000.00 USD), does hereby covenant, agree and promise to pay to Dream Venture Group, LLC., hereinafter referred to as "Holder" the above stated amount, in \$US dollars, under the terms and conditions herein stated.

Promisor shall make payable any remaining portion of this Promissory Note on or before the 30th day after the termination of this Note obligation.

Interest shall accrue at the rate of 10% APR. The term of this Note shall be for 18 months. This Note may be renewed at the end of its term by mutual written agreement of both parties.

A facsimile signature and initials shall be deemed an original signature and/or initial for all purposes of this Note and shall be legally binding against said party as if it was an original signature and/or initial of the party. However, it is also agreed that subsequent to the execution of this Note by the Promisor and the transfer of funds by the Holder, that the Promisor will properly execute a hard copy original of this Note and cause same to be mailed to Holder.

For: Tech Traders Ltd.

By: _____

Coyt Murray, Attorney-In-Fact

ASSIGNED TO
JAMES ROBERTS



Dream Venture Group, LLC
3000 Old Alabama Road
Suite 119-333
Alpharetta, GA 30022

BANK OF AMERICA
64-5610

1310

4/19/2004

Pay to the Order of James Roberts

\$3,681.00

Three Thousand Six Hundred Eighty-One and 00/100*****

Dollars

James Roberts
201 Thompson Lane
Suite 200
Nashville, TN 37211
Repayment of Loan

Investing In The Future


⑈001310⑈ ⑆061000052⑆003279567022⑈

Dream Venture Group, LLC

James Roberts

Repayment of Loan

4/19/2004

3,681.00

1310

Bank of America

Repayment of Loan

3,681.00

Dream Venture Group, LLC
3000 Old Alabama Road
Suite 119-333
Alpharetta, GA 30022

BANK OF AMERICA
64-5/610

1270

Pay to the
Order of James Roberts

\$**1,001.00

3/17/2004

One Thousand One and 00/100*****

James Roberts
201 Thompson Lane
Suite 200
Nashville, TN 37211
Repayment of Loan

Investing In The Future

⑈001270⑈ ⑆061000052⑆003277567022⑈

1270

Dream Venture Group, LLC

James Roberts

3/17/2004

1,001.00

Repayment of Loan

Bank of America

Repayment of Loan

1,001.00

Disputed Claims Interim Distribution Schedule
CFTC vs. Equity Financial Group, LLC, Tech Traders, INC. et al
Civil Action No.: 04CV 1512

RECEIVED-CLERK
U.S. DISTRICT COURT

For disputed claim # 26

2005 FEB 10 A 11: 45

Marsha L. Green
175 Hawthorne Court
Wyomissing, Pa 19610

February 7, 2005

Dear Sir:

I am writing to object to my placement on the Disputed Claims Interim Distribution Schedule prepared by Attorney Stephen Bobo. I also object to any group of investors receiving any moneys until all claims are reviewed by the court and properly determined. I object to the division of claims into two classes which is discriminatory. No rational basis for the two classifications has or can be made. I object to being singled out and my post-freeze order funds continuing to be held under any circumstances. I also object to the lack of substantiation and the vague nature of the motion.

I invested \$105,000 of my retirement money with Shasta Capital between October 31, 2003 and February 12, 2004. I also sent in \$40,000 to Shasta on April 2, 2004 after the CFTC froze all accounts. I sent this money to Shasta after I saw Shasta's website with the CPA verified performance numbers posted each month.

I initially started corresponding with Mr. Bobo about the return of the \$40,000 I sent into Shasta after the CFTC freeze as I could see no reason why he would continue to hold those funds. In the course of our correspondence he stated that since I had previously invested in Kaivalya, a Nevada corporation, I should not be reimbursed for the money I later invested in Tech Traders via Shasta. His argument was that I was eventually paid back the principle from the failed Kaivalya investment, supposedly with funds from Tech Traders and that, therefore, I had already received money from Tech Traders.

The events were as follows. I invested \$134,6000 with Kaivalya in 1999 under a promissory note that I would get the principle back. The investment with Kaivalya failed and I never received any interest on the principle. I was then eventually repaid the principle via checks from Kaivalya as agreed in the promissory note.

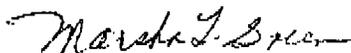
In 2003 I started investing with Shasta Capital after seeing the CPA certified returns on their website. I sent in a total of \$145,000 beginning on October 31, 2003 with the last amount of \$40,000 being wired on April 2, 2004 one day after the funds were frozen by the CFTC.

I object to my investment with Shasta being placed in the disputed claims category. It is discriminatory to treat me differently from the other investors in Shasta and Tech Traders. Recently I was informed by Mr. Bobo that the money to repay the principle that I invested in Kaivalya supposedly came from Tech Traders accounts. I obviously have no way of knowing where the repayment money came from. I assumed the money came from Kaivalya since the repayment checks were from Kaivalya.

Certainly there are some individuals who invested in Kaivalya who received their money back but did not invest in Shasta or Tech Traders. If the principle others were refunded came from the same place my refunded principle came from then we should all be treated the same. To attach my funds because I supposedly was repaid by Kaivalya with Tech Traders funds seems to be a discriminatory act as the funds that other Kaivalya investors (who did not ever invest in Shasta or Tech Traders) were repaid are not being attached by the court. Somehow I am being penalized for investing money in Kaivalya and Shasta. It was my money that I invested in Shasta and I deserve to be treated the same as all other Shasta/Tech Trader investors. All Kaivalya investors who were repaid their principle also should be treated the same. The funds of some Kaivalya investors who later sent money to Shasta/Tech Traders should not be attached while the funds of other Kaivalya investors who did not invest in Shasta/Tech Traders are not being attached.

I request that I be placed on the agreed claims interim distribution schedule. I also request that the \$40,000 I wired to Shasta Capital on April 2, 2004 be returned to me in full, in the same way monies are being returned to other investors who sent money in after the freeze. As stated earlier I object to the division of claims into two classes. I object to being singled out and my post-freeze funds continuing to be held. I object to any group of investors receiving any moneys until all claims are reviewed by the court and properly determined and I object to the lack of substantiation and the vague nature of the motion.

Sincerely,



Marsha L. Green, PhD

Clerk of the Court
United States District Court for the District of New Jersey
Mitchell H. Cohan Federal Building & U.S. Courthouse
1 John F. Gerry Plaza
Camden, NJ 08101

Jan 20, 2004
RECEIVED CLERK
U.S. DISTRICT COURT
2005 FEB -4 P 1: 52

And

Stephen T. Bobo
Sachnoff & Weaver Ltd.
10 S Wacker Drive
Chicago IL 60606

**United States District Court
For the
District of New Jersey.**

**COMMODITY FUTURS TRADING
COMMISSION,**

Plaintiff,

Civil Action No.: 04cv 1512

Honorable Robert B. Kugler

Vs.

**EQUITY FINANCIAL GROUP,LLC,
TECH TRADERS, INC., TECH
TRADERS LTD., MAGNUM
CAPITAL INVESTMENTS, LTD.,
VINCENT J. FIRTH, ROBERT W.
SHIMER, COYT E MURRY AND J.
VERNON ABERNATHY.**

Defendants.

**Re: Objection to: the Motion of the Equity Receiver for authority to make interim
distribution on account of investor claims in the Shasta case.**

Dear Sirs:

Mr. Bobo has chosen the date of April 1, 2004 as the cut off date for reimbursement in full for new funds deposited with Shasta, stating that: "Funds invested after the April 1, 2004 initial restraining order (and now being held by the Receiver) should be returned in full to those investors"

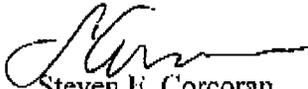
On March 29, 2004 I sent \$50,000 to Shasta. Mr. Bobo has stated in an email to me (dated 1-20-05) that:

"The records show that your funds were deposited into the escrow account that Shimer maintained for Shasta and commingled with other investor funds. Other investors' funds were also deposited that week before the freeze order was entered. On March 30, over \$480,000 was wired from that account to 'Tech Traders'"

I see no reason to unfairly and heavily penalize this group of investors. These funds were only in the Tech Trader account for one day and probably were never even traded. The fact that these funds were commingled has no bearing, as it appears that many of the funds in this case were commingled.

If you have any questions or comments please don't hesitate to call or write.

Sincerely



Steven E. Corcoran
13015 Robleda Rd
Los Altos Hills, CA 94022
(650) 941-4628

Donald A. DiIenno
1624 Sharon Way
Clearwater, FL 33764
Tel: (727) 725-3555
(727) 434-0405

RECEIVED-CLERK
U.S. DISTRICT COURT

2005 JAN 28 A 9 40

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

**COMMODITIES FUTURES TRADING)
COMMISSION,)**

Plaintiff,)

vs.)

Civil Action No.: 04CV 1512

**EQUITY FINANCIAL GROUP, LLC,)
TECH TRADERS, INC., TECH)
TRADERS, LTD., MAGNUM)
INVESTMENTS, LTD., MAGNUM)
CAPITAL INVESTMENTS, LTD.,)
VINCENT J. FIRTH, ROBERT W.)
SHIMER, COYT E. MURRAY, and J.)
VERNON ABERNATHY,)**

Honorable Robert B. Kugler

Defendants.

**OBJECTION TO THE
AGREED CLAIMS INTERIM DISTRIBUTION SCHEDULE**

**TO: THE HONORABLE ROBERT B. KUGLER AND THE UNITED STATES
DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY**

This objection concerns the selective omission of the individual, Donald A. DiIenno, from the list of investors compiled by the Receiver, Stephen T. Bobo, dated 1/7/05, entitled "Agreed Claims Interim Distribution Schedule".

Whereas each individual investor of Shasta Capital Associates, LLC (Shasta) has been named, individually, in the "Agreed Claims Interim Distribution Schedule" (Distribution Schedule) for the proposed distribution of funds held by the Receiver, Dr. DiIenno has not been named, individually, and therefore has been denied the same percentage of distribution of funds offered to those other individual investors.

Dr. DiIenno's individual and only involvement with Tech Traders (or any of Tech Traders' entities) was on the same level ("tier") as and parallels the same involvement that each of the individual investors of Shasta had with Tech Traders (or any of Tech Traders' entities). Both Dr. DiIenno and the individual investors had monies deposited to Tech Traders through a secondary company: in the case of Dr. DiIenno the secondary company was Bally Lines, LTD. (Bally), and in the case of the individual investors the secondary company was Shasta Capital Associates, LLC; i.e., each individual (whether Dr. DiIenno or a client of Shasta) transferred monies through a secondary company to Tech Traders. And both the transfers and deposits into Tech Traders are accounted for in the records of both Tech Traders and the secondary companies.

Yet Dr. DiIenno has not been named individually (as each of the individual investors of Shasta have been named) on the Distribution Schedule and will be selectively denied the same percentage (38%) of distribution of funds proposed by the Receiver to be distributed to the individual investors of Shasta.

Dr. DiIenno is not asking for any special treatment or dispensation by the Court. He is asking that the Court treats him as an individual, the same as the other individuals have been treated on the Distribution Schedule, and grant Dr. DiIenno the same percentage (38%) of distribution of funds offered the other individuals as proposed by the Receiver.

In support of the above, would the Court please consider this:

1. Originally, the filing of the complaint and supporting documents leading to the formation of the Distribution Schedule, did not consider Dr. DiIenno as a "1st tier" investor. This was an error. Bally was a client of Tech Traders and Dr. DiIenno was a client of Bally solely for the involvement of funds to Tech Traders; just as Shasta was a client of Tech Traders and the individual investors were clients of Shasta solely for the involvement of funds to Tech Traders. The Receiver has the supporting documents to verify the above. To consider Dr. DiIenno on a "secondary tier" is arbitrary.

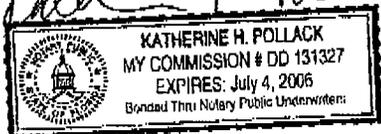
2. Dr. DiIenno has not received any return of interest or principle (or any consideration thereof) of his \$790,000.00 deposited into Tech Traders' account. Records of both Tech Traders and Bally confirm the above. A summary affirmation of Bally is attached hereto.

Dr. DiIenno is not disputing the interim percentage (38%) proposed by the Receiver, even though Dr. DiIenno does not agree to all the reasons, nor does Dr. DiIenno dispute the total amount of approximately \$17.5 Million ultimately as deemed by the Court to be distributed.

Dr. DiIenno does dispute being selectively omitted as an individual from the Distribution Schedule. He is asking the Court to recognize that his individual involvement with Tech Traders was on the same "tier" as all the other individual investors and that He be offered the same percentage (38%) of ditribution of funds offered the other individuals.

Dated: January 25, 2005

Respectfully submitted,

1/25/2005



Donald A. DiIenno, M.D.

BALLY LINES, Ltd.

720 W. Orient St.
Tampa, Florida 33603

January 25, 2005

Ms Raven Moore,

This is a response to item #3 of your e-mail of 1/24/2005 for additional documentation. The total involvement of Dr Don Dilenno is \$790,000.00. I have researched and found a \$100,000.00 amount sent to Bally Lines Ltd. Banc Caribe Account on 10/01/2001. A \$290,000.00 to same account on 5/23/2002, a wire transfer was done on 6/10/2002. My bank had compliance requirements of holding funds for 10 banking days and NOT transferring LIKE amounts to avoid any suspicious bank activities. That is why \$ 280,000 .00was transferred in that manner. Another \$ 400,000.00 was transferred in 3 separate wires from Dr . Dilenno's accounts, you have the wire instructions, I do not have these, as they are his accounts. This totals \$ 790,000.00. Some Dr. Dilenno sent via wire, some sent by wire through Bally Lines Ltd. And some sent via checks from Bally lines Ltd. From Nevada First bank over a 2 year period. Banc Caribe had it's banking privileges revoked and went into receivership. I will provide documents.

Dr. Dilenno has spoken to Mr. Bobo and has asked me to request the he be separated from Bally lines Ltd. And considered a separate entity. I respectfully request that this be done for him. His \$ 790,00.00 is about half of the Bally Lines Ltd. Claim of \$1,508,000.00.

Dr. Dilenno has NEVER received any return of LOANS or any interest and feels it is only fair to consider him a separate entity and move him to the UNDISPUTED file for his claim.

Please let me know if this will be acceptable. I fully concur that Dr. Dilenno has a right to his claim of \$ 790,000.00.

Thank you for your consideration.



WITMAN, STADTMAUER & MICHAELS, P.A.
26 Columbia Turnpike
Florham Park, New Jersey 07932
(973) 822-0220
Lewis Cohn (LC-0979)

MENAKER & HERRMANN LLP
10 East 40th Street
New York, New York 10016 (212)
545-1900
Samuel F. Abernethy (SA-8454)
Paul M. Hellegers (PH-I073)

Attorneys for Defendants Equity Financial Group LLC,
Vincent J. Firth and Robert W. Shimer

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY
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COMMODITY FUTURES TRADING
COMMISSION,

Civil Action No. 04-1512

Plaintiff, :

vs.

DECLARATION OF
PAUL M. HELLEGERS

EQUITY FINANCIAL GROUP LLC, *et al.*,

Defendants. :

){

PAUL M. HELLEGERS declares as follows:

1. I am duly admitted to the Bar of the State of New York and am associated with the firm of Menaker & Herrmann LLP, counsel to defendants Equity Financial Group, LLC, Vincent J. Firth, and Robert W. Shimer (the "Equity Financial Defendants"). I make this declaration in opposition to the motion of the Receiver for authority to make an interim distribution on account of investor claims.

2. The Equity Financial Defendants object to the proposed interim distribution to the extent that funds may be distributed to claimants in circumstances in which the ultimate beneficial owner is not known to the Receiver and in circumstances where the ultimate beneficial owner may bear some responsibility for the loss by virtue of its/his/her violation of securities or commodities laws of the United States or of some other jurisdiction.

3. Equity Financial Defendants also object to any distribution to the extent that beneficial owners who invested in or loaned money to Tech Traders or Coyt Murray's other companies through other intermediating funds are given any preferences over investors who acquired their interests through New Century, Edgar Holdings, or Shasta.

I declare under penalty of perjury that the foregoing is true and correct. Executed on February 10, 2005.

! a.A' /1. /l-{M--bb-P«:>
Paul M. Hellegers^r

Clerk of the Court
United States District Court for the District of New Jersey
Mitchell H. Cohen Federal Building & U.S. Courthouse
1 John f. Gerry Plaza
Camden, NJ 08101

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U.S. DISTRICT COURT
2005 FEB -9 A 11: 14

Disputed Claims Interim Distribution Schedule
CFTC v. Equity Financial Group, LLC et al, Case No. 04CV 1512
For disputed claim #37

Thomas E. List
920 Imperial Drive
Mohnton, PA 19540

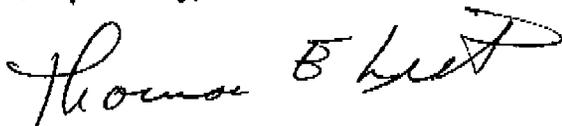
February 8, 2005

I invested money with Kaivalya. No money was made on this investment. Kaivalya repaid me my principal only. At the time I received this money I was unaware of where the money came from. I have been informed that it was paid out of Tech Traders accounts. I have no way of knowing the source of this money.

Later I rolled two 401K accounts into one self-directed IRA and through Millennium Trust I invested \$95,000.00 in Shasta. This money was my entire retirement account accrued from 22 years of labor. **MY IRA WAS IN NO WAY CONNECTED TO THE KAIVALYA PRINCIPAL OR ANY OTHER SOURCE.** I invested this money because I reviewed Shasta's website where the CPA VERIFIED performance numbers were posted by Shasta each month.

There were other investors in Kaivalya that received a return of principal from Kaivalya that did not invest any money in Shasta. Presumably their return of principal came from the same source that my return of principal came from. **IF THEIR RETURN OF PRINCIPAL FROM KAIVALYA IS NOT ATTACHED BY THE COURT, MY RETURN OF PRINCIPAL SHOULD NOT BE ATTACHED EITHER.** To do otherwise would be discriminatory. I should be listed in the Agreed Claims group for the full amount of the \$95,000. that I invested.

Respectfully,



Thomas E. List

Magistrate Office
Camden, NJ 08101

Clerk of The Court
US District Court for The District of N.J.
Mitchell H. Cohen Federal Bldg. + US Courthouse
1 John F. Henry Plaza
Camden, NJ 08101

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U.S. DISTRICT COURT

2005 FEB -9 A 9:38

Alison Shimer
1225 W. Leesport Rd
Leesport, PA 19533

February 7, 2005

Clerk of Court
U.S. District Court, District of NJ
Mitchell Cohen Federal Building & US Court House
1 John F Gerry Plaza
Camden N. J. 08101

In the matter of CFTC vs Equity Financial Group, LLC, et al Case # 04CV 15121

Objection to the Receiver's Motion for Proposed Interim Distribution with respect to Alison E. Shimer (Claim #67).

I previously filed in a timely manner a claim with the court appointed Receiver Stephen Bobo for the amount of my September, 2003 \$150,000.00 investment in Shasta Capital Associates, LLC. ("Shasta"). Stephen Bobo has designated my claim as claim #67.

Please be advised that I hereby object to the Receiver's decision to dispute my claim and to deny me participation in the proposed interim distribution.

The basis for my objection to the Receiver's decision is as follows:

- 1) I invested \$150,000.00 in good faith with Shasta in September of 2003 based upon the trading performance numbers reported by Defendant Tech Traders, Inc. ("Tech") to Shasta's manager every month. My good faith is based upon the following facts that the Receiver cannot dispute:
 - a) All trading performance numbers reported to Shasta and Shasta's manager by Defendant Tech were regularly and separately verified in writing by a CPA local to Tech's trading operation (defendant Vernon Abernethy) who represented to Shasta's CPA in writing that he had performed certain "Agreed Upon Procedures" as a part of his regular monthly trading performance verification process.
 - b) Shasta's CPA regularly confirmed in writing to Shasta's manager every month that she had received Defendant Abernethy's written verification of Tech's trading performance numbers.
 - c) Shasta reported the verified trading performance numbers of defendant Tech on Shasta's web site each month only after receiving trading performance confirmation from Shasta's CPA.

- d) I reviewed all past trading performance numbers posted by Shasta on Shasta's web site and based upon my good faith reliance upon those trading performance numbers posted by Shasta I invested \$150,000.00 with Shasta in September, 2003.
- 2) I filed a timely and complete response to the Receiver's previous request for verification of my investment in Shasta. Documentation filed with the Receiver clearly verified the amount of my investment in Shasta and to my knowledge the Receiver is not basing his decision to exclude me from the proposed distribution based upon any deficiency in my previously filed paperwork
 - 3) My investment in Shasta was made in good faith in reliance upon trading performance numbers in turn posted in good faith by Shasta and its manager defendant Equity Financial Group, LLC.
 - 4) The Receiver apparently is attempting to exclude me from the proposed interim distribution based solely on the fact that my husband is a defendant in the above referenced matter.
 - 5) To my knowledge and belief all allegations by the Enforcement Division of the Commodity Futures Trading Commission ("CFTC") that my husband had any knowledge that the trading performance numbers being reported regularly to his client Shasta have absolutely no basis in fact and the Receiver can produce no evidence in support of this unsubstantiated claim.
 - 6) In the absence of any final finding of this court that my husband either knew or should have known that defendant Tech's trading performance numbers were inaccurate there is no basis for denying me participation in the proposed interim.
 - 7) The written record does not support any conclusion that my husband knew or had any knowledge that Tech's reported performance numbers were not accurate nor, to my knowledge and belief, will the CFTC be able to establish at trial that my husband "should have known" that defendant Tech's trading performance was not as reported regularly to Shasta and Shasta's CPA.
 - 8) The receiver and the CFTC have a sufficient remedy to include the amount of any interim distribution made to me in the civil fine later imposed upon my husband should the court conclude, after hearing all of the evidence at trial, that my husband "should have known" the trading performance numbers reported to his client were inaccurate.
 - 9) The fact that two separate CPA's stood between the trading of defendant Tech and my husband's client Shasta is substantial evidence that the CFTC will be not successful in convincing the court that my husband should have known the trading performance numbers being reported to his client were inaccurate.

10) In light of all of the above and the fact this enforcement action has worked a substantial financial hardship on me because it has significantly affected my husband's ability to earn a living it is unconscionable for the Receiver to dispute my inclusion in the proposed interim distribution.

11) For the court to uphold the Receiver's proposal to exclude me from the proposed interim distribution is to single me out and to punish me solely because I am married to Robert W. Shimer prior to any finding by the court that any of the charges against my husband can be substantiated at trial and even merit a civil fine.

For all of the above enumerated reasons, I hereby tender to the court my strong objection to the Receiver's proposal to dispute my valid claim as a member of Shasta.



Alison E. Shimer
1225 W. Leesport Rd.
Leesport, PA 1933

via Federal Express
cc: Stephen Bobo

ROSSIN B. SHIMMER -
1015 W. LEBROOK RD
GREENSBORO, PA 19303

CLERK OF COURT
U.S. DISTRICT COURT
DISTRICT OF D.C.
MITCHELL COHEN FEDERAL BLDG + U.S. GOVERNMENT HOUSE
ONE JOHN F. GERRY PLAZA
CAMDEN, N.J. 08101

STEPHEN M. RUSSO (SMR 6449)
STEPHEN M. RUSSO, P.C.
27 NORTH BROAD STREET
RIDGEWOOD, NEW JERSEY 07450
(201) 445-7611
ATTORNEY FOR STABLE ABSOLUTE RETURN MASTER, FOF, LTD.

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

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

CERTIFICATION IN SUPPORT OF OBJECTION TO THE RECEIVER'S
PROPOSED PARTIAL DISTRIBUTION TO
STABLE ABSOLUTE RETURN MASTER, FOF, LTD.

I, Mark E. Ruddy hereby deposes and says:

1. I am an authorized representative of Stable Absolute Return Master, FOF, LTD., a company incorporated under the laws of the Commonwealth of the Bahamas (hereinafter referred to as "Stable"). Citco Global Custody N.V. (hereinafter "Citco") is a company incorporated under the law of the Netherlands, which handles cash and record keeping for various hedge funds, including but not limited to Stable.

2. Citco is listed on the Receiver's Interim Distribution Schedule A for a partial distribution. (See Exhibit "A"). Citco assigned its rights and claims to the frozen funds which are the subject of this litigation to Stable. (See assignment attached hereto as Exhibit "B").

3. By way of background, on April 1, 2004 at 12:33 P.M. E.S.T., Citco wired \$250,000.00 of Stable's funds to a CitiBank bank account belonging to Shasta Capital Associates, LLC (hereinafter "Shasta"). (See wire transfer attached hereto as Exhibit "C"). The purpose of the wire from Citco was to invest Stable's funds in Shasta's commodity pool.

4. Shasta was a commodity pool managed by the defendant, Equity Financial Group, LLC, ("Equity") and was controlled by the defendants Vincent Firth ("Firth") and Robert Shimer ("Shimer").¹

5. On April 1, 2004, the U.S. Commodity Futures Trading Commission ("CFTC") filed an enforcement action in the United States District Court for the District of New Jersey against Shasta, Equity, Firth and Shimer. On April 1, 2004, U.S. District Court Judge Robert B. Kugler entered a statutory Restraining Order against the defendants, freezing their assets and preventing the destruction or alteration of their books and records. Judge Kugler also appointed Stephen T. Bobo as a receiver, to take all steps necessary to secure and protect the assets and property of Shasta. (See Court's Order attached as Exhibit "D").

¹ See paragraph 18 of the plaintiff's memorandum in support of the equity receiver's motion for authority to make an interim distribution on account of the investor's claims.

6. At this time, the Receiver seeks to return in full all funds deposited after the Court's April 1, 2004 Freeze Order. The Receiver correctly argues that "to allow the post freeze assets to become part of the receivership assets and distributed pro rata among all investors would conflict with the specific directive of this Court's Order and the general purpose of a freeze order, which is to maintain the status quo and prevent additional losses to **customers.**"

7. Thus the Receiver distinguishes between customer funds and non-customer funds, with the non-customers receiving full restitution and the Shasta customers receiving pro rata distributions. Stable agrees with the Receiver's analysis up to this point. However, Stable disagrees with the Receiver's assumption that all funds received by Shasta on April 1, 2004 (the date of the Court's restraining Order) should be automatically classified as "customer funds." Instead, we contend that the Court should focus on the facts and circumstances that would create a customer contract between Shasta and the individual seeking restitution.

8. Stable contends that the Receiver incorrectly classified Citco's \$250,000.00 deposit made on the afternoon of April 1, 2004 as customer assets, subject to a pro rata distribution of only \$95,000.00. (See Exhibit "B", Claim No. 16). Stable contends that Citco was not a customer of Shasta at the time the Court issued its April 1, 2004 Restraining Order and therefore Stable should receive full restitution in the amount of \$250,000.00.

9. Stable respectfully submits that Shasta's representatives never signed a Subscription Agreement with Citco or acknowledged receipt of Citco's \$250,000.00 wire transfer as required

by Federal Law.² Citco specifically wired the funds to Shasta with the condition precedent that Shasta's representative would sign the proposed subscription agreement and confirm the net asset value as of April 1, 2004. (See Exhibit "E").

10. In fact, the Subscription Agreement submitted by Citco specifically states "this offer is irrevocable once accepted by the Manager on behalf of the Company [Shasta]. This offer is subject to acceptance or rejection by the Company [Shasta] in its sole discretion." Thus, a customer relationship could not be created unless and until Shasta or its representative accepted Citco's purchase offer. Furthermore, Shasta could not accept Citco's purchase offer unless it accepted the purchase order in the manner proscribed by the offeror (by written confirmation to Citco that the price of Shasta's shares would be the April 1, 2004 market price).

11. Thus, Citco's act of wiring \$250,000.00 to Shasta's bank account with a proposed subscription agreement and a request for a price confirmation was nothing more than an offer to purchase an interest in Shasta's hedge fund. Since Shasta neither signed the proposed subscription agreement nor confirmed the net asset value of the funds to be purchased, Shasta never accepted Citco's offer and therefore a customer relationship was never formed.

12. It is also unclear whether Citco's April 1, 2004 wire to Shasta, which was received by

² CFTC Rule 4.21 (b) states that a commodity pool operator may not accept or receive funds, securities or other property from a prospective participant unless the pool operator first receives from the prospective participant an acknowledgment signed and dated by the prospective participant stating that the prospective participant received a Disclosure Document for the pool.

Shasta at 12:33 P.M. E.S.T., occurred before or after the Court signed its April 1, 2004 Order. If the Restraining Order was signed prior to the 12:33 P.M., then Stable should clearly receive a full refund in accordance with the Receiver's argument that all funds received by Shasta after the Court's April 1, 2004 Order should be refunded in full. If the wire was sent before the Court's Order, then we would rely on the analysis as set forth above.

13. For the above reasons, Stable respectfully submits that its entire \$250,000.00 should also be returned in full.

I hereby certify that the foregoing statements made by me are true. I am aware if any of the foregoing statements made by me are willfully false, I am subject to punishment.


MARK RUDDY
FOR STABLE ABSOLUTE
RETURN FOF, LTD.

Dated: February 8, 2005

EXHIBIT A

Agreed Claims Interim Distribution Schedule

CFTC v. Equity Financial Group, LLC et al., Case No. 04CV 1512

Claim Number	Name of Claimant	Funds Invested (per claim form)	Previous Withdrawals (per claim form)	Net Cash Balance	Gross Distribution Amount	Net Distribution Amount	% Total Cumulative Distribution Received
12	Chambers, James F. and Iva N.	\$100,000.00	\$100,000.00	\$0.00	\$38,000.00		
13	Chambers, James F. and Iva N./ Triple C Corp.	\$675,000.00	\$0.00	\$675,000.00	\$256,500.00		
	TOTAL:	\$775,000.00	\$100,000.00	\$675,000.00	\$294,500.00	\$194,500.00	38.00%
14	Chen, Jun	\$100,000.00	\$0.00	\$100,000.00	\$38,000.00	\$38,000.00	38.00%
15	Chung, Anita L	\$150,000.00	\$0.00	\$150,000.00	\$57,000.00	\$57,000.00	38.00%
16	Clico Global Custody N.V.	\$250,000.00	\$0.00	\$250,000.00	\$95,000.00	\$95,000.00	38.00%
17	Corcoran, Steve	\$200,000.00	\$0.00	\$200,000.00	\$76,000.00	\$76,000.00	38.00%

EXHIBIT B

ASSIGNMENT AGREEMENT

THIS AGREEMENT is made on the 4th day of February 2005 between:

1. **CITCO GLOBAL CUSTODY N.V.**, a company incorporated under the laws of the Netherlands with its registered office at Naritaweg 165, 1043 BW Amsterdam, the Netherlands (the "Assignor"); and
2. **STABLE ABSOLUTE RETURN MASTER FOF, LTD.**, a company incorporated under the laws of the Commonwealth of the Bahamas, with its registered office c/o Amicorp Fund Services (B.V.I.) Limited, Caracasbaaiweg 199, PO Box 6050, Curaçao, Netherlands Antilles, (the "Assignee").

WHEREAS:

- A. The Assignor was the custodian and therefore the legal owner of the purchased shares in Shasta Capital Associates, LLC, (the "Shares").
- B. The Assignee, as the beneficiary of the Shares has suffered loss and therefore wants to take legal actions against Equity Financial Group, LLC, Tech Traders, Inc., Tech Traders, Ltd., Magnum Investments, Ltd., Vincent J. Firth, Robert W. Shimer, Coyt E. Murray, and J. Vernon Abernathy (collectively referred to as the "Defendants").
- C. The Assignor and the Assignee entered into an agreement under which the Assignor has sold the Claims (as defined below); and
- D. In this agreement the Assignor has undertaken to assign the Claims (as defined below) to the Assignee in order to take legal actions against the Defendants in its own name.

IT IS AGREED AS FOLLOWS:

1. Definitions

In this agreement "Claims" means any and all existing and future payment claims and rights of the Assignor against the Defendants under or in relation with the Shares.



2. Assignment

- 2.1 Title to the Claims is transferred to the Assignee by execution and delivery of this assignment agreement.
- 2.2 The assignment includes any accessory rights and ancillary rights relating to the Claims.

3. Representations and warranties

- 3.1 The Assignor does not give any representation or warranty in respect of the Claims. The Assignee does not represent or warrant:
 - (a) that the Defendants are able to perform its obligations under or in relation to that Claim; or
 - (b) that the Defendants cannot invoke, against the Assignor or the Assignee, any right of set-off or right to withhold performance or any other defence.
- 3.2 The Assignee represents and warrants that on the date of this agreement:
 - (a) it is a company incorporated under International Business Company Act of 2000 of the Commonwealth of the Bahamas;
 - (b) it has not been dissolved, no resolution for its dissolution has been passed, no request for its dissolution has been filed and the Commonwealth of the Bahamas has not given any dissolution notice;
 - (c) it has not been declared bankrupt and has not been granted a moratorium including foreign regulations corresponding with bankruptcy and moratorium and a request for bankruptcy or moratorium has not been filed nor is such a request expected; and
 - (d) its obligations under this agreement do not conflict with applicable law or any agreement to which it is a party.

4. Waiver

The Assignee waives any right to void this agreement on the ground of mistake or for any other reason. The Assignee waives any right to rescind this agreement.

5. Costs and expenses

All costs and expenses relating to the execution and performance of this agreement will be borne by the Assignee.



6. Notices

All notices or other communications in connection with this agreement shall be given in writing. The address and fax number of each party for all notices under this agreement are those specified below (or such other address or fax number as notified by that party by not less than five business days' prior notice):

Address of Citco Global Custody N.V.:
Telestone 8- Teleport
Naritaweg 165
P.O. Box 7241
1007 JE Amsterdam
The Netherlands
Fax: (31-20) 572 2650

Address of Stable Absolute Return FOF, Ltd.:
c/o Amicorp Fund Services (B.V.I.) Limited
Caracasbaaiweg 199
P.O. Box 6050
Curaçao, Netherlands Antilles
Fax: 599 9 434 3560

With a Copy to:
Ruddy Law Office, PLLC
1914 Sunderland Place NW
Washington, D.C. 20036

7. Severability

If a provision of this agreement is invalid or unenforceable in any jurisdiction that shall not affect the validity or enforceability of any other provision of this agreement and the validity or enforceability in other jurisdictions of that or of any other provision of this agreement.

8. Governing law and jurisdiction

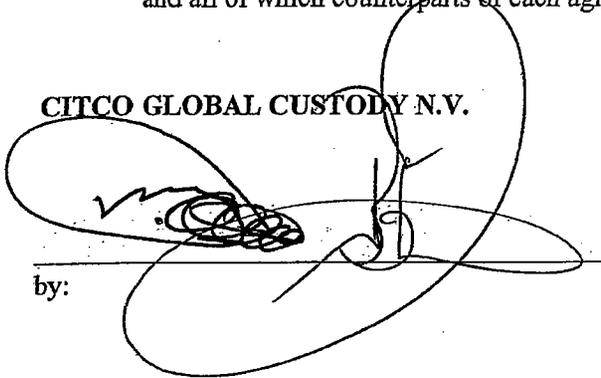
- 8.1 This agreement is governed by the laws of the State of New Jersey.
- 8.2 The competent courts of New Jersey shall have exclusive jurisdiction with regard to disputes in connection with this agreement, subject to clause 8.3.
- 8.3 Nothing in this agreement restricts the right of the Assignor to submit disputes to any other court of competent jurisdiction, whether concurrently or not.



9. Counterparts

This Agreement may be executed in counterparts, each of which shall be considered an original and all of which counterparts of each agreement shall constitute one and the same instrument.

CITCO GLOBAL CUSTODY N.V.

by: 

STABLE ABSOLUTE RETURN MASTER, FOF, LTD.,
a company incorporated under the laws of the Commonwealth of the Bahamas.

By: Systematic Absolute Return, LLC
its sole voting shareholder

By: MER Systematic, LLC
as Manager of Systematic Absolute Return, LLC

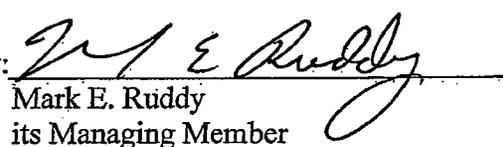
By: 
Mark E. Ruddy
its Managing Member

EXHIBIT C

Delv. Overdue warning request= FALSE
Network delv. notif. request = FALSE
Obs. period =

FIN Copy Service =

Sender to Receiver Instructions

Banking Prior. =
Warning Status =

User ref. = 028090355

Server to Receiver Instructions =

Creation

Appl/Serv = SWIFT Interface
RP & Ft = _SI_from_SWIFT
Date/Time = 28/01/05 18:34:05

Text =

:20:MMB733-27JAN05
:21:SBA27375-S00001
:79:ATTENTION - SIOBHAN BARRYRE YR SWF MT199
ISN:638609 DD27JAN05 CONCG OUR DEBIT TO YR
ACCOUNT FOR USD250,000.00 DD01-APR-04 UNDER OUR
IRN:092058549.PLS BE ADVD WE HAVE RECEIVED YR
PYMT ORDER ON 01-APR-04 AT 12:32:48.45AND PAID TO
FED/ 021000089 CITIBANK N.A.ON 01-APR-2004 AT
12:33:55.06 UNDER OUR FED REF:
0401B1Q8984C004168.HOPE THIS CLARIFIES YR QUERY
AND ALL IS IN ORDER.
PLEASE QUOTE OUR FIELD 20 REFERENCE IN FIELD 21
ON YOUR FUTURE CORRESPONDENCE.
KIND REGARDS, MAMATA TELAGATHOTTI
MT INVESTIGATIONS HSBC GLOBAL PAYMENTS AND CASH
MANAGEMENT HSBC CASE REFERENCE MMB733-27JAN05
Block 5:
{MAC:1DF599F2}{CHK:3E4CFA596568}

Message History =
*Original (Completed)

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Session Nr 1273 Sequence Nr 541964
By SYSTEM : Created at rp [_SI_from_SWIFT] and assigned to
unit [None]
By SYSTEM : Unit assignment change from [None] to [DUBLIN] on
routing
By SYSTEM : Routed from rp [_SI_from_SWIFT] to rp [DUBPR06];
On Processing by Function _SI_from_SWIFT with result
Success; (Rule:USER,300500)

EXHIBIT D

Elizabeth M. Streit, Lead Trial Attorney
Scott R. Williamson, Deputy Regional Counsel
Rosemary Hollinger, Regional Counsel
Commodity Futures Trading Commission
525 West Monroe Street, Suite 1100
Chicago, Illinois 60661
312-596-0537
ES-2235
SW-9752
RH-6870

Paul Blaine
Assistant United States Attorney
for the District of New Jersey
Camden Federal Building & U.S. Courthouse
401 Market Street, 4th Floor
Camden, NJ 08101
856-757-5412
PB-4522

FILED
APR 1 2004
AT THE
CLERK OF COURT
DISTRICT OF NEW JERSEY

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:

04 CV 1512 (RSLC)

PROPOSED STATUTORY RESTRAINING ORDER AND
ORDER APPOINTING RECEIVER

Having read the Complaint for Injunctive and Other Equitable Relief, the Plaintiff's Motions for a Statutory Restraining Order on Notice and Appointment of a Receiver, the Declaration of Joy McCormack and exhibits thereto and the Declaration of Thomas Schaab, and the brief submitted in support of its motions;

THE COURT FINDS:

1. The Court has jurisdiction over the subject matter.
2. Section 6c of the Commodity Exchange Act, as amended ("Act"), 7 U.S.C. § 13a-1 (2001), permits this Court to enter a statutory restraining order and appoint a temporary receiver.
3. It appears that there is good cause to believe that Defendants Equity Financial Group LLC, Tech Traders, Inc., Vincent J. Firth, and Robert W. Shimer (collectively "the Defendants"), have engaged, are engaging in and are about to engage in violations of Sections 4b(a)(2)(i) and (iii), 4k(2), 4m(1) and 4o(1) of the Act, 7 U.S.C. §§ 6b(a)(2)(i) and (iii), 6k(2), 6m(1) and 6o(1), and Commission Regulation 4.30, 17 C.F.R. § 4.30 (2003).
4. It also appears that this is a proper case to appoint a temporary equity receiver and grant a statutory restraining order.

IT IS HEREBY ORDERED THAT:

I.

Statutory Restraining Order and Asset Freeze

Defendants Equity Financial Group LLC, Tech Traders, Inc., Vincent J. Firth and Robert W. Shimer, and all persons insofar as they are acting in the capacity of their agents, successors, 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, shall be prohibited from directly or indirectly:

- A. Withdrawing, transferring, removing, dissipating or disposing of 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 including, but not limited to, any accounts in the name of or under the control of Shasta Capital Associates LLC;
- B. Destroying, altering, concealing or disposing of any books, records, electronically stored data or other documents, wherever stored concerning the Defendants and/or Shasta Capital Associates LLC; and
- C. Refusing to permit authorized representatives of the Commission to inspect; when and as requested, any books, records, electronically stored data or other documents, wherever stored concerning the Defendants and/or Shasta Capital Associates LLC.

IT IS FURTHER ORDERED THAT: Each firm, corporation or other person or entity with notice, including, but not limited to, Bank of America, Citicorp Data Systems, Inc. and Farmers & Mechanics Bank, which holds, or which is a depository of funds, securities, property, or other assets of or under the control of the Defendants and/or Shasta Capital Associates LLC, including funds and property of investors, is prohibited from transferring, withdrawing, removing or disposing of any such funds, securities, property, or other assets until further order of this Court. This Order may be served on any such entity by facsimile transmission.

II.

Appointment of Receiver

IT IS FURTHER ORDERED THAT: Stephen T. Babo, Esq. is appointed as temporary equity Receiver ("Receiver"), for the Defendants and their affiliates and subsidiaries, and all funds, properties, premises, accounts and other assets directly or indirectly owned, beneficially or otherwise, by the Defendants, individually or collectively, including, but not limited to, investors' funds, for the purpose of marshalling, preserving, accounting for and liquidating the

PJC

assets that are subject to this Order and directing, monitoring and supervising Defendants' activities in accordance with the provisions of this Order set forth below.

IT IS FURTHER ORDERED that the Receiver shall be the agent of this Court in acting as Receiver under this Order.

III.
Powers of Receiver

IT IS FURTHER ORDERED that the Receiver is directed and authorized to accomplish the following:

- A. Take exclusive custody, control, and possession of all the funds, property, mail and other assets of, in the possession of, or under the control of the Defendants Firth and Equity Financial Group LLC wherever situated and take 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 Receiver shall have full power to sue for, collect, receive and take possession of all goods, chattels, rights, credits, moneys, effects, land, leases, books, records, work papers, and records of accounts, including computer-maintained information and digital data and other papers and documents of Firth and Equity Financial Group, LLC, including documents related to customers or clients whose interests are now held by or under the direction, possession, custody or control of Firth and Equity Financial Group, LLC, and all such funds, property and documents related to customers or clients whose interests are now held by or under the direction, possession, custody or control of Tech Traders, Inc. or Shimer (this Order shall not include funds, property or records related to Shimer's practice of law unrelated to the Defendants or Shasta Capital Associates);
- B. Take all steps necessary to secure the business premises of the Defendants Firth and Equity Financial Group LLC, including but not limited to premises located at 3 Aster Court, Medford, NJ 08055 and any and all other business premises under the control of Firth or Equity Financial Group LLC;
- C. 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;
- D. Prevent the withdrawal or misapplication of funds entrusted to the Defendants, and otherwise protect the interests of customers or clients;
- E. Collect all money owed to the Defendants;

- F. Initiate, defend, compromise, adjust, intervene in, dispose of, or become a party to any actions or proceedings in state, federal or foreign jurisdictions necessary to preserve or increase the assets of the Defendants or to carry out his or her duties pursuant to this Order;
- G. Choose, engage and employ attorneys, accountants, appraisers, and other independent contractors and technical specialists, as the Receiver deems advisable or necessary in the performance of duties and responsibilities upon obtaining leave of this Court and thereafter, only upon further order of this Court;
- H. Issue subpoenas to obtain documents and records pertaining to the receivership, and conduct discovery in this action on behalf of the receivership estate;
- I. Open one or more bank accounts as designated depositories for funds of the Defendants. The Receiver shall deposit all funds of the Defendants in such designated accounts and shall make all payments and disbursements from the receivership estate from such accounts;
- J. Make payments and disbursements from the receivership estate that are necessary or advisable for carrying out the directions of, or exercising the authority granted by, this Order. The Receiver shall apply to the Court for prior approval of any payment of any debt or obligation incurred by the Defendants prior to the date of entry of this Order, except for payments that the Receiver deems necessary or advisable to secure assets of the Defendants; and
- K. Close out all commodities futures positions, or other outstanding positions and/or hold such assets without further court order.

IV.

Delivery to Receiver

IT IS FURTHER ORDERED that, immediately upon service of this Order upon them, Defendants and any other person or entity served with a copy of this order shall, immediately or within such time as permitted by the Receiver in writing, deliver over to the Receiver;

- A. Possession and custody of all funds and all other assets, belonging to investors or commodity pool participants as described in the complaint;
- B. Possession and custody of documents of the Defendants, including but not limited to, all books and records of accounts, all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, canceled

checks, records of wire transfers, and check registers), client lists, title documents and other papers;

- C. Possession and custody of all precious metals, other commodities, funds and other assets belonging to members of the public now held by the Defendants;
- D. All keys, computer passwords, entry codes, PIN numbers and combinations to locks necessary to gain or to secure access to any of the assets or documents of the Defendants, including but not limited to, access to the Defendants Firth and Equity Financial Group LLC's business premises, means of communication, accounts, computer systems, or other property; and
- E. Information identifying the accounts, employees, properties or other assets or obligations of the Defendants.

V.

Cooperation with Receiver

IT IS FURTHER ORDERED that the Defendants and all other persons or entities served with a copy of this Order shall cooperate fully with and assist the Receiver in the performance of his duties. This cooperation and assistance shall include, but not be limited to, providing any information to the Receiver that the Receiver deems necessary to exercising the authority and discharging the responsibilities of the Receiver under this order; providing any password required to access any computer or electronic files in any medium; and advising all persons who owe money to the Defendants that all debts should be paid directly to the Receiver.

VI.

Stay

IT IS FURTHER ORDERED that except by leave of the Court, during the pendency of the receivership ordered herein, the Defendants, and all other persons and entities be and hereby are stayed from taking any action to establish or enforce any claim, right or interest for, against, on behalf of, or in the name of the Defendants, the Receiver, receivership assets, or the Receiver's duly authorized agents acting in their capacities as such, including but not limited to, the following actions:

- A. Commencing, prosecuting, litigating or enforcing any suit, except that actions may be filed to toll any applicable statute of limitations;
- B. Accelerating the due date of any obligation or claimed obligation, enforcing any lien upon, or taking or attempting to take possession of, or retaining possession of, property of the Defendants or any property claimed by the Defendants, or attempting to foreclose, forfeit, alter or terminate any of the Defendants' interests in property, whether such acts are part of a judicial proceeding or otherwise;
- C. Using self-help or executing or issuing, or causing the execution or issuance of any court attachment, subpoena, replevin, execution or other process for the purpose of impounding or taking possession of or interfering with, or creating or enforcing a lien upon any property, wherever located, owned by or in the possession of the Defendants, or the Receiver or any agent of the Receiver; and
- D. Doing any act or thing to interfere with the Receiver taking control, possession or management of the property subject to the receivership, or to in any way interfere with the Receiver or the duties of the Receiver, or to interfere with the exclusive jurisdiction of this Court over the property and assets of the Defendants. This Paragraph does not stay the commencement or continuation of an action or proceeding by a governmental unit to enforce such governmental unit's police or regulatory power.

VII.

Receiver's Report to the Court and Compensation

IT IS FURTHER ORDERED that the Receiver maintain written accounts, itemizing receipts and expenditures, describing properties held or managed, and naming the depositories of receivership funds; make such written accounts and supporting documentation available to the Commission for inspection, and, within sixty (60) days of being appointed and periodically thereafter, as directed by the Court, file with the Court and serve on the parties a report summarizing efforts to marshal and collect assets, administer the receivership estate, and otherwise perform the duties mandated by this Order.

IT IS FURTHER ORDERED that the Receiver and all personnel hired by the Receiver as herein authorized, including counsel to the Receiver, are entitled to reasonable compensation for the performance of duties pursuant to this Order and for the cost of actual out-of-pocket

expenses incurred by them for those services authorized by this Order that when rendered were (1) reasonably likely to benefit the receivership estate or (2) necessary to the administration of the estate. The receiver and all personnel hired by the receiver shall be compensated solely out of funds now held by or in the possession or control of or which may in the future be received by the receivership Defendants and shall not be entitled to any compensation from the Commission. The Receiver shall file with the Court and serve on the parties periodic requests for the payment of such reasonable compensation, with the first such request filed no more than sixty (60) days after the date of this Order and subsequent requests filed quarterly thereafter. The requests for compensation shall itemize the time and nature of services rendered by the Receiver and all personnel hired by the Receiver. The Receiver shall not increase the hourly rates used as the bases for such fee applications without prior approval of the Court.

VIII.
No Bond

IT IS FURTHER ORDERED that the Receiver is appointed without bond.

IX.
Service of Order and Assistance of United States Marshals Service

IT IS FURTHER ORDERED that, copies of this Order may be served by any means, including facsimile transmission, electronic mail or data transfer, upon any financial institution or other entity or person that may have possession, custody or control of any documents or assets of the Defendants or that may be subject to any provision of this Order.

IT IS FURTHER ORDERED that the United States Marshals Service is directed to assist the Receiver in taking control and custody of the assets, records and business premises of the receivership Defendants.

IT IS FURTHER ORDERED that the U.S. Marshals Service, Always Express and Hi-Tech Private Investigations, Inc. are hereby specially appointed to serve process, including the summons and complaint, and all other papers in this cause.

X.

Service on the Commission

IT IS FURTHER ORDERED that the Defendants shall serve all pleadings, correspondence, notices required by this Order, and other materials on the Commission by delivering a copy to Elizabeth Streit, Lead Trial Attorney, Division of Enforcement, Commodity Futures Trading Commission, 525 W. Monroe, Suite 1100, Chicago, Illinois 60661.

XI.

Court Maintains Jurisdiction

IT IS FURTHER ORDERED that this Order shall remain in full force and effect until further order of this Court, and that this Court retains jurisdiction of this matter for all purposes.

XII.

Status Hearing

IT IS FURTHER ORDERED that this matter is set for telephonic status hearing on April

7th at 2 o'clock without further notice.

SO ORDERED 1st April _____, 2004


UNITED STATES DISTRICT JUDGE

EXHIBIT E

CITCO

Citico Bank Nederland N.V.

DATE 01-APR-2004 PAGES 1
COMPANY SHASTA CAPITAL ASSOCIATES (US)
CITY AND COUNTRY MEDFORD, UNITED STATES OF AMERICA
ATTENTION OF VINCENT FIRTH
FAX NUMBER 0016097141980
FROM Rafael Funken
REFERENCE 209862-27375-S000001

Remarks: Subscription/Purchase form to follow by Mail. Attention Vincent Firth. For trade date April 1. Ref.: Stable Absolute Return.

Dear Sir / Madam,

We would like to buy/subscribe:
For the countervalue of USD 250'000.00

(In words see below)

Two hundred and fifty thousand US DOLLAR

in: SHASTA CAPITAL ASSOCIATES LLC SHARES
ISIN #: QT0000937901

We expect net asset value date 01-APR-2004 and will pay US DOLLARS for value 01-APR-2004. Please notify us immediately if our order will not be accepted for this net asset value date or if you require payment for a different value date.

The shares should be registered in the name of

CITCO GLOBAL CUSTODY NV - REF 209862

REGISTERED ADDRESS
TELESTONE 8 - TELEPORT
NARITAWEG 165
1043 BW AMSTERDAM
NETHERLANDS

MAILING ADDRESS
C/O CITCO DATA PROCESSING SERVICES LID
2600 CORK AIRPORT BUSINESS PARK
KINSALÉ ROAD
CORK IRELAND

Please confirm subscription details to (353 21) 4910331 (fax) or to tradeconfirm@citco.com



S.R. Case



T.M. Shannon

Citico Bank Nederland NV Dublin

The information contained in this fax is private and confidential and intended only for the addressee. If you have received this fax in error, or the information contained within is in any way unclear, please immediately notify us by telephone at (353 1) 636 7100.

Branch Office
Custom House Place Black 6
Irish Financial Services Centre
Dublin 1
Ireland

Phone: +353 (0)1 636 7100
Fax: +353 (0)1 636 7102
dublin-bank@citco.com
BIC: CITCIB2D

Chamber of Commerce Amsterdam
No. 33185291
Chamber of Commerce Dublin
No. 904070

5:29 PM 4/1/04 Transmission Record

Sent to: ORDER TO FUND SHASTA CAPITAL ASSOCIATES (US)

Phone: 0016097141980

Billing information: '000005894', '27375-S000001'

Remote ID:

Unique ID: "FO681490"

Elapsed time: 1 minutes, 2 seconds.

Used channel 22.

No ANI data.

No AOC data.

Resulting status code (0/339; 0/0): Success

Pages sent: 1 - 1

Ref 27375-51

SUBSCRIPTION AGREEMENT
Shasta Capital Associates, LLC
 Corporate

The Undersigned (hereinafter "Undersigned" or "Subscriber") hereby offers and subscribes to purchase _____ shares of Shasta Capital Associates, LLC, a Delaware Limited Liability Company (the "Company") at a price of \$100.00 per share.

Payment in the amount of \$ 250,000 shall be made by the Undersigned by either check or by bank wire transfer to the New York escrow account of the Company's attorney.

The Undersigned understands that the member shares are being issued without registration under the Securities Act of 1933 as amended (the "Act") in reliance upon the limited offering and private placement exemptions from registration contained in Sections 3(b) and 4(2) of the Act, and Regulation D promulgated thereunder.

To induce the Company's Manager Equity Financial Group, LLC (hereinafter "Manager" or "Equity") to accept the Undersigned's subscription and to issue and deliver member shares to the Undersigned subscriber, the Undersigned agrees, warrants and represents as follows:

1. This offer is irrevocable once accepted by the Manager on behalf of the Company. This offer is subject to acceptance or rejection by the Company in its sole discretion.
2. The Undersigned is purchasing the member shares for the Subscriber's own account. The Undersigned has not offered or sold a participation in this purchase of member shares and will not offer or sell the member shares or any interest therein or otherwise, in violation of the Act. The Undersigned does not have in mind any sale of the member shares currently or after the passage of a fixed or determinable period of time or upon the occurrence of non-occurrence of any predetermined events or consequence; and has no present or contemplated agreement, undertaking, arrangement, obligation, indebtedness or commitment providing for or which is likely to compel a disposition of the member shares and is not aware of any circumstances presently in existence that are likely in the future to prompt a disposition of the shares.
3. The Undersigned acknowledges that the member shares have not been offered to the Undersigned through any advertisement of any kind.
4. The Undersigned acknowledges that the offer and sale of member shares to the Undersigned is based upon all of the representations and warranties of the Undersigned in this Subscription Agreement, and the Undersigned acknowledges that the Undersigned has been encouraged to seek its own legal and financial counsel to assist in evaluating an investment in the Company.
5. The Undersigned hereby acknowledges that the Undersigned's authorized representatives have thoroughly read the Company's Private Placement Memorandum dated June 30, 2001 as revised February 18, 2003 and September 2, 2003 (the "Memorandum") and understands that an investment in the Company is an investment in managed futures. The Undersigned has also received either directly from the Company or from its web site the CPA verified performance record of the Synergetic Portfolio Trading System beginning June 2001 to date used by the Trading Company described in that Memorandum as well as the non CPA verified performance record of the Synergetic Portfolio Trading System used by the Trading Company for the previous 5 months of 2001 beginning in January 2001 and ending in May 2001.



6. THE UNDERSIGNED ALSO UNDERSTANDS AND ACKNOWLEDGES THAT PRIOR TO JANUARY 2001 THE SYNERGETIC-PORTFOLIO TRADING SYSTEM PRODUCED ONLY THEORETICAL TRADING PROFITS FOR THE CALENDAR YEAR 2000 AS THE RESULT OF EXTENSIVE BETA TESTING AND THE UNDERSIGNED IS WILLING TO RELY UPON AND BASE ITS DECISION TO INVEST SOLELY UPON THE ACTUAL PERFORMANCE RECORD OF THE SYNERGETIC-PORTFOLIO TRADING SYSTEM FROM JANUARY 2001 TO DATE. THE UNDERSIGNED UNDERSTANDS THAT PAST PERFORMANCE IS NO GUARANTEE OF FUTURE SUCCESS.
7. THE UNDERSIGNED ALSO UNDERSTANDS AND ACKNOWLEDGES THAT THE GENERAL BACKGROUND INFORMATION AS WELL AS THE MORE DETAILED TECHNICAL INFORMATION ABOUT THE SYNERGETIC-PORTFOLIO TRADING SYSTEM AVAILABLE ON THE COMPANY'S WEB SITE IS NOT INTENDED TO BE AND SHOULD NOT BE A SUBSTITUTE FOR A CAREFUL AND COMPLETE READING OF THE COMPANY'S PRIVATE PLACEMENT MEMORANDUM.
8. In addition to the information available on the Company's Web Site, the Undersigned acknowledges that the Company has given the Undersigned and all of the Undersigned's agents and counselors access to sufficient information relating to its business to allow the Undersigned to form an intelligent and informed decision to invest.
9. The Undersigned acknowledges and warrants that the Undersigned is an "Accredited Investor" as that term is defined in Rule 501 of Regulation D of the Securities Act of 1933 of the United States and also has sufficient knowledge concerning the affairs and conditions of the Company and that by reason of its business or financial experience can make a reasoned decision as to this investment in the Company, is capable of evaluating the merits and risks of this investment and has the capacity to protect the Undersigned's own interests in connection with such investment.
10. The Undersigned also acknowledges and states without reservation that the Undersigned can bear the economic risk of this investment.
11. The Undersigned is aware of the restrictions on transferability of the Company's shares set forth in the Memorandum and the Company's Operating Agreement.
12. Based upon the foregoing representations by the Undersigned, the Undersigned hereby agrees to indemnify Equity, its officers, manager agents and employees thereof and hereby agrees to hold Equity and the Company (and their respective officers, directors, agents and employees) harmless against all liability, costs or expenses (including reasonable attorneys' fees) arising out of or in connection with any misrepresentation or any breach of such warranties and representations of the Undersigned, or arising as a result of the sale or distribution of member shares by the Undersigned in violation of the Securities Exchange Act of 1934, as amended, this Act, or any other applicable law.
13. This Subscription Agreement may be executed by the Subscriber and accepted by the Company in counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. A copy of this Subscription Agreement sent by facsimile or other electronic means, bearing the signature of the Subscriber or the signature of the Company's authorized representative shall be considered to be the legal equivalent of a document bearing the original signature of the party whose signature appears thereon.
14. This subscription and the representations and warranties contained herein shall be binding upon the heirs, legal representatives, successors and assigns of the Undersigned and shall be construed in accordance with the laws of Delaware. The site of execution of this Subscription agreement is the state of Delaware, USA.

Subscription amount \$ 250,000 Number of member shares subscribed _____

The Subscriber is (please indicate):

Corporation Trust Other (Please specify: _____)

CITCO GLOBAL CUSTODY N.V. Ref 203852 Tax ID Number _____
Name of Subscribing Entity (please print)

Name and position of individual(s) executing this subscription agreement on behalf of Subscriber:
CITCO BANK NEDERLAND N.V. Name (Please print) _____
Name (Please print) _____ Position (Please print) _____
Position (Please print) _____

I hereby certify that I am (we are) authorized by my (our) position with the Subscriber to execute this Subscription Agreement

This Subscription is executed by the Subscriber this 01 day of April 2004
By _____ signature CITCO BANK NEDERLAND N.V.
By _____ signature

The above and foregoing Subscription Agreement is accepted this _____ day of _____, 2004.

Shasta Capital Associates, LLC.
By Equity Financial Group, LLC, Manager
By _____
Vincent Firth, President

BROWN & CONNERY, LLP
By: Warren W. Faulk, Esquire
360 Haddon Avenue
P.O. Box 539
Westmont, New Jersey 08108
856-854-8900
Attorneys for The Sterling Entities

**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 Investments, Ltd., Magnum)
Capital Investments, Ltd., Vincent J. Firth,)
Robert W. Shimer, Coyt E. Murray and J.)
Vernon Abernathy)
Defendants)

CIVIL ACTION NO. 04CV1512

**DECLARATION OF
WARREN W. FAULK, ESQ.**

Warren W. Faulk, Esq., declares as follows:

1. I am the attorney for claimants Sterling ACS, Ltd, Sterling Alliance Ltd., Sterling Casualty & Insurance Ltd., Sterling Bank Ltd., Sterling (Aguilla) Trust Ltd., Sterling Investment Management Ltd. and Strategic Investment Portfolio, LLC (collectively the "Sterling Entities").
2. Exhibit A attached hereto is a true copy of the October 29, 2004 letter from Receiver's counsel to counsel for the Sterling Entities.
3. Exhibit B attached hereto is a true copy of the December 3, 2004 letter (with attachments) from counsel for the Sterling Entities to Receiver's counsel.
4. Exhibit C attached hereto is a true copy of the February 2, 2005 letter from Receiver's counsel to counsel for the Sterling Entities.
4. Exhibit D attached hereto is a true copy of pages 45 to 48 of the transcript of this

Court's May 14, 2004 ruling on the Sterling Group's Motion to Intervene.

Pursuant to 28 U.S.C. 1746, I certify under penalty of perjury that the foregoing is true and correct.

Dated: February 11, 2005

/s/ Warren W. Faulk

Warren W. Faulk

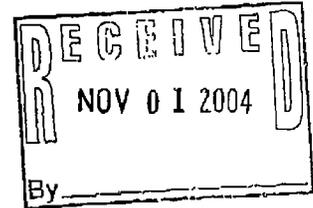
EXHIBIT A

Sachnoff & Weaver, Ltd.

Attorneys at Law

30 South Wacker Drive • 29th Floor • Chicago, Illinois 60606-7484

Telephone (312) 207-1000

Raven Moore
(312) 207-6457
rmoore@sachnoff.com

October 29, 2004

Facsimile (312) 207-6400
www.sachnoff.com**VIA FEDERAL EXPRESS**Martin P. Russo
Kurzman Eisenberg Corbin
Lever & Goodman, LLP
One North Broadway
White Plains, NY 10601Re: **CFTC v. Equity Financial Group, et al.**

Dear Mr. Russo:

As you know, I represent Stephen T. Bobo, who is serving as Equity Receiver of Equity Financial Group LLC, Magnum Investments, Inc., Magnum Capital Investments, Ltd., Tech Traders, Ltd., Tech Traders, Inc., Vincent J. Firth, and Robert W. Shimer.

We are in receipt of the investor claim forms submitted on behalf of the Sterling entities, including Sterling Alliance Ltd., Sterling Trust (Anguilla) Ltd., Strategic Investment Portfolio LLC, Sterling Casualty & Insurance Ltd., Sterling Bank Limited, Sterling ACS Ltd., and Sterling Investment Management Ltd. After careful review of these forms and the supporting documentation, we have found a number of deficiencies.

To start, the claim forms submitted on behalf of Sterling Trust (Anguilla) Ltd., Sterling Alliance Ltd., Sterling ACS Ltd., Sterling Investment Management Ltd., and Strategic Investment Portfolio LLC fail to include sufficient supporting documentation to confirm a number of the transactions with the Defendants. Please note that we enclose copies of the above-referenced claim forms. On these claim forms, we have highlighted the transactions for which additional supporting documentation is required. For example, you will note that on the Sterling Alliance claim form, we have highlighted the alleged transfers on 11/5/02 and 7/9/02. These entries have been highlighted because Sterling Alliancc failed to provide bank wire transfer advices to show that funds were in fact transferred from Sterling Alliance to Tech Traders on these dates. As evidence of these transfers, Sterling Alliance provides only some form of internal memoranda from Alliance Investment Management.

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Attorneys at Law

In addition, the claim form submitted on behalf of Sterling Investment Management Ltd. illustrates another deficiency: inconsistency among the Sterling entities' claim forms. At this time, at least one inconsistency among these claim forms has been identified. The Sterling Investment Management claim form refers to "an internal transfer from account 5142 to 37927" in the amount of \$100,000.00 on 12/31/02. However, the claim form for account number 37927, in the name of Sterling Trust (Anguilla) Ltd., does not reflect a corresponding receipt of these funds. Other such inconsistencies may exist, although we have not yet identified them.

Sterling Trust (Anguilla) Ltd.'s claim form highlights another deficiency: a repeated failure to account for distributions made by Tech Traders to the Sterling entities. From May of 2003 through March of 2004, Sterling Trust received monthly payments from Tech Traders in the sum of \$475,000.00, as set forth in the Affidavit of Stephen T. Bobo filed in response to the Sterling entities' motion to intervene. These monthly disbursements from Tech Traders, however, do not appear on the claim form submitted by Sterling Trust. Also, on April 23, 2003, Tech Traders wired \$235,880.00 to Sterling account number 5198214568 with a reference to "Sterling Trust Anguilla." Yet, the Sterling Trust (Anguilla) Ltd. claim form fails to reflect receipt of any such payment from Tech Traders.

Finally, the claim form submitted by Sterling Alliance Ltd. illustrates yet another deficiency: distributions made to a Sterling entity that apparently consist of fictitious profits. Sterling Alliance claims to have received distributions of funds from Tech Traders in the sum of \$597,500.00. Specifically, from December 20, 2002 through February 23, 2004, Sterling Alliance received \$175,000.00 in cash withdrawals and transferred \$422,500.00 to other Sterling accounts. Yet, Sterling Alliance only put in actual cash in the amount of \$250,000.00. For example, on December 31, 2002, Sterling Alliance transferred \$250,000.00 from its investment account with Tech Traders to another Sterling entity, Sterling Trust (Anguilla) Ltd, but at that time, Sterling Alliance had only \$240,000.00 available. Thereafter, Sterling received an additional \$337,500.00 by way of transfers to other Sterling accounts or cash withdrawals.

In order to support the total amount of the Sterling entities' claimed investments and distributions, please provide us with the necessary supporting documentation as soon as

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Attorneys at Law

possible. If you have any questions or concerns regarding the above information, please direct them to me by email or letter.

Very truly yours,



Raven Moore

Enclosure

cc: Stephen T. Bobo, Equity Receiver
Bina Sanghavi

EXHIBIT B

KURZMAN EISENBERG CORBIN LEVER & GOODMAN, LLP

ATTORNEYS AT LAW

675 THIRD AVENUE 18TH FLOOR
NEW YORK, NY 10017
(212) 661-2150ONE NORTH BROADWAY
WHITE PLAINS, NEW YORK 10601TEL: (914) 285-9800
FAX: (914) 285-9855MARTIN P. RUSSO, P.C.
Partner
mrusso@kclaw.comOTHER LOCATIONS:
FORT LAUDERDALE, FLORIDA
LONDON, ENGLAND
GENEVA, SWITZERLAND

December 3, 2004

By Facsimile and Federal ExpressRaven Moore
Sachnoff & Weaver, Ltd.
30 South Wacker Drive
29th Floor
Chicago, IL 60606-7484Re: CFTC v. Equity Financial Group, et al.

Dear Ms. Moore;

We represent the Sterling Group of Companies and write in response to your letter dated October 29, 2004. For your convenience we address the issues as you presented them.

With respect to the Sterling Group's "failure to provide bank wire transfer advices", please be advised that the Sterling Group has provided you with the documentation it received. The "internal memorandums" you reference are no such thing; rather, they are confirmations of wire transfers of Sterling funds made by Alliance Investment Management as an independent Class One brokerage company licensed under the Securities Commission of the Bahamas. I am certain that you are aware that even U.S. based institutional brokerage firms do not provide their internal bank advices to clients. The fact of the transfer simply is confirmed – just as it was here. Moreover, the Receiver is in possession of Tech Traders' bank records and should be able to verify the transfers by matching the amounts and dates listed on the confirmations with account statements. Finally, please be advised that there is no common ownership between the Sterling Group on the one hand and Alliance Investment Management on the other. Alliance Investment Management is a wholly owned subsidiary of Benchmark Bahamas Ltd., a company which publicly is traded on the Bahamas International Stock Exchange (symbol: BBL).

With respect to the "one inconsistency" you claim to have identified "among these claim forms", please be advised that no such inconsistency exists. The confusion stems from the entry

KURZMAN EISENBERG CORBIN LIEVER & GOODMAN, LLP

Raven Moore
December 3, 2004
Page 2

under affidavit point number 7 (RCF 004462) for the date 12/31/02. The "Source of Payment" column should read "Internal Transfer from account 5142 to 37927-B".¹ As I am sure you know by this point, 37927-B was a Tech Traders account number that subsequently was merged with account number 007 (Sterling Investment Management). Consequently, the two entries for 12/31/02 on RCF 004462 accurately reflect the source and recipients of an internal transfer of funds belonging to Sterling Trust (Anguilla) under the management of Sterling Investment Management. Since the funds were held in an account managed by Sterling Investment Management, that entity is making the claim on Sterling Trust's behalf. I have attached the Tech Traders' statements (previously provided) which demonstrate the above explanation.

With respect to the "deficiency" you note on to the Sterling Trust (Anguilla) claim form, please be advised that you are mistaken. Your form requested "distributions" and the Sterling Trust claim form lists all such transactions. It is inaccurate to characterize the \$45,000 fee paid by Tech Traders to Sterling Trust as a distribution. Those funds were a fee and were paid as rent for the benefit of having the funds available to draw down in the event of a margin call. The fee was unrelated to gains and losses in Tech Traders' accounts and was below the industry standard in terms of magnitude.

Finally, your last criticism of the Sterling Group claim forms is ironic. It is not consistent to fault the Sterling Group for supposedly failing to recognize an internal transfer on one form while simultaneously claiming that it should do the Receiver's job and determine which funds in the account were actual profits as (opposed to a fraud) before listing disbursements. At this point, the Sterling Group does not know what profits were or were not generated as a result of the use of its funds. You have those records. What is certain, however, is that we have provided you with records of deposits and distributions (and transfers when they were internal) to help the Receiver complete his assignment and return the Sterling Group's fund. Perhaps the best way to do that is to sit down and actually analyze the records with an eye toward recovering funds from relief defendants. If you need assistance in this regard, I suggest you contact Ms. Streit and obtain the list of potential relief defendants we provided to the CFTC earlier this year.

Thank you for your time. I can be reached at the above number and address.

Sincerely,



Martin P. Russo

Enclosures

¹ Notably, the affidavit is accurate because 37927-B was not delineated as such in December 2002.

TECH TRADERS, LTD.
MONTHLY REPORT

ILLUSTRATION OF CALCULATIONS

CREDITS FOR DEC. I, TO DEC. 31, 02

STERLING ALLIANCE, LTD
ACCOUNT# 5142

ENDING BALANCE DEC., 31, 02	\$360,000
WITHDRAWALS OR CREDITS- ACCT# 5142 DEC., WITHDRAWALS	\$25,487
TRANSFER TO STERLING TRUST ACCOUNT#37927-	\$100,000
BEGINNING BALANCE DEC. 1, 02	\$460,000
CAPITAL POOL'S MONTHLY CREDITS %-	11.37%
GROSS CREDITS OF MONTH- \$460,000 @11.37%	\$52,302
FIRST CREDIT OUT- PREFERENTIAL RETURN @ 2% OF \$460,000	\$9,200
LESS O&E FEE@15%	\$7,845
GROSS CREDITS FOR DISTRIBUTION-	\$35,257
LESS TECH'S CREDIT @50%	\$17,628
STERLING'S CREDIT @50%	\$17,628
LESS MANAGEMENT FEES@5%	- \$1,341
STERLING'S TOTAL CREDITS WITH PREFERENTIAL RETURN-	\$25,487
STERLING'S MONTHLY ENDING CREDITS ALLOCATION-	\$25,487
LESS TRANSFER FROM ACCT# 5142 FOR DEC. 31, 02	- \$25,487
STARTING BALANCE OF DEC. 1, 02	\$460,000
LESS TRANSFER FROM ACCT#5142 TO ACCT#37927 OF	\$100,000
BALANCE TOTAL OF DEC., 31, 02	\$360,000

TECH TRADERS, INC.
MONTHLY REPORT

ILLUSTRATION OF CALCULATIONS

CREDITS FOR DEC. 1, TO DEC. 31, 02		
STERLING TRUST ACCOUNT# 37927		
ENDING BALANCE DEC., 31, 02		\$250,000
	NEW FUNDS-	\$100,000
TOTAL FUNDS IN DEC., 02- \$350,000		
WITHDRAWALS OR CREDITS-		-0-
BEGINNING BALANCE DEC., 02 -		-0-
CAPITAL POOL'S MONTHLY CREDITS %-		NA%
GROSS CREDITS OF MONTH-	@11.37%	NA
	TOTAL-	NA
FIRST CREDIT OUT- PREFERENTIAL RETURN	@ 2.3%-	-0-
LESS O&E FEE@15%		NA
GROSS CREDITS FOR DISTRIBUTION-		NA
LESS TECH'S CREDIT @50%		NA
STERLING'S CREDIT @50%		NA
STERLING'S TOTAL CREDITS WITH PREFERENTIAL RETURN-		NA
STERLING'S MONTHLY ENDING CREDITS ALLOCATION-		NA
PLUS TRANSFER FROM ACCT# 5142 AND#5143 FOR DEC. 31, 02		NA
ADD STARTING CREDIT BALANCE OF DEC 31., 02		\$350,000
	TOTAL-	\$350,000
ENDING CREDIT BALANCE DEC., 31, 02		\$350,000

Attn: Coyt

From: Vernice

Date: August 25, 2003

Re: AC 39727

Dear Coyt,

On a preliminary evaluation of our audit for 2003, our new auditor had requested that the reporting on this account be segregated.

Since part of these funds is the Capital of the Trust Company and part is client's funds being managed, I suggest that we separate as follows beginning July 1, 2003.

37927-A Capital Account

Principal Amount:	250,000	Note Credits:	107157	Total	357157
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39727-B Managed Funds Account

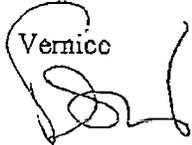
Principal amount	745,970	Note Credits:	296587	Total	1042557
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Total of Both accounts as of July 1, 2003 (per your June 30 statement)

Principal:	995,970	Note Credits:	405745	Total	1401715
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Please let me know if there will be any problem with this.

Vernice



Attn: Coyt

From: Vernice

Date: January 13, 2004

Re: Sterling Capital 37927-B

Coyt,

Effective December 1, 2003, please transfer the complete balance of \$1,357,809 from the above account for credit to Sterling Investment Management #007

Account 37927-B can then be eliminated.

Please contact me if you have any questions regarding this transaction.

Thank you.

Vernice

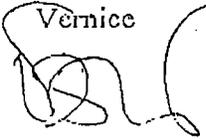


EXHIBIT C

Sachnoff & Weaver, Ltd.

Attorneys at Law

30 South Wacker Drive • 29th Floor • Chicago, Illinois 60606-7484

Telephone (312) 207-1000

Raven Moore
(312) 207-6457
rmoore@sachnoff.com

February 2, 2005

Facsimile (312) 207-6400

www.sachnoff.com

VIA FEDERAL EXPRESSMartin P. Russo
Kurzman Eisenberg Corbin
Lever & Goodman, LLP
One North Broadway
White Plains, NY 10601**Re: CFTC v. Equity Financial Group, et al.**

Dear Mr. Russo:

As we discussed yesterday afternoon, please have your client provide answers to the following questions:

1. Why does the Sterling Trust (Anguilla) Ltd. claim form fail to reflect receipt of \$235,880.00 wired from Tech Traders to Sterling account number 5198214568 on April 23, 2003?
2. Why did Sterling Alliance Ltd. apparently receive \$597,500.00 from Tech Traders but transfer only \$250,000.00 to Tech Traders to fund its investment?
3. Who are the beneficial owners of Aquarius Holdings International Ltd.?
4. Is Aquarius Holdings Ltd. the same entity as Aquarius Holdings International Ltd.? If not, what is Aquarius Holdings International Ltd.? Who are the beneficial owners of Aquarius Holdings International Ltd.?
5. What is Security Funding Ltd.? Who are the beneficial owners of Security Funding Ltd.?
6. Why did Sterling ACS Ltd. receive \$14,700.00 from Magnum Investments Ltd. on August 29, 2003 on account of its investment with Tech Traders?
7. What is W3 Commerce LLC? Who are the beneficial owners of W3 Commerce LLC?

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Attorneys at Law

8. Did W3 Commerce LLC invest funds with Sterling ACS Ltd.?
9. Did W3 Commerce LLC invest funds directly with Tech Traders and/or Magnum Investments?
10. What is Big Sky Trust? Who are the beneficial owners of Big Sky Trust?
11. What is Belmont Leacock Trust? Who are the beneficial owners of Belmont Leacock Trust?
12. What is EABS Trust? Who are the beneficial owners of EABS Trust?
13. What is Garrett Trust? Who are the beneficial owners of Garrett Trust?
14. What is Genesis Trust? Who are the beneficial owners of Genesis Trust?
15. What is Grey Ghost Trust? Who are the beneficial owners of Grey Ghost Trust?
16. What is Lansing Family Trust? Who are the beneficial owners of Lansing Family Trust?
17. What is M & B Trust? Who are the beneficial owners of M & B Trust?
18. What is Meridian Trust? Who are the beneficial owners of Meridian Trust?
19. What is New Harvest Trust? Who are the beneficial owners of New Harvest Trust?
20. What is Pacific Trust? Who are the beneficial owners of Pacific Trust?
21. What is Parish of Mercy Charitable Trust? Who are the beneficial owners Parish of Mercy Charitable Trust?
22. What is Pinnacle Resources Intl Trust? Who are the beneficial owners of Pinnacle Resources Intl Trust?
23. What is Specialty Select Group Trust? Who are the beneficial owners of Specialty Select Group Trust?
24. What is St. Lawrence Trust? Who are the beneficial owners of St. Lawrence Trust?
25. What is WEFT Trust? Who are the beneficial owners of WEFT Trust?

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Attorneys at Law

26. What is Ovolos Investment Trust? Who are the beneficial owners of Ovolos Investment Trust?
27. Did all persons with a beneficial interest in Sterling Alliance Ltd. approve of its \$100,000.00 transfer to Sterling Trust (Anguilla) Ltd. on December 31, 2002?
28. Did all persons with a beneficial interest in Sterling Alliance Ltd. approve of its \$250,000.00 transfer to Sterling Trust (Anguilla) Ltd. on December 31, 2002?
29. Did all persons with a beneficial interest in Sterling Alliance Ltd. approve of its \$172,500.00 transfer to Sterling Bank Limited on September 13, 2003?
30. Did all persons with a beneficial interest in Sterling Alliance Ltd. approve of its \$802,685.00 transfer to Sterling Investment Management Ltd. on December 1, 2003?
31. Did all persons with a beneficial interest in Sterling Trust (Anguilla) Ltd. approve of its \$1,357,809.00 transfer to Sterling Investment Management Ltd. on December 1, 2003?
32. Please provide supporting documentation for the following deposits made by a Sterling entity:

<u>Entity</u>	<u>Date</u>	<u>Amount</u>
Strategic Investment Portfolio LLC	12/7/03	\$14,900.00
Sterling Trust (Anguilla), Ltd.	4/24/03	\$235,580.00
Sterling Trust (Anguilla), Ltd.	4/24/03	\$1,000,000.00
Sterling Trust (Anguilla), Ltd.	3/18/03	\$500,000.00
Sterling Trust (Anguilla), Ltd.	2/5/03	\$350,000.00
Sterling Trust (Anguilla), Ltd.	1/30/03	\$240,000.00

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Attorneys at Law

33. Please provide supporting documentation for the following withdrawals of funds:

<u>Entity</u>	<u>Date</u>	<u>Amount</u>
Sterling Trust (Anguilla), Ltd.	2/12/04	\$425,000.00
Sterling ACS, Ltd.	1/22/04	\$109,747.00
Sterling ACS, Ltd.	10/29/03	\$82,816.00
Sterling ACS Ltd.	8/29/03	\$14,7000.00
Sterling ACS Ltd.	5/7/03	\$2,000.00
Sterling Trust (Anguilla) Ltd.	4/2/03	\$500,000.00
Sterling Alliance Ltd.	12/20/02	\$10,000.00

If we have any additional questions or issues upon reviewing your client's responses, I will contact you.

Very truly yours,



Raven Moore

Enclosure

cc: Stephen T. Bobo, Equity Receiver
Bina Sanghavi

EXHIBIT D

Condenselt™

May 14, 2004

Page 45

1 to permit the intervention of one of these investors, as
2 opposed to the others, all that would do is encourage a race
3 to the Court house to be the first in line to get your money
4 back.

5 As I mentioned during oral argument, the obligation of
6 the Court and the receiver is to be fair to all the parties
7 that have claims to this fund. And I'm confident, without
8 any reservation, Mr. Bobo will do that. He'll do that in an
9 expeditious manner. Again, obviously, there is that check
10 that if the proposed intervenors are or anybody else
11 disagrees with the recommendations made by the receiver, I
12 will have a hearing and make a decision, make a decision and
13 we can argue that out at that time. I do not accept that the
14 capital requirements of the proposed intervenors mandate any
15 different results, for two reasons. Number one, there simply
16 is no proof, no evidence whatsoever that there's any threat
17 whatsoever any imminent action against their license. Also
18 the license that is sought out at the bank is sufficiently, I
19 think, ambiguous on all these issues and other issues which
20 are explored with the witness, Miss Woltz yesterday. The
21 Court cannot conclude that there is any threat whatsoever
22 that the licensure and furthermore the government points out,
23 there has been no evidence whatsoever presented to the Court
24 that they cannot meet capital requirements by simply asking
25 the owners to put up more capital. And so I do not accept

Page 46

1 that argument. I am persuaded by the cases of Commodities
2 Futures Trading Commission versus Heritage Capital Advisory
3 Services, 736 F.2d, 384. That's just a Seventh Circuit. And
4 the Tenth Circuit case of Commodities Futures Trading
5 Commission versus Chikott Portfolio Management, Inc.,
6 reported at 725 F.2d, 584. That the intervenors are not
7 entitled to intervention.

8 As to permissive intervention. I am at this time going
9 to deny that request. I think they obviously, the
10 intervenors have proven that there is a question of lay in
11 fact in common there's no doubt about that, but I'd find at
12 this point, at this time that their participation in this
13 matter will unduly complicate the issues that face the
14 plaintiff and the receiver in trying to find out what
15 happened here. I just can't, frankly, imagine how permitting
16 Sterling to participate in discovery in this matter in a
17 pretrial matter the will assist in gathering the evidence
18 that's necessary for the receiver to do the job that the
19 Court has assigned. Consequently, I deny the motion to
20 intervene.

21 As to the release of funds. There's no question in my
22 mind that this is in the nature of an injunction. The burden
23 again is on the proposed intervenors here. I, also, find
24 that almost all the funds of the Sterling funds that were

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1 account. The money is fungible, folks. I think it's
2 virtually impossible to trace and to segregate it out that
3 way. And, furthermore, once the money goes into that
4 account, I think Tech Traders thereafter owns it and these
5 investors become nothing more than creditors.

6 As I stated during the oral argument, I don't
7 necessarily accept the argument about when monies are put at
8 risk for the reasons I stated. But once again, I am not
9 indicating by saying that to Mr. Bobo or anyone else that one
10 of the ultimate rules of the Court I do not need to decide
11 whether that is a reason to differentiate among all these
12 various investors or not. I leave it to his good judgment at
13 this point to try and straighten that out all out. I do
14 recognize that there is case law in some sentiment to the
15 contrary that would support to this putting money at risk
16 theory that's being advanced at this time by the proposed
17 intervenors.

18 Thus, as a general proposition, the intervenors have
19 not demonstrated any compelling reason for the return of
20 their money. That is that they are in anyway any different
21 than any other investors in this, even the non Shasta
22 investors in this matter.

23 Again, the Court is mindful that at this time it
24 appears that there simply is not enough money to pay
25 everybody. The best to permit one party to withdraw money at

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1 this time would have an adverse effect on the ability of the
2 other parties who are not yet before the Court formally to
3 withdraw their share of the money. Now there may be a
4 different consideration regarding 37923, the ManPro account,
5 The money in that account or the large portion of the money
6 in the account and apparently was not -- did not go through
7 the Tech Traders bank account. But again, money is
8 fungible. There is evidence that money was going back from
9 Tech Traders to the Sterling Entity. The 475 thousand
10 dollars. There's other evidence that money has gone back and
11 forth between the two. Obviously, it's not the 1.9 million
12 or the 1.2 million in the account. Considerably more than
13 that. But to argue that this money is some how different, I
14 think misses another point that the Government raises at this
15 time. And that is that there is evidence presented so far to
16 the Court that the connection between Tech Traders and the
17 these Sterling Entities at the very least requires further
18 inquiry and investigation. Tech Traders did have, for some
19 period of time, trading authority over that account 37923.
20 Now I know Miss Woltz testified that Sterling voided that and
21 indeed the document IS-1 indicates that she did so advise
22 Coyt Murray. However, it is interesting that no documents
23 have been found at the CFM that support that at this time,
24 There's, also, the saga of Mr. Abernethy, the payment that he

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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 Investments, Ltd., Magnum)
Capital Investments, Ltd., Vincent J. Firth,)
Robert W. Shimer, Coyt E. Murray and J.)
Vernon Abernathy)
Defendants)

CIVIL ACTION NO. 04CV1512

**MEMORANDUM IN OPPOSITION TO MOTION
OF EQUITY RECEIVER FOR AUTHORITY TO MAKE
INTERIM DISTRIBUTION ON ACCOUNT OF INVESTOR CLAIMS**

Sterling ACS Ltd., Sterling Alliance Ltd., Sterling Casualty & Insurance Ltd., Sterling Bank Limited, Sterling (Anguilla) Trust Ltd., Sterling Investment Management Ltd and Strategic Investment Portfolio LLC (collectively, the "Sterling Entities"), through their undersigned counsel, submit this memorandum in opposition to the motion of the Equity Receiver to make an interim distribution on account of investor claims.

PRELIMINARY STATEMENT

The Receiver goes to great lengths to convince the Court that his proposal for an interim distribution is fair and equitable to all claimants. A close examination of his proposal reveals that the opposite is true. As is set forth in greater detail below, the Receiver's proposal is unfair to the Sterling Entities for several reasons.

First, the Receiver groups all seven of the Sterling Entities together and purports to object to their claims in full. By grouping the Sterling Entity's together and calculating their proposed distribution jointly, the Receiver short-changes certain Sterling companies by requiring them to absorb withdrawals made by others. In total, the Receiver deprives the companies of an interim distribution entitlement of \$341,970.00. Each Sterling Entity's claim should be considered separately and the distribution amount should be discounted only by withdrawals made by that specific company.

Second, the receiver has treated any question raised about a Sterling Entity's claim as an objection to the entire claim. To the extent the Receiver has only a partial objection to a claim made by a Sterling company, the Receiver should make an distribution on the uncontested portion of the claim. In this case, the uncontested portion is comprised of millions of dollars and the interim distribution would total \$5,155, 666.64.

The proposed interim distribution also is inequitable because it fails to propose release of the funds held in Sterling (Anguilla) Trust's name at Man Financial. The account never was in Tech Traders' name and the Receiver did not include the funds in his calculation of the amounts available for distribution. Under the law, and considering that Sterling (Anguilla) Trust is not a defendant, the Receiver should not be allowed to continue to hold the \$1.9+ million now frozen

at Man Financial. Indeed, the law mandates that these funds be returned to the control of Sterling (Anguilla) Trust at this time – especially since it was not afforded due process in the form a preliminary injunction hearing.

FACTS

1 day
Pursuant to the procedure approved by this Court, the Sterling Entities served proofs of claims upon the Receiver on or about September 21, 2004. Each entity submitted a separate claim form and documentary support detailing its investments (deposits and withdrawal) with defendant Tech Traders, Inc. (“Tech Traders”). The Sterling Entities received no notification from the Receiver or his attorneys of any deficiency in their claim forms until October 29, 2004 – several days after Sterling (Anguilla) Trust pointed out to the Court in its reply papers on its pending motion to intervene that no Sterling entity had received notification of any deficiency.¹ In its October 29, 2004 letter, the Receiver’s counsel – for the first time – pointed out certain purported “deficiencies” in the claims submitted by some of the Sterling Entities. The letter did not indicate that the Receiver had any objection to the claims submitted by Sterling Bank Limited and Sterling Casualty & Life Insurance Ltd. (Exhibit A to Declaration of Warren Faulk, Esq., dated February 11, 2005) (“Faulk Decl.”). After gathering the appropriate information, on December 3, 2004, the Sterling Entities responded to the letter and addressed the so-called deficiencies – most of which were based on nothing more than an erroneous understanding of the facts. (Exhibit B to Faulk Decl.). The Sterling Entities then heard nothing from the Receiver until February 2, 2005, when his counsel articulated several “questions” regarding the beneficial

¹ This assertion was made in response to the Receiver’s erroneous (and ultimately false) assertion that he “notified [claimants] of the deficiencies and asked [them] to remedy them”.

owners of the deposited funds and withdrawals and deposits made by various Sterling Entities with Tech Traders. (Exhibit C to Faulk Decl.). Since the Receiver has never formally articulated any objections, we afford him the benefit of the doubt on this motion and assume that amounts of deposits or withdrawal which he questions are "objections".

ARGUMENT

I.

THE RECEIVER SHOULD BE REQUIRED TO CONSIDER SEPARATELY THE CLAIM MADE BY EACH STERLING ENTITY

The Receiver's distribution plan is flawed and should be rejected by the Court because it incorrectly and inappropriately lumps together all of the Sterling Entities. In doing so, the Receiver deprives Sterling Bank Ltd., Sterling Casualty & Insurance Ltd., Sterling Investment Management, Ltd. and Strategic Investment Portfolio of the full amount of the distribution to which they would be entitled under his proposed formula. Equity requires that the Receiver separately consider the claim made by each entity and calculate the amount of the distribution by considering only the withdrawals made by that entity.²

The Sterling Entities are distinct companies, incorporated in different countries, with different licenses, different ownership and different clients whose money they invested with Tech Traders.

- Sterling ACS Ltd. is a financial and corporate services provider organized and licensed pursuant to the laws of The Bahamas.

² It is disconcerting that in the Receiver's original affidavit accompanying his moving papers he chose not to reveal the names of the claimants and only identified the agreed upon and disputed claims by number. The Receiver's reluctance to openly reveal the names of the claimants demonstrates his unwillingness to have claimants call into question the propriety of his choices.

- Sterling Alliance Ltd. is a company organized under the laws of the Bahamas.
- Sterling Bank Limited is a Class One bank licensed in the nation of Saint Lucia.
- Sterling Casualty & Insurance Ltd. is a Class One insurance company licensed under British law in the territory of Anguilla.
- Sterling Investment Management Ltd. is a company organized under the laws of Anguilla.
- Sterling Trust (Anguilla) Ltd. is a Class One trust company licensed under British law in the territory of Anguilla.
- Strategic Investment Portfolio LLC is a Delaware limited liability company.

Since each of these companies is a distinct entity, the Receiver should be required to treat them individually. It is inequitable for the Receiver to deprive a Sterling company (and its clients) which made no withdrawals from its account with Tech Traders of its appropriate distribution because it shares the name "Sterling" with another company which made withdrawals. While the Receiver might properly consolidate multiple accounts related to one entity for purposes of calculating the distribution amount, that is not the case here. The Sterling Entities are discrete companies formed under different laws for specific purposes. They have different licenses and operate in different countries. They are owned by different individuals and entities and have different officers and directors.³ Most importantly, they each service different clients and only a small percentage of their deposits with Tech Traders is capital belonging to the entity. Thus, when the Receiver short-changes one entity based on the withdrawal of another, he actually is taking money away from the innocent clients of the entity that did not make the withdrawal and redistributing it to other victims of Tech Traders. That result is inequitable and

³ While some of the owners and/or director of the Sterling Entities overlap, there is not a perfect identity of ownership

the Receiver's attempt to treat the Sterling Entities as one claimant should be rejected.⁴

It is clear the Receiver chooses to consider the Sterling Entities as one company because in doing so the net distribution payable to the companies is significantly less than if a distribution were calculated for each company separately. The basic distribution method proposed by the Receiver is to pay each claimant 38% of the funds invested minus the previous withdrawals. So, for example, the Receiver calculates the distribution he proposes to pay claimant Quest for Life (claim no. 55), by taking the funds invested as per the claim form (\$2,850,000), multiplying that amount by 38% to derive a gross pro rata amount (\$1,080,000), and subtracting previous withdrawals made from Tech Traders (\$870,000) to yield a total distribution of \$213,000. Rather than perform this calculation for each of the Sterling Entities, the Receiver treats them as if they were one company by taking 38% of the total funds invested by each company and subtracting the sum of all withdrawals made by each company. In performing this calculation in bulk rather than separately for each entity, the Receiver short-changes the Sterling Entities by requiring the clients of those entities that had no or relatively small withdrawals in comparison to their claim amounts to make up for larger withdrawals by other entities.

In total, the Receiver determines that if their claims were not disputed, the Sterling Entities would be entitled to a lump sum distribution of \$4,819,358.74. However, if the Receiver were to perform this calculation separately for each company, the net distribution to the Sterling Entities would be \$5,161,328.70 – a difference of \$341,970.66. The following chart illustrates

⁴ To the extent the Receiver feels that based on withdrawals certain of the Sterling Entities should be named as relief defendants, the Receiver should be required to seek out all such relief defendants and attempt to recapture any profits they made. The Sterling Entities have provided the CFTC with the identity of many such relief defendants as well as some documentation of the monies distributed to the third parties.

the interim distribution each Sterling Entity would be entitled to receive under the Receiver's proposed distribution method if it were considered separately.

Name of Claimant	Funds Invested	Previous Withdrawals	Net Cash Balance	Gross Distribution Amount	Net Distribution Amount
Sterling ACS Ltd.	\$1,480,000	\$724,370	\$755,629	\$562,400	\$0
Sterling Alliance Ltd.	\$250,000	\$175,000	\$75,000	\$95,000	\$0
Sterling Bank, Ltd.	\$9,177,500	\$0	\$9,177,500	\$3,487,450	\$3,487,450
Sterling Casualty & Insurance Ltd.	\$190,000	\$0	\$190,000	\$72,200	\$72,200
Sterling Investment Management, Ltd.	\$4,567,845	\$240,000	\$4,327,845	\$1,735,781	\$1,495,781
Sterling Trust (Anguilla), Ltd.	\$0	\$100,000	(\$100,000)	\$0	\$0
Strategic Investment Portfolio	\$278,678	\$0	\$278,678	\$105,897	\$105,897
TOTAL:	\$15,944,023	\$1,239,370	\$14,704,652	\$6,058,728	\$5,161,328

In short, the Receiver should not be permitted to deprive the individual Sterling companies of their proper distributions by inappropriately grouping them together. His decision to treat these separately formed, owned, licensed and functioning companies which primarily invested funds with Tech Traders on behalf of different clients as a single claimant is without basis in law or fact and should be rejected by the Court.

II.

THE RECEIVER SHOULD BE REQUIRED TO MAKE A DISTRIBUTION ON THE PART OF A CLAIM TO WHICH HE HAS NO OBJECTION

The Receiver's proposed interim distribution plan also should not be approved by the Court because it does not allow for distributions on claims to which the Receiver only objects to in part. It is well settled that "any distribution of assets by . . . a receiver is to be done equitably and fairly - with similarly situated investors or customers treated similarly." Securities and Exchange Commission v. Credit Bancorp, Ltd., 194 F.R.D. 457, 464 (S.D.N.Y. 2000); see also, Securities and Exchange Commission v. Elliot, 953 F.2d 1560, 1569 (2d Cir. 1992) (upholding district court's decision to distribute assets ratably because "[a]ll investors were defrauded.") Securities and Exchange Commission v. Credit Bancorp, Ltd., 2000 WL 1752979 at 28 (S.D.N.Y. 2000) ("the fundamental principle governing adoption of a distribution plan is that it should be equitable and fair, with similarly situated investors treated alike.").

Here, the Receiver's proposed interim distribution plan does not comport with the law. The Receiver's plan must be equitable and fair to all claimants, including those whose claims are not objected to in full. In his moving papers, the Receiver argues that the Court should allow a partial distribution at this time because it would be unfair to "wait until all objection are resolved before making a distribution." (Receiver's Motion, p.8). However, the Receiver's plan does not follow the rule it heralds. He proposes that the Sterling Entities wait until every question he has regarding each Sterling Entities is resolved before any of the companies receives a distribution notwithstanding the fact that he only has "questions" regarding handful of deposits and withdrawals made by a few of the companies. Even if the Court were to temporarily treat the

Receiver's "questions" as "objections" and permit him to hold those amounts, the uncontested portion of the Sterling Entities claims is comprised of millions of dollars and the interim distribution (at 38%) would total \$5,155,666. Given the magnitude of the Sterling Entities claims, equity requires that the Receiver make an interim distribution pursuant to his proposed formula on that portion of the funds invested with Tech Traders that he is not questioning. The amounts due to each entity is calculated as follows:

Sterling Management Ltd.

The Receiver's February 2, 2005 letter fails to raise any "questions" with respect to Sterling Investment Management Ltd. which have any bearing on the amount of funds it invested with Tech Traders or its withdrawals. Thus, as set forth in the distribution chart in Point I above, Sterling Management is entitled to an interim distribution calculated as follows: funds invested per claim form (\$4,567,845.00), multiplied by 38% (\$1,735,781.10), minus previous withdrawals (\$240,000) to yield a distribution of \$1,495,781.00.

Sterling Bank Limited

Similarly, with respect to Sterling Bank Limited, the Receiver raises no "questions" in his letter which have any bearing on the amount of funds it invested with Tech Traders or its withdrawals. It is therefore entitled to the following interim distribution: funds invested per claim form (\$9,177,500.00), multiplied by 38% (\$3,487,450.00), minus previous withdrawals (\$0) to yield a distribution of \$3,487,450.00.⁵

⁵ Notably, Sterling Bank Ltd. has been informed that the customer responsible for \$9.05 million dollars of the Tech Traders investment amount separately submitted a claim form to the Receiver. As such, the amount is not properly included as a Sterling Bank claim except to the extent that it wishes to preserve the client's claim and preserve its rights. Without the \$9.05 million, Sterling Bank Ltd. is entitled to an interim distribution

Sterling Casualty & Insurance Ltd.

The Receiver's letter also raises no "questions" with respect to the claim submitted on behalf of Sterling Casualty & Insurance Ltd. Accordingly, it is entitled to an interim distribution calculated as follows: funds invested per claim form (\$190,000.00), multiplied by 38% (\$72,200.00), minus previous withdrawals (\$0) to yield a distribution of \$72, 200.00.

Strategic Investment Portfolio

As to Strategic Investment Portfolio, the Receiver's letter asks for proof of a \$14,900 deposit (question # 32 (a)). Assuming for the sake of argument that this deposit was not made and should be discounted against the funds invested with Tech Traders, then Strategic Investment Portfolio is entitled to an interim distribution calculated as follows: funds invested (\$263,778), multiplied by 38% (\$100,235.64), minus previous withdrawals (\$0) to yield a distribution of \$100,235.64.

In sum, the law requires the Receiver's distribution plan to be equitable and fair to all claimants. His failure to allow for distributions on that part of a claim which he does not find objectionable does not comply with the law – especially where the "objection" is to an insignificant portion of the claim. Accordingly, if the Receiver has a partial objection to a claim, equity requires that he make an interim distribution on the part of the claim to which he has no objection.

calculated as follows: funds invested per claim form (\$127,500), multiplied by 38% (\$48,450), minus previous withdrawals (\$0) to yield a distribution of \$48,450. Of course, the client should get the balance of \$3,439,000.

III.

THE RECEIVER SHOULD BE REQUIRED TO RELEASE THE FUNDS IN THE MAN FINANCIAL ACCOUNT TO STERLING TRUST(ANGUILLA)

The Receiver's proposed interim distribution plan is flawed because it does not allow for the return of the nearly \$2 million belonging to Sterling Trust (Anguilla) held at Man Financial. From the outset of this action this Court has recognized that these funds are distinguishable from the other funds held by the Receiver. In denying the Sterling Entities first motion to intervene seeking the release of their funds, the Court distinguished the funds held in the Man account as different because "the money in that account or the large portion of the money in that account . . . apparently did not go through the Tech Traders bank account" (Exhibit D to Faulk Decl.).

The Receiver has now had over 10 months to conduct his investigation. During this time he has not moved to amend his complaint to name any of the Sterling companies as defendants. As the Receiver has not alleged any wrongdoing on the part of the Sterling Entities, he has no legal authority to continue to hold the funds in the Man Financial account. Accordingly the Court must require the Receiver release the funds to Sterling (Anguilla) Trust.

Courts uniformly have held that the assets of a non-party against whom no wrongdoing is alleged cannot be frozen by a trustee. See, e.g., SEC v. Black, 163 F.3d 188, 197 (3rd Cir. 1998) (lifting freeze of certain investor funds because no wrong doing alleged against the investors); see also SEC v. O. Cherif, 933 F.2d 403, 413 (7th Cir. 1991) (lifting freeze of assets of non-party against whom no wrongdoing was alleged).

In Black, the SEC filed an action against an investment advisor alleging that it was carrying assets on its books at materially inflated values, had incurred massive trading losses

which it was concealing from its clients and was continuing to accept funds from new clients (without disclosing information regarding these losses) and using those funds to fulfill its obligations to existing clients. Id. at 191. Immediately after filing the action, the SEC obtained an order freezing all of the defendants' assets and appointing a trustee.

The trustee identified four general categories of investment relationships between defendants and their investor clients – A, B, C and D – and reported on their activities. Id. at 192.

The injunction initially issued by the court was overbroad and, after a hearing, the district court issued an order releasing all funds of the A, B and D clients from the freeze. Id. at 193. On appeal, the Third Circuit affirmed the district court's release of the funds holding that “[i]mplicit in the District Court's ruling was a finding that the Trustee's investigation had not adduced any proof either that the Category A, B or D funds were, or could be deemed, assets of the defendants, or that the investors themselves were implicated as ‘wrongdoers’ . . .” Id. at 196. The Third Circuit also rejected the SEC's argument that the court had the authority to continue to impose the asset freeze over the A, B and D accounts pursuant to Federal Rule of Civil Procedure 66 since the freeze was part of an ongoing receivership governed by the jurisdictional provisions of the federal securities laws. It held that there is no statute or case law which authorizes a court to freeze the assets of the investors against whom no wrongdoing is alleged. Id. at 196 -197.⁶

Similarly, in SEC v. O. Cherif, 933 F.2d 403 (7th Cir. 1991), the SEC brought an action

⁶ The court also noted that although the Trustee's report discussed the existence of evidence showing commingling and transfers between pooled and non-pooled accounts, “there [was] no evidence that this was done by anyone other than defendants. Transfers or invasion of the pooled account for the benefit of others accomplished by [the defendants] do not implicate the A, B and D investors in such a way as to make their assets the proper subject of a freeze based on defendants's wrongdoing.” Id.

against Cherif for violations of the anti-fraud provisions of the federal securities laws. Cherif used his identification card to enter a bank after hours and obtain confidential information about tender offers and leveraged buyouts being financed by the bank. Id. at 406. He then made trades using at least one brokerage account in the name of his cousin, Sanchou, who lived overseas. The SEC obtained a TRO and ultimately a preliminary injunction against Cherif and Sanchou enjoining them from transferring or disposing of their assets. Id. at 407. Sanchou subsequently moved to vacate the preliminary injunction on several grounds including that in the absence of any alleged securities violations on his part, the court lacks subject matter jurisdiction over him. Id. The district court denied the motion.

On appeal, the Seventh Circuit found that the district court did not have subject matter jurisdiction over Sanchou sufficient to justify divesting him of the funds now in his account. Id. at 413. The court ruled that nothing in 15 U.S.C. ¶¶ 78u or the case laws “authorizes a court to freeze the assets of a non-party, one against whom no wrongdoing is alleged.” Id. at 414.⁷

Here, like in Black and Cherif, there is no allegation of wrongdoing against Sterling Trust (Anguilla) and, consequently, no authority to restrain its assets. Moreover, the assets themselves clearly do not belong to Tech Traders and were not part of the Shasta private placement. In his moving papers the Receiver acknowledges that the nearly \$2 million in frozen account number

⁷ In determining whether an injunction was properly granted for violations of the Commodity Exchange Act, the case law developed under the Securities and Exchange Act is pertinent because the injunction provisions under these two acts are the same “in all material respects. *Commodity Futures Trading Commission v. J.S. Love & Associates Options, Ltd.*, 422 F.Supp. 652, 660 (S.D.N.Y. 1976); See, also, *Commodity Futures Trading Commission v. British American Commodity Options*, 560 F.2d 135 (2nd Cir. 1977) and *J. Kelley v. A. Carr*, 442 F.Supp. 346, 356 (W.D.M.I. 1977), *revd. on other grounds*.

37923 at Man Financial in the name of Sterling Trust (Anguilla) are distinct from the approximate \$17,750,000 he is holding in accounts transferred from Tech Traders and the Shimmer escrow account (Receiver's Moving Papers, p.8 and 19).

The Receiver has had ample time to conduct his investigation with respect to these funds. On or about April 1, 2004, simultaneous with the filing of this action, the CFTC filed a motion for an *ex parte* statutory restraining order and preliminary injunction. In support of that motion, the CFTC submitted a memorandum of fact and law as well as exhibits which contained affidavits and other documents. Nothing in the CFTC's submissions made reference to culpable conduct by the Sterling Entities and they were not named as defendants. On or about April 30, 2004, the Sterling Entities moved to intervene in this action in an effort to obtain the release of their funds. The CFTC and the Receiver opposed this motion, primarily on the ground that it had only been one month since the freeze was put in place and that they had not had ample time to conduct an investigation. Specifically, in distinguishing SEC v. Black, the CFTC noted that in Black "the movant sought modification of the freeze eight months after its institution" while in this case "one month has passed since the institution of the freeze, which is hardly enough time for the Receiver to make a proper investigation into the nature, amount and ownership of the funds sought by the Sterling Entities or to explore their connection to the fraud." (Plaintiff's Opposition to Motion to Intervene, p.18). On May 14, 2004 this Court held a hearing on the Sterling Entities motion to intervene and at the conclusion of the hearing stated its reasons for denying the motion. Significantly, in refusing to release any funds to the Sterling Entities at that time the Court noted as follows:

Now there may be a different consideration regarding 37923, the Man Pro account. The money in that account or

the large portion of the money in the account...
apparently ... did not go through the Tech Traders bank
account.

(Exhibit D to Faulk Decl.). The Court, however, determined that even the funds in the Man Pro account should not be released at that time because "the connection between Tech Traders and these Sterling Entities at the very least requires further inquiry and investigation." After months of discovery, the CFTC amended its complaint to include additional parties and conduct. Sterling (Anguila) Trust – and none of the other Sterling companies for that matter – is named as a defendant or wrongdoer.

The Receiver can no longer argue that he has not had sufficient time to investigate the fraud conducted by Tech Traders and the other defendants. He has had over 10 months to conduct his investigation. In SEC v. Black the Court lifted the freeze and returned the movants' funds after only 8 months. Sterling Trust (Anguilla) is not accused of any wrongdoing, holds the account at Man Financial in its own name and has provided proof that it funded the account. Consequently, its assets must be released.

CONCLUSION

For the reasons set forth above, the Court should reject the Receiver's proposed interim distribution plan and require the Receiver to pay distributions to the Sterling Entities as follows:

1) Sterling Management Ltd. - \$1,495,781.00; 2) Sterling Bank Limited - \$3,487,450.00; 3) Sterling Casualty & Insurance Ltd. - \$72,200.00; 4) Strategic Investment Portfolio - \$100,235.64; and 5) the Sterling (Anguilla) Trust account at Man Financial.

Dated: February 11, 2005
Westmont, New Jersey

Respectfully submitted,

/s/ Warren W. Faulk
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◊ CERTIFIED BY THE SUPREME COURT OF
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* ALSO ADMITTED IN PENNSYLVANIA

February 11, 2005

OUR FILE NO. 04-0228

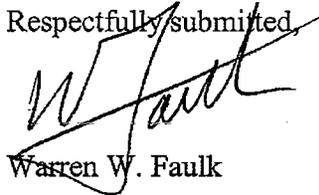
Honorable Robert B. Kugler, U.S.D.C.J.
United States District Court
for the District of New Jersey
Mitchell H. Cohen U.S. Courthouse
1 John F. Gerry Plaza
Camden, NJ 08101-0850

**Re: Commodity Futures Trading Commission v. Equity Financial Group LLC
et al
Civil No. 04-cv-1512 (RBK-AMD)**

Dear Judge Kugler:

Enclosed is a "courtesy" copy of the Sterling Entities' Memorandum in Opposition to the Receiver's Motion for Interim Distribution, along with my Declaration in support thereof. These were electronically filed today.

Respectfully submitted,



Warren W. Faulk

WWF:mmb

Enclosure

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(818) 772-2118

Attorney for Investor Don Zinman (Claim No. 88)

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

Honorable Robert B. Kugler

Hearing date: February 18, 2005

Defendants.)

**INVESTOR DON ZINMAN (CLAIM NO.: 88), THROUGH
HIS ATTORNEY J.R. NERONE, HEREBY OBJECTS TO
THE EQUITY RECEIVER FOR THE DEFENDANTS'
PROPOSED INTERIM DISTRIBUTION PLAN, AS
STATED IN THE SUPPORTING PAPERS FOR HIS
MOTION FOR AUTHORITY TO MAKE INTERIM
DISTRIBUTION ON ACCOUNT OF INVESTOR CLAIMS**

Objector, Donald Zinman, respectfully represents:

1. Objector, Donald Zinman, (Claim No.: 88) invested a total of \$250,000 into his Shasta Capital Associates, LLC (Shasta) account by making two separate payments. The first, in the amount of \$150,000, was wired to Shasta on February 25, 2004 (thirty-four days before the Commodity Futures

Trading Commission's (CFTC's) April 1, 2004 order to freeze all Shasta transactions). Objecter's second payment of \$100,000 to Shasta was paid good March 29, 2004 in Shasta's account, although post dated for payment by Objecter for April 17, 2004. [See Washington Mutual's acknowledgment of Objecter's request for and a copy of Check No. 2924, dated April 17, 2004, in the amount of \$100,000, for deposit into Objecter's Shasta account, attached and incorporated herein by reference, as Exhibit A.]

2. Investor Zinman objects to the Receiver's preferred plan for interim payment, as it relates to both the February 25, 2004 investment in the amount of \$150,000 and the March 29, 2004 payment in the amount of \$100,000 (Check No. 2924), sequestrated by the Receiver from Shasta's account.

3. On the day of the freeze, i.e. April 1, 2004, Objecter's \$100,000 was in Shasta's account, and remained there until said sum was sequestrated by the Receiver. No part of this \$100,000 was ever at risk. [See Robert Shimer's, legal counsel for Shasta, January 31, 2004 letter verifying that no portion of Objecter's \$100,000 investment payment was ever transferred to and/or invested by Shasta into Shasta's Tech Trader Inc. (Tech Traders) investment account, attached hereto and incorporated herein by reference, as pgs. 1 and 2 of Exhibit B.] Objecter's funds in his Shasta account were not at risk to Tech Traders activity, unless and until Shasta transferred Objecter's funds to Tech Traders. In his Memorandum of the Equity Receiver in Support of Motion for Authority to Make Interim Distribution, the Receiver says: "An issue requiring ... immediate resolution is how to treat investor funds received by the Defendants after this Court froze their

assets and suspended their operations on the afternoon of April 1, 2004.” [See p. 1, para. 24] He mentions the investors referred to in the letter of Robert Shimer [See p. 2, 3rd para. of Exhibit B], whose investment payments to Shasta were received after April 2, 2004. In his affidavit, the Receiver indicates that all but one of these persons should receive their full investment. His reason for recommending exclusion of a single investor among the post-April 1, 2004 group is not germane to Objector’s situation. [See p. 9, para. 25]

3. In the Memorandum in Support of Motion, etc., the Receiver refers to this Court’s April 1, 2004 Order prohibiting all defendants from “withdrawing, transferring, removing, dissipating or disposing of funds” held in their accounts. Citing Anderson v. Stephens, 875 F.2d 76,78 (4th Cir 1989), he states that “the general purpose of a freeze order ... is to maintain the status quo and prevent additional losses to customers.” [See p. 21, para. 46] It makes no logical sense, and serves no principle of justice and/or equity, to cause more injury to an innocent investor (Objector) by confiscating the \$100,000, which was never at risk, because, at the time of the CFTC freeze, said amount was in Shasta’s Citibank Escrow Account. The Receiver mistakenly places Objector’s \$100,000 check in the same class, as all the previous monies conveyed from Shasta to Tech Traders, theorizing that all of the investors were exposed to the risk at the same time, and that each individual investor’s account is untraceable. In fact, this Court’s Order protected Objector, as to these funds, from becoming a victim a second time. There’s no mystery regarding traceability of Objector’s post-dated April 17, 2004 check, which should not have been cashed until that date, which

nevertheless cleared Shasta's account, as good funds, on March 29, 2004. The \$100,000 is easily traceable to investor Don Zinman, [See Shimer's letter, p.1, Exhibit B] It was never put at risk. Had Objector received notice of the freeze order on April 1, 2004, he would have exercised his Common Law right to rescind the apparently fraudulent agreement. A defrauded party to a contract may either rescind the contract and sue for fraud, or affirm the contract and sue for damages. [See In re TedlockCattle Company, Inc , 552 F.2d 1351, at 1352 [1] (1977)] The April 1, 2004 freeze order stopped all of Shasta's banking activity. By doing so, it protected Objector Zinman from further victimization, and afforded him an opportunity, at the moment of the freeze, to rescind his contract with Shasta before said \$100,000 was placed at risk with Tech Traders. Objector is entitled to a full refund of the \$100,000 in the Shasta account on the day of the freeze. To do otherwise does not maintain the status quo, as of April 1, 2004. It arbitrarily and unnecessarily harms an innocent investor, and adds insult to insult and injury to injury. It violates the very purpose of the freeze order, i.e. "... to prevent additional losses to customers." Anderson v. Stephens, supra.

4. In the matter of the Receiver's proposed distribution relative to Objector's initial February 25, 2004 investment (\$150,000), which Shasta invested in Tech Traders' account (thirty four days before the April 1, 2004 freeze order), investor Zinman objects to said plan, which pertains to all investments prior to the freeze order, with due respect for the Receiver's good intentions, as being injudiciously simplistic. The Receiver relies on Cunningham v. Brown, 265 U.S. 1 (1923) (*the Ponzi Case*) as authority for lumping together all of the investors

who placed their money at risk, over a four year period of time, in the constantly fluctuating futures market. His well-meaning but too easy solution is to distribute 38% of each investor's total investment as the return on their investment. This is patently unfair to investors who only came on board in the last year, month or week before the freeze. Tracable historical records of all investors' payments to each of the defendants are in the possession of the Receiver. According to the Receiver's supporting Affidavit, he has records of all of the Tech Trader's month to month futures transactions. [See p. 3, para. 7 and pgs. 2 through 7]. If there are any difficulties tracking Tech Traders day to day service records held by the Receiver, these records should be made available by the commodity brokerage houses used by Tech Traders. In Cunningham v. Brown, Id., the court recognizes the lack of equity in the approach recommended by the Receiver when it is possible to track the investor contributions, the fate of those contributions, and the execution of trades by Tech Traders. In *the Ponzi Case* it was not possible to distinguish between the victims. There was no way to track the investments, the profits, and/or losses over time. In fact, the funds in question were not investments, but loans, to Mr. Ponzi. The court in Cunningham v. Brown (*the Ponzi Case*) differentiates the factual situation before it, from the facts of *Clayton's Case*, citing Lord Chancellor Eldon's holding in *Clayton's Case*, 1 Merivale, 572 (1816):

“... [I]n a fund in which were mingled the moneys of several defrauded claimants insufficient to satisfy them all, the first withdrawals were to be charged against the first deposits

and the claimants were entitled to be paid in inverse order in which their monies went into the account. Ponzi's withdrawals from his account with the Hanover Trust Company ... were made before defendants had indicated any purpose to rescind. Ponzi then had a defeasible title to the money he had received from them and could legally withdraw it. By the end ... he had done so and had exhausted all that was traceable to their deposits. The rule in *Clayton's Case* has no application.”

Cunningham v. Brown, Id. at 12, [underling added]

The factual situation before this Court is *Clayton's Case*, not, as the Receiver contends, *the Ponzi Case*, where connecting the investors, the assets and expenditures was impossible. That case pivots on the fact that all of the monies lent to Ponzi belonged to him free and clear to do with as he pleased. He had no duty to invest the funds loaned to him. This Court has before it the *Clayton's Case* scenario. After Ponzi withdrew all the funds, there was nothing to track. The funds were gone. In *the Ponzi Case* the court articulates the basis, rationale, and precedence for *the Clayton's Case* ruling, citing *Knatchbull v. Hallett*, L.R. 13 Ch. D. 696:

“ ... [W]here a fund was composed partly of a defrauded claimant's money and partly of that of the wrongdoer , it would be presumed that in the fluctuations of the fund it was the wrongdoer's purpose to draw out the money he could legally and honestly use rather than that of the

claimant, and that the claimant might identify what remained as his *res* and assert his right to it by way of equitable lien on the whole fund, or a proper *pro rata* share of it.”

In *the Ponzi Case*, it was too late to make the presumption that, had the investors been made aware of the fraud perpetuated upon them, they would have rescinded the contract, and demanded the return of the funds at risk. A careful reading of the Article IV, pgs. 5 through 6 of the “Shasta Investors Agreement,” attached hereto and incorporated herein, as Exhibit C, which the Receiver should have in his possession, makes clear that the operators of Tech Traders, Shasta, and the other investment groups described by the Receiver, contracted to invest the funds in their charge to turn a profit. The operators did not own the funds. They were to perform a fiduciary duty, i.e. to do their very best to yield gains in the futures market. The Common Law logic annunciated in *Clayton’s Case* is as applicable today as it was two hundred years ago. [See Ruddle v. Moore, et al., 411 F.2d 718, at 719 (1969) and Topworth International, Ltd., 205 F.3d 1107, at 116, (1999) citing Commodity Futures Trading Commission vs. Richwell Int’l, Ltd., 163 B.R. 161 (N.D. Cal. 1994) This time tested standard provides that where the funds can be traced, as in the case before this Court, the only fair and just solution to prevent late investors from having to subsidize the losses of earlier risk-taking investors, is to track the disparities in the amount of time each investor’s funds were at risk. The amount of risk to which the funds were subjected is directly related to the specific months and times that the investors’ monies were in the charge of Tech Traders. Money at risk for a month should not be treated the same as money at

risk for six months, one year or two years or even four years.

5. In the Receiver's Affidavit in Support of Motion for Authority to Make Interim Distribution, he reports the fruits of his investigation into the workings and relationships of the various named defendants. The history begins with Coyl E. Murray (Murray), the operator of Magnum Investments, Ltd. (Magnum) sometime in 1998. "Magnum offered outside investors an opportunity to participate in commodity futures trading. Magnum promised that they would receive a significant amount of interest on investors' funds, plus one-half of the profits realized by Magnum from those funds. Magnum had several commodity futures trading accounts with Refco, LLC, a futures commission merchant or brokerage firm located in Chicago, Illinois. Magnum transferred much of the funds it received from investors to the Refco accounts." [See p. 3, para. 9] Later, in the same document, the Receiver, after having detailed Magnum's various investment account records, states: "Although investors were informed that Magnum's trading activities had been significantly profitable, the Magnum accounts at Refco lost a total of \$2.9 million in commodity trading over the period of February 1998 through May 2002." The Receiver tracks Magnum's trading activities, as Murray, during the period from early 2001 through the middle of 2002, gradually, phases the Magnum operation into Tech Traders, while still continuing to take in funds, and investing in the futures market. [See p. 3, para. 9] He reports that "Shasta was a commodity pool operated by Defendants Shimer and Firth. It was organized in mid-2001 and began accepting investor funds at the beginning of 2002. ... Shasta took in approximately \$14 million from investors,

deducted a 1 percent charge for legal and accounting fees, and sent the balance to Tech Traders to fund trading in the commodities futures markets. Shasta had approximately 70 investors. Shasta received back approximately \$1.6 million from Tech Traders, and it distributed this amount to certain of its investors.” [See p. 6, para. 19]. The Receiver is “holding nearly \$20 million in frozen receivership funds. Of that amount, approximately 17.7 million is from accounts in the name of Tech Traders and from the Shimer escrow account for Shasta. ... [H]e seeks authority to make an initial distribution that could be as much as approximately \$10 million, to investors of Tech Traders and Shasta at this time.” [See p. 7, para. 20] In his historical report to the Court, the Receiver provides the chronology of funds flowing in and out of all of the named defendant investor groups’ accounts. He has records of how much came into Tech Traders, from the inception of its operation right up to the days after the April 1, 2004 freeze order. [See p. 3, para. 9 through p. 7, para. 20 of Receiver’s supporting Affidavit] What’s required of the Receiver to arrive at the appropriate distribution, is to gather and run the numbers of inflow and outflow of funds received and expended by Tech Traders, to arrive at a proper rate of loss per unit of time, and apply that rate to each specific investment, as of the date of the investment. By following the logical and equitable principle enunciated in the previously cited *Clayton’s Case*, i.e. when it is possible to track the inflow and outflow of funds in a co-mingled account containing an amount insufficient to satisfy all of the defrauded depositors, justice demands that the funds be returned to the claimants according to the time of the investment deposits, i.e. “...[T]he first withdrawals were to be charged against

the first deposits and the claimants were entitled to be paid in inverse order in which their monies went into the account.” [Cunningham v. Brown, supra, p. 12]

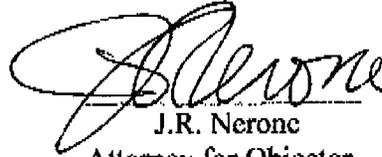
The Receiver has a duty to prevent the late comers to this fraud from having to subsidize the claims of the earlier victims. He, with reasonable effort, can and must track over time investor contributions, the fate of those contributions, and execution of trades by Tech Traders, as that information pertains to each defrauded claimant. In the event that sufficient trading records are not in the Receiver’s possession, and not available from the commodity clearing houses used by Tech Traders and/or Magnum, then, in the spirit of *Clayton’s Case*, a fair and equitable solution would be to apportion loss based upon the time the investor’s monies were in the charge of Murray, Magnum, Tech Traders, and/or any of Murray’s companies. In the unlikely event that tabulating the figures of the inflow and out flow of funds relative to all of the defendant entities is deemed too onerous, then the Receiver should consider isolating the treatment of the Shasta funds, and applying the *Clayton’s Case* solution. Shasta has kept excellent records. Shasta investors could be a class of their own.

6. WHEREFORE, Objector Don Zinman (Claim No. 88) prays: (i) That as to all investments before April 1, 2004, this Court order the Receiver not to apply the pro rata formula for an interim distribution which he adopted from *the Ponzi Case*. (ii) That this Court instruct the Receiver to hire a professional expert to make a historical study of the individual investment contributions of each separate defendant and the individual investor contributions of each in relation to Tech

Trades Traders trading activity, to formulate a more equitable and fair method of distribution. A solution that is specific to each investor does not force the late investors to subsidize the early risk-taking investors. (iii) That this Court order the Receiver to immediately refund to Objector, Don Zinman, the \$100,000, which he attempted to invest before being protected by the CFTC freeze order issued on April 1, 2004, and (iv) grant such further relief as it deems equitable under the circumstances.

February 9, 2005

Respectfully submitted,



J.R. Nerone
Attorney for Objector
Don Zinman

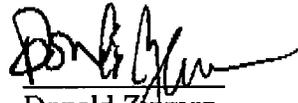
[See page 12 for Objector's Verification
and pages 13 and 14 for Objector's Declaration in
Support of His Objection to the Receiver's
Proposed Distribution Plan]

VERIFICATION

I, Donald Zinman, the objector, declare:

I have read the foregoing Objection To The Equity Receiver For Defendants' Proposed Interim Distribution Plan, and I know the contents thereof. From my own knowledge, I know that the statements therein are true, except as to all matters that are stated on information and belief. As to those matters, I believe them to be true. I declare under the penalty of perjury under the laws of the United States of America and the laws of the State of California that the foregoing is true and correct.

Dated: February 9, 2005


Donald Zinman

DECLARATION OF DON ZINMAN IN SUPPORT OF HIS OBJECTION TO
THE RECEIVER'S PROPOSED INTERIM DISTRIBUTION PLAN IN THE
MATTER OF COMMODITY FUTURES TRADING COMMISSION V.
EQUITY FINANCIAL GROUP, LLC, CIVIL ACTION NO. 04CV 1512

I, Don Zinman, declare as follows:

1. I am claimant No. 88 in the above matter and an Objector to the Receiver's Proposed Interim Distribution Plan.
2. I invested a total of \$250,000 into Shasta Capital Associates LLC's account by making two separate payments. The first, in the amount of \$150,000, was wired to Shasta on February 25, 2004. The second was paid good on March 29, 2004 in Shasta's account, although post-dated for payment for April 17, 2004.
3. I requested from my bank, Washington Mutual, a record of when Check No. 2824, was paid, in the amount of \$100,000, dated April 17, 2004, made out to Shasta Capital Associates, LLC, was paid. I received from them an acknowledgment of my request, a photo copy of the check, and a record indicating that payment was made on March 29, 2004. These items have been attached and incorporated into the Objection to the Receiver's Proposed Interim Distribution Plan, as Exhibit A.
4. On January 31, 2005 I e-mailed Robert Shimer, Legal Counsel for Shasta Associates, LLC requesting confirmation of the fact that the post dated \$100,000 (Check No. 2824) was never invested in Tech Traders Inc.'s account. He subsequently sent a letter confirming this fact. In it, he states that the \$100,000

was deposited into Shasta's Citibank account, where it was on April 1, 2004, and remained until sequestered by the Receiver. I have provided my attorney, J.R. Nerone, with a copy of this letter, which is incorporated into my Objection to the Receiver's Proposed Interim Distribution Plan by reference, as Exhibit B.

5. On February 8, 2005 I Fax Mailed to my attorney, J.R. Nerone, a Fifteen page copy of the "Operating Agreement" I signed with Shasta Capital Associates, LLC in February, 2004, which is incorporated by reference into my objection, as Exhibit C.

I declare under penalty of perjury in accordance with the laws of the United States of America and the State of California that the foregoing is true and Correct, and that this Declaration was signed in Los Angeles, CA on February 9, 2004.


Donald Zinnman



WEB002 ..

Attached is the photocopy(s) you requested on 20041007.

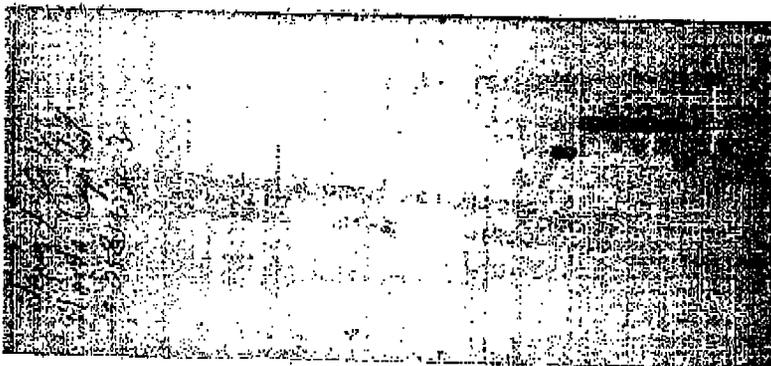
	V4AR002024681104272	Customer 000000003940942192
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DONALD ZINMAN
HOLLISS A HENNING
31273 BAILLARD RD
MALIBU CA 90265-2605

\$100,000 check

Images of Photocopy(s)

Amount	Posting Date	Seq Number
\$100,000.00	03/29/2004	000000000025230439



Enclosed is the photocopy you requested on 10/07/04

DONALD ZINMAN
HOLLIS A MENNING
31273 BALDARD RD
MALIBU CA 90265-2605

Item: NSC V4AR 002-02-4681104272

1



STATEMENT OF ACCOUNT

THE FEE FOR EACH OVERDRAWN TRANSACTION, WHETHER PAID OR RETURNED, IS \$21.00.

TO REACH CUSTOMER SERVICE, PLEASE CALL TELEPHONE BANKING AT 1-800-788-7000.

104600000005124

189,517

15-X-RC

DONALD ZINMAN
PO BOX 6707
MALIBU CA 90264-6707

STATEMENT PERIOD:
FROM 03-23-04
THRU 04-22-04

AT WASHINGTON MUTUAL, EVERY DAY IS CUSTOMER APPRECIATION DAY. THANKS FOR BANKING WITH US.

PLATINUM ACCOUNT

WASHINGTON MUTUAL BANK, FA

FDIC INSURE

DONALD ZINMAN
HOLLIS A HENNING

ACCOUNT NUMBER: 394-094219-

YOUR OVERDRAFT LIMIT, AS OF THE STATEMENT END DATE, WAS \$ 1,000.00. THIS MAY BE CHANGED AT ANY TIME WITHOUT NOTICE. OVERDRAFTS ARE SUBJECT TO A PER TRANSACTION CHARGE. SEE REVERSE FOR MORE INFORMATION.

BEGINNING BALANCE	TOTAL WITHDRAWALS	TOTAL DEPOSITS	ENDING BALANCE
143,653.90	123,563.74	70,256.97	90,347.13

INTEREST EARNED: 69.51 ANNUAL PERCENTAGE YIELD EARNED : 1.36 % YTD INTEREST PAID : 784
YTD INTEREST WITHHELD:

DATE	WITHDRAWALS	DEPOSITS	TRANSACTION DESCRIPTION
03/23	11,000.00		OLB TRANSFER TO 00000000067100001750900
03/25	2,000.00		OLB TRANSFER TO 00000000087100001750900
04/07	56.00		WORKING ASSETS WALD PAYMT 1004770
04/08	82.41		VERIZON PHONE BILL 1161141707
04/09	3,500.00		OLB TRANSFER TO 00000000067100001750900
04/12	5,745.07		OLB TRANSFER TO 00000000087100001750900
04/13		50,000.00	CUSTOMER DEPOSIT
04/16	1,187.26		AMERICAN EXPRESS ELEC REMIT 040415061083446
04/21		20,176.46	CUSTOMER DEPOSIT
04/22		69.51	INTEREST PAYMENT
04/22	13.00		SERVICE CHARGE
04/22		13.00	REFUND SERVICE CHARGE

DETAIL OF CHECKS PAID:

CHECK NUMBER	DATE PAID	AMOUNT	CHECK NUMBER	DATE PAID	AMOUNT	CHECK NUMBER	DATE PAID	AMOUNT
2824	03/29	100,000.00						

Exhibit B

Robert W. Shimcer, Esq.

February 1, 2005
Don Zinman, Receiver
12345

12345
67890
12345
67890

12345
67890

February 1, 2005

Don Zinman
PO Box 6707
Malibu Ca 90264

Don,

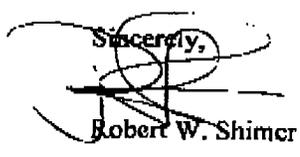
Per our telephone conversation of Thursday, January 27, 2005 and pursuant to your specific request please be advised that a personal log that I meticulously kept to record all funds in and out of my attorney escrow account at Citibank, NY for my client Shasta Capital Associates, LLC shows an entry which states that the check that Vince received from you in the amount of \$100,000.00 for your investment with my client Shasta in late March, 2004 was sent directly to Citibank by Vince on March 26, 2004 for deposit to Shasta's account. Since you apparently mailed your check directly to Vince I seem to remember telling him that to save the time of first sending the check to me for forwarding to Citibank that he should simply mail it directly to the bank which he did. I am sure that Vince will provide you with a written statement to that effect if that is necessary.

In any event the bank records at Citibank should clearly show receipt of three separate deposits by check in the amount of \$100,000.00 on or about the last days of March, 2004: your check and one other check from another new member of Shasta also sent directly to Citibank by Vince on March 29, 2004. The third check was mailed by me on behalf of another Shasta member directly to Citibank on March 29, 2004. All of the funds represented by those three checks were still in Shasta's account when the Receiver took possession of Shasta's bank account.

My personal log records clearly indicate that the last wire forwarded from Shasta's account at Citibank was executed on Friday April 2, 2004. I can account for all funds that comprised that wire. Your funds were not forwarded to Tech Traders, Inc on April 2, 2004 nor were any of the funds represented by either of the other two checks deposited at approximately the same time as your check. I was not sure when funds deposited by check would actually clear so I was waiting for final confirmation from Citibank before forwarding your funds to the trading entity Tech Traders, Inc.

Therefore, I can state categorically without any hesitation that your funds represented by your check in the amount of \$100,000.00 received by Vince in late March, 2004 were deposited into Shasta's account probably on Monday, March 29, 2004 or at the latest Tuesday, March 30, 2004. They were swept directly from Shasta's escrow account by the Receiver, Stephen Bobo into whatever account he established pursuant to his duties as Receiver. The Receiver clearly has the entire amount of your funds represented by your check deposit of \$100,000.00 because your funds were never forwarded by me to the trading entity Tech Traders, Inc. I trust that this information will be of assistance to you.

Sincerely,



Robert W. Shimcer

Don Zinman

From: Robert Shimer [shimer@enter.net]
Sent: Monday, January 31, 2005 2:30 AM
To: Don Zinman
Subject: REply

Don Zinman
PO Box 6707
Malibu Ca 90264

Don,

Per our telephone conversation of Thursday, January 27, 2005 and pursuant to your specific request please be advised that a personal log that I meticulously kept to record all funds in and out of my attorney escrow account at Citibank, NY for my client Shsta Capital Associates, LLC shows an entry which states that the check that Vince received from you in the amount of \$100,000.00 for your investment with my client Shasta in late March, 2004 was sent directly to Citibank by Vince on March 26, 2004 for deposit to Shasta's account. Since you apparently mailed you check directly to Vince I seem to remember telling him that to save the time of first sending the check to me for forwarding to Citibank that he should simply mail it directly to the bank which he did. I am sure that Vince will provide you with a written statement to that effect if that is necessary.

In any event the bank records at Citibank should clearly show receipt of three separate deposits by check in the amount of \$100,000.00 on or about the last days of March, 2004: your check and one other check from another new member of Shasta also sent directly to Citibank by Vince on March 29, 2004. The third check was mailed by me on behalf of another Shasta member directly to Citibank on March 29, 2004. All of the funds represented by those three checks were still in Shasta's account when the Receiver took possession of Shasta's bank account.

My personal log records clearly indicate that the last wire forwarded from Shasta's account at Citibank was executed on Friday April 2, 2004. I can account for all funds that comprised that wire. Your funds were not forwarded to Tech Traders, Inc on April 2, 2004 nor were any of the funds represented by either of the other two checks deposited at approximately the same time as your check. I was not sure when funds deposited by check would actually clear so I was waiting for final confirmation from Citibank before forwarding your funds to the trading entity Tech Traders, Inc.

Therefore I can state categorically without any hesitation that your funds represented by your check in the amount of \$100,000.00 received by Vince in late March, 2004 were deposited into Shsta's account probably on Monday, ^{Monday} April 29, 2004 or at the latest Tuesday, April 30, 2004. They were swept directly from Shasta's escrow account by the Receiver, Stephen Bobo to whatever account he established pursuant to his duties as Receiver. The Receiver clearly has the entire amount of your funds represented by your check deposit of \$100,000.00 because your funds were never forwarded by me to the trading entity Tech Traders, Inc.

I trust that this informtion will be of assistance to you.

Sincerely,

Robert W. Shimer, Esq
legal counsel, Shasta Capital Associates, LLC

----- Original Message -----
From: Don Zinman
To: shimer@enter.net
Sent: Saturday, January 29, 2005 6:04 PM

1/31/2005

Subject: FW: Shasta effective investment date

-----Original Message-----

From: Don Zinman [mailto:donzinman@cs.com]

Sent: Saturday, January 29, 2005 2:36 PM

To: 'shimer@enternet.com'

Subject: Shasta effective investment date

Hi Bob,

Thanks for taking the time with me on Thursday. This is my follow-up email. When we spoke you told me that the check I sent to you at month's end march '04 was deposited with Citibank and never made it to the trader because the Shasta account was frozen and seized by the Receiver. If you can explain that in an email and also send a signed copy I will be very grateful. Thank you Don Zinman (PO Box 6707 Malibu Ca 90264)

If you can't write the email this weekend please let me know by Reply so that I'll know you've received this and will get to it after the weekend. Thanks

1/31/2005

EXHIBIT C

**Operating Agreement
Shasta Capital Associates, LLC**

This Limited Liability Operating Agreement (hereinafter the "Agreement") is made and entered into this 17 day of Feb, 2004 by and between:

Equity Financial Group, LLC, with address of 3 Aster Court, Medford, New Jersey 08055 successor to Vincent Firth named as Manager of the Company in the Certificate of Formation of Shasta Capital Associates, LLC duly filed with the division of corporations for the State of Delaware on the 22nd of May, 2001; and,

Each Person later admitted to the Company as a Member and known collectively as Members. Accordingly, in consideration of the covenants and conditions contained herein, and for other good and valuable consideration receipt whereof is hereby acknowledged, the parties agree as follows

**ARTICLE I
DEFINITIONS**

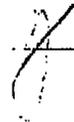
The following defined terms used in the Agreement have the meanings specified in this Article or elsewhere in this Agreement, and when not so defined shall have the meanings as may be set forth in the Laws of Delaware authorizing the formation of limited liability companies.

- 1.1 "Agreement" means this Operating Agreement, as originally executed and as amended from time to time.
- 1.2 "Arbitration Rules" means the Rules of Arbitration of the American Arbitration Association or such similar organization.
- 1.3 "Assignee" means a person who has acquired a Member's Economic Interest in the Company, by way of a Transfer in accordance with the terms of this Agreement and the specific requirements of Article X, section 10.2 but who has not yet become a Substituted Member by reason of the fact that a counterpart of this Operating Agreement has not yet been executed by that assignee.
- 1.4 "Assigning Member" means a Member who by means of a Transfer has transferred an Economic Interest in the Company to an Assignee.
- 1.5 "Capital Account" means, as to any Member, a separate account maintained and adjusted in accordance with Article III, Section 3.2 and more specifically defined in Section 1.26 below.
- 1.6 "Capital Contribution" means, with respect to any Member, the amount of money and/or the Fair Market Value of any property, (other than money) contributed to the Company in consideration for a Percentage Interest held by such Member evidenced by shares in the Company. A Capital Contribution shall not be deemed a loan.
- 1.7 "Capital Event" means a sale or disposition of any of the Company's capital assets, the receipt of insurance and other proceeds derived from the involuntary conversion of Company property, the receipt of proceeds from a refinancing of Company property, or a similar event with respect to Company property or assets.
- 1.8 "Certificate of Formation" means that certain Certificate of Formation filed with the Delaware Secretary of State on May 22, 2001 forming the Company.
- 1.9 "Company" means Shasta Capital Associates, LLC.

Member Initials 

- 1.10 "Economic Interest" means a Person's right to share in the income, gains, losses, deductions, credit or similar items of, and to receive distributions from, the Company, but does not include any other rights of a Member, including the right to vote.
- 1.11 "Encumber" means the act of creating or purporting to create an Encumbrance, whether or not perfected under applicable law.
- 1.12 "Encumbrance" means with respect to any Membership Interest, or any element thereof, a mortgage, pledge, security interest, lien, proxy coupled with an interest (other than as contemplated in this Agreement), option, or preferential right to purchase.
- 1.13 "Gross Asset Value" means as follows:
- (a) The Gross Asset Value of any item of property contributed by a Member to the Company shall be the fair market value of such property, as mutually agreed by the contributing Member and the Company; and,
 - (b) The Gross Asset Value of any item of Company property distributed to any Member shall be the fair market value of such item of property on the date of distribution, as mutually agreed by the distributee Member and the Company.
- 1.14 "Initial Manager shall mean Vincent Firth, the person named in the Company's Certificate of Formation.
- 1.15 "Involuntary Transfer" means, with respect to any Membership Interest or any element thereof, any Transfer or Encumbrance, whether by operation of law, pursuant to court order, foreclosure of a security interest, execution of a judgment or other legal process, or otherwise, including a purported transfer to or from a trustee in bankruptcy, receiver, or assignee for the benefit of creditors.
- 1.16 "Majority of Members" means a Member or Members whose Percentage Interests represent more than 50 percent of the Percentage Interests of all the Members.
- 1.17 "Manager" shall mean Equity Financial Group, LLC a limited liability company formed under the laws of the state of Delaware and the successor to the Company's initial Manager.
- 1.18 "Member" means an Initial Member of the Company or a Person who otherwise acquires a Membership Interest of the Company, as permitted under this Agreement, and who remains a Member of the Company.
- 1.19 "Membership Interest" means the Economic Interest of a Member and all shares of the Company acquired by that Member conferring the right to Vote.
- 1.20 "Notice" means a written notice required or permitted under this Agreement. A notice must be delivered using one of the following methods:
- (a) hand delivery (notice is deemed given on delivery);
 - (b) fax with telephone confirmation by the recipient (notice is deemed given on telephone confirmation);
 - (c) United Parcel, Federal Express, DHL Couriers or other delivery service of equal or superior reputation and which provides for proof of delivery from a disinterested party (notice is deemed given at the time of the first attempted delivery by the delivery service).
- Addresses for notice may be changed by written notice in the manner herein specified. Unless and until notice is given, the last address given or address provided in this Agreement (if no notice of change has been given) will control. All communications will be addressed to the address of the Member that is specified in the Company's records.
- 1.21 "Percentage Interest" means a fraction, expressed as a percentage, the numerator of which is the total of a Member's Capital Account and the denominator of which is the total of all Capital Accounts of all Members.

Member Initials



- 1.22 "Person" means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, whether domestic or foreign.
- 1.23 "Company Profits" and "Company Losses" means, for each fiscal year or other period specified in this Agreement, an amount equal to the Company's income as a result of profits generated by the Company's investment in the Trading Company and loss as a result of the losses sustained by that investment.
- 1.24 "Substituted Member" means a transferee of a Membership Interest that has met all of the requirements of section 10.2 and, in addition, has executed a counterpart of this Operating Agreement. A Substituted Member is, as of the date of execution of the counterpart, a Member of the Company.
- 1.25 "Successor in Interest" means an Assignee, a successor of a Person by merger or otherwise by operation of law, or a transferee of all or substantially all of the business or assets of a Person.
- 1.26 "Trading Capital Account" means the Capital Account established for each Member to record that portion of a Member's investment in the Company invested, in turn by the Company with the Trading Company. The Trading Capital Account of each member is increased by:
- (a) the original amount of that Member's Trading Capital Contribution;
 - (b) later similar additional voluntary Trading Capital Contributions by that Member;
 - (c) profits from the Company's investment with the Trading Company allocated to that Member in the same proportion that the beginning balance each month of that Member's Trading Capital Account bears to the sum total of all Members' Trading Capital Account Balances.
- And reduced by:
- (d) Trading Company losses allocated to that Member in the same proportion as profits allocated in (c) above;
 - (e) Trading Company Capital Account distributions requested by that Member;
 - (f) Company expenses or such other items properly allocated to the Trading Company side of the Company's investments as would ordinarily, in conformance with standard accounting practices reduce a member's Capital Account.
- 1.27 "Trading Capital Contribution" means the principal amount of a Member's original investment in the Company and any later additional voluntary investment in the Company by a Member for which that Member is entitled to receive shares of the Company and allocated by the Company to that Member's Trading Capital Account.
- 1.28 "Trading Company" means that certain company that has executed a certain Investment Agreement with the Company for the placement of Company funds in The Synergy Trading System,, that certain trading system that takes a portfolio approach to the futures trading of certain selected financial markets.
- 1.29 "Trading Losses" means losses realized by the Company as a result of placement of Company funds by the Manager with the Trading Company.
- 1.30 "Trading Profits" means profits realized by the Company as a result of placement of Company funds by the Manager with the Trading Company.
- 1.31 "Transfer" means, with respect to a Membership Interest, or any element of a Membership Interest, any sale, assignment, gift, involuntary transfer, or other disposition of a Membership Interest or any element of such a Membership Interest, directly or indirectly, other than an encumbrance that is expressly permitted under this Agreement.
- 1.32 "Triggering Event" is defined in Article X, Section 10.5

Member Initials 

1.33 "Vote" means a written consent or approval, a ballot cast at a Meeting, or a voice vote.

1.34 "Voting Interest" means, with respect to a Member, the right to Vote and any right to information concerning the business and affairs of the Company provided under the Act, except as limited by the provisions of this Agreement. A Member's Voting Interest shall be directly proportional to that Member's Percentage Interest.

**ARTICLE II
COMPANY FORMATION AND REGISTERED AGENT**

2.1 **FORMATION.** The Members hereby form a Limited Liability Company under the Laws of the State of Delaware.

2.2 **NAME.** The Name of the Company shall be Shasta Capital Associates, LLC.

2.3 **REGISTERED OFFICE AND AGENT.** The agent for service of process on the Company shall be the Company Corporation, 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808.

2.4 **TERM.** The Company shall continue for a period of Thirty years and shall terminate on May 22, 2031 unless sooner dissolved by:

- (a) The written agreement of all the Members to dissolve the Company; or
- (b) The sale or other disposition of substantially all of the Company's assets;
- (c) Any other event causing a dissolution of a Limited Liability Company under the Laws of the State of Delaware

2.5 **BUSINESS PURPOSE.** The general purpose of the Company is to engage in any lawful act or activity for which a Limited Liability Company may be formed under the Act. In addition, the Company's primary initial business purpose shall be to execute an Investment Agreement with the Trading Company for the purpose of accessing, for the benefit of the Company's Members, a certain trading system known as the Synergy Trading System that takes a "portfolio" approach to the trading of certain selected financial markets. Notwithstanding that primary initial business purpose the Company shall have every power that it considers necessary or convenient to engage in any lawful act or activity in furtherance of its general purpose.

2.6 **PRINCIPAL PLACE OF BUSINESS.** The location of the initial principal place of business of the Company shall be the address of its Manager. The mailing address for the Company shall be 3 Aster Court, Medford, New Jersey 08055.

2.7 **MEMBERS.** The name and place of residence of each Member are on file at the offices of the Company.

2.8 **ADOPTION OF CERTIFICATE OF FORMATION.** Each Member of the Company, by executing a copy of this operating agreement hereby approves the Certificate of Formation of the Company filed with the Office of the Secretary of State of Delaware on the 22nd of May, 2001.

2.9 **GOVERNING DOCUMENT.** If this Agreement shall ever be interpreted to be in conflict with the terms or requirements of the Certificate of Formation of the Company registered with the State of Delaware, then to the extent required by law the Company's Certificate of Formation shall prevail with respect to any such conflict.

Member Initials _____

ARTICLE III CAPITALIZATION

- 3.1 **CAPITAL CONTRIBUTIONS.** Each Member has contributed, as a Capital Contribution to the Company the money specified in that certain Capital Contribution Schedule filed in the offices of the company (as amended from time to time to reflect new Members). No Member shall be required to make any additional contribution to the Company's Capital.
- 3.2 **CAPITAL ACCOUNT.** Consistent with the Company's stated initial purpose the Manager shall maintain a separate Trading Capital Account and, if deemed necessary by the Company's bookkeeper and CPA, a distribution account for each Member. Initial Capital contributions and additional capital received from each Member shall be allocated to each Member's Capital Account as follows: 99% of each Member's capital contribution (whether initial or additional) shall be allocated to that Member's Trading Capital Account for placement with the Trading Company. The Capital Account of each Member shall, for purposes of proper accounting, be determined and maintained in the manner set forth in US Treasury Regulation 1.704-1(b)(2)(iv) and in accordance with standard and accepted accounting principles and shall consist of that Member's initial Trading Capital Contribution increased by:
- (a) any additional voluntary capital contribution made by that Member;
 - (b) credit balances transferred from that Member's distribution account by reason of that Member's share of Trading Profits or other profit or other Company income;
- and decreased by:
- (c) distributions to that Member in reduction of Company capital;
 - (d) the Member's share of Company Trading Losses or other Company loss charged to that Member's Capital Account.
- 3.3 **INTEREST.** No interest shall be paid on funds contributed to the capital of the Company or on the balance of a Member's Capital Account.
- 3.4 **MEMBER LIABILITY.** Members shall not be bound by, or be personally liable for the expenses, liabilities, or obligations of the Company.
- 3.5 **NO PRIORITY OF DISTRIBUTIONS.** No Member shall have priority over any other Member with respect to the return of a Capital Contribution, or distributions or allocations of income, gain, loss, deduction, credit, or items thereof.

ARTICLE IV PROFITS, LOSSES AND DISTRIBUTIONS

- 4.1 **ALLOCATION OF TRADING COMPANY PROFITS AND LOSSES.** Ninety Five percent (95%) of all Trading Profits and Trading Losses and 95% of all items of similar income, gain, loss, deduction, or credit shall be allocated, for Company book purposes and for tax purposes, at the end of each calendar month to the Members. The remaining 5% of Trading Profits and Trading Losses and similar items of income and gain, loss, deduction or credit not allocated to the Members as aforesaid shall be allocated to the Manager as compensation for services rendered to the Company. This allocation shall be computed by first allocating 100% of all items of income, gain, profit, loss, deduction or credit as aforesaid among the Company's Members at the end of each month in accordance with Section 4.2 below and then subtracting 5% of the amount of each aforesaid item of income, gain, profit, loss, deduction or credit from each Member's Trading Capital Account and allocating the same to the Manager.

Member Initials _____

- 4.2 **ALLOCATION OF TRADING COMPANY PROFITS AND LOSSES BETWEEN MEMBERS.** Profits and losses from the Company's investment with the Trading Company shall be allocated between the Members in accordance with the amount of their respective Trading Capital Account balances at the beginning of the month. Each Member shall share in Trading Profits and Trading Losses and all other similar items of income, gain, profit, loss, deduction, or credit allocated to the Members by Paragraph 4.1 above in accordance with the ratio that Member's Trading Capital Account balance bears to the total of all Trading Capital Account balances of all Members. For example, if a Member's Trading Capital Account balance at the beginning of the month represents 8% of the Trading Capital Account balances of all Members at the beginning of that same month, that Member shall receive 8% of all Trading Profits and Trading Losses and all other similar items of income, gain, loss, deduction, or credit allocated to the Members by Paragraph 4.1.
- 4.3 **DISTRIBUTIONS.** The Manager shall determine and distribute Company Profits allocated to each Member's Trading Capital Account at such intervals and in such amounts as may be requested and are convenient to each Member. Distributions from a Member's Trading Capital Account during any calendar year shall not be made more frequently than on a monthly basis. The Manager prefers that no Member request a distribution of profits from that Member's Trading Capital Account for at least the first 6 months following that Member's initial Trading Capital Contribution *but that preference is not binding on the Members.*
- Requests for distribution, if on a monthly basis from a Member's Trading Capital Account, should be received by the Company no later than 15 days prior to the beginning of the month of a requested distribution. Actual distribution to that Member will occur as soon as possible after the 15th day of the month following the month for which distribution is requested.
- Requests for a quarterly distribution from a member's Capital Account should be lodged with the Manager no later than 15 days before the beginning of the last month of the quarter. Actual distribution will occur approximately 15 days following the end of the last month of the quarter.
- 4.4 **DISTRIBUTIONS IN LIQUIDATION.** Distributions in liquidation of the Company or in liquidation of a Member's interest shall be made as follows: All items of income, gain, profit, loss, deduction or credit shall first be allocated to that Member's (or to all Members') Capital Account as required by Sections 4.1 and 4.2. Other necessary and appropriate credits and deductions to each respective Capital Account shall be made before final distribution is made. The final distribution to the liquidating Member or in liquidation to all Members shall be made to the extent of and in proportion to each Member's positive Capital Account balance.

ARTICLE V PREFERENTIAL RETURN ON INVESTMENT

- 5.1 **TRADING COMPANY PREFERENTIAL RETURN ON INVESTMENT.** Under the terms of its Investment Agreement with the Trading Company, the Company shall be entitled to receive a preferential return on investment from available Trading Profits before any Trading Profits are allocated to the Trading Company for expenses and before any further allocation of remaining Trading Profits occurs between the Company and the Trading Company. The amount of this preferential return on investment shall be equal to 2% per month until December 31, 2003. Thereafter the preferential return on investment shall be 1% per month.

The actual dollar amount of the preferential return on investment can increase from month to month as a percentage of a Member's original Trading Capital Contribution because this preferential return on investment is computed each month on the Company's investment account balance with the Trading Company as of the first day of each calendar month. Trading Profits allocated to the Company and not withdrawn as a distribution shall increase the amount of the Company's investment balance with the Trading Company each month and, therefore, the amount upon which the preferential return on investment is computed for the following month.

Member Initials *X*

Members of the Company shall participate in this preferential return on investment in direct proportion to the ratio their individual Trading Capital Account balance bears to the total of all Trading Capital Account Balances of all Members. Member's who do not request a distribution from their Trading Capital Account will see their relative percentage share of the Company's investment account balance increase proportionally over those Members who regularly request a distribution from their Trading Capital Account. What begins as a preferential 2% return per month from available profits on a Member's original Trading Capital Contribution shall effectively become a much greater preferential return on original investment because of the effect of month to month compounding.

ARTICLE VI MANAGEMENT

- 6.1 **MANAGEMENT OF THE COMPANY.** The business of the Company shall be managed for the duration of the Company by Equity Financial Group, LLC, ("Equity") a New Jersey limited liability company. The address of the Manager is 3 Aster Court, Medford, New Jersey 08055 or such other address as the Manager may designate from time to time. The Manager of Equity is Vincent Firth. To the extent that the manager finds it necessary and desirable, the Manager may appoint Mr. Firth to also hold the position of President of the Company and all Members executing this Operating Agreement hereby consent to that appointment of Mr. Firth. Mr. Firth shall not be entitled to compensation from the Company for services rendered to the Company solely in his capacity as President of the Company. The Secretary of the Manager (if any) may also hold the office of Secretary of the Company. The Secretary of the Company (if any) shall not be entitled to compensation from the Company for services rendered in that capacity to the Company.
- 6.2 **MEMBERS.** The liability of the Members shall be limited as provided under Delaware's limited liability legislation. Members shall take no part whatever in the control, management, direction, or operation of the Company's affairs and shall have no power to bind the Company. The Manager may, from time to time seek advice from the Members but the Manager need not accept such advice, and at all times the Manager shall have the exclusive right to control and manage the Company. No Member shall be the agent of any other Member of the Company solely by reason of being a Member.
- 6.3 **POWERS OF MANAGER.** The Manager is authorized on the Company's behalf to make all decisions with respect to
- (a) the investment of Company funds with the Trading Company pursuant to a specific Investment Agreement;
 - (b) the compromise or release of any of the Company's claims or debts;
 - (c) the employment of persons, firms or corporations for the operation and management of the Company's business; and,
 - (d) the purchase or lease of personal property necessary and incidental to operation of the Company's business and the eventual sale or other disposition of the same.
 - (e) To perform any and all other functions or acts in furtherance of and in protection of the Company's investments
- In the exercise of the management power, the Manager is authorized to execute and deliver:
- (a) all contracts or agreements necessary to the furtherance of investment of the Company's funds with the Trading Company;
 - (b) all checks, drafts and other orders for the payment of the Company's funds and in furtherance of the authority hereby conferred, the Manager is authorized to choose such bank or banks as may be suitable and appropriate for the deposit of Company funds and the Manager and its officers are hereby authorized and empowered to designate such signers on those accounts on behalf of the Company as the Manager may deem appropriate for effecting proper bank security procedures with respect to Company funds to protect the Company against misappropriation of funds;
 - (c) all promissory notes, loans, security agreements and other similar documents;
 - (d) all other instruments of any other nature.

Member Initials

- 6.5 **COMPANY INFORMATION.** Any Member may request to see and inspect the books and records of the Company provided that the inspection is for the sole information and use of that Member and only for the purpose of verifying information previously received as a result of monthly statements of profit and loss provided to all Members. Any such inspection of the Company's books shall take place at the Company's principal place of business or such other address as may be designated by the Company or its Manager for that purpose and shall be at the expense of the requesting Member.
- 6.6 **EXCULPATION.** Any act or omission of the Manager, the effect of which may cause or result in loss or damage to the Company or the Members if done in good faith to promote the best interests of the Company, shall not subject the Manager or any officer, director, employee or agent of the Manager to any liability to the Members.

ARTICLE VII ACCOUNTING AND RECORD KEEPING

- 7.1 **RECORDS.** The Manager shall cause the Company to keep at its principal place of business or at the offices of its accountant or bookkeeper the following:
- (a) A current list in alphabetical order of the full name and the last known business or residence, together with the Capital Contribution and the current Percentage Interest of each Member;
 - (b) A copy of the Articles of Organization, as amended;
 - (c) Executed counterparts of this Agreement, as amended;
 - (d) A copy of the letter received each month from the Company's Certified Public Accountant stating that firm has received written verification from a local independent certified public accountant with respect to the Trading Company's percentage of profit or loss for the month conducted in accordance with agreed upon procedures which included but are not limited to: a) a review of original unaltered brokerage firm statement(s) for the stated month and the random tracing and comparison of transactions on the brokerage statement to trades registered internally by the trading system.
 - (e) A copy of the financial statement of the Company upon completion of a financial review of the Company's books by its Certified Public Accounting firm at the end of 2002 and a similar financial statement for each succeeding year thereafter.
- 7.2 **MONTHLY STATEMENTS.** The Manager shall prepare each month for each Member a statement reporting on the Company's investment for the month with the Trading Company. This statement shall be issued monthly. The Company's statement to its Members shall contain:
- a) the opening balance of that Member's Trading Capital Account balance for the month, carried forward from the previous month;
 - b) the dollar amount of any increase credited to that Member's Trading Capital Account by reason of Trading Profit allocated to that Member for the reporting period as preferential return on investment and as well as the amount of any further profit allocation for the reporting period and each amount thereof expressed as a percentage return on investment for that period;
 - c) the dollar amount of any decrease to that Member's Trading Capital Account by reason of Trading Loss for that reporting period and that amount also expressed as a draw down percentage;
 - d) the amount of any dollar distribution made or to be made to that Member;
 - e) the dollar amount equal to 5% of that Member's share of profit for the reporting period allocated to Equity as Manager;
 - f) the net dollar amount of the Member's Trading Capital Account carried forward to the beginning of the next reporting period;
 - g) a statement of the total Trading Profit earned by that member for the reporting period expressed as a percentage return on investment for the reporting period; and,
 - h) a statement that the percentage return on investment (or loss) for the period was verified and confirmed to the Manager on behalf of the Company by an independent Certified Public Accountant.

Member Initials _____

- 7.3 **ACCOUNTING AND BOOKKEEPING.** The Manager shall cause to be kept financial books and records on the accrual method of accounting which shall be the method of accounting followed by the Company. A balance sheet and income statement of the Company shall be prepared promptly following the close of each fiscal year in a manner appropriate to and adequate for the Company's business and necessary for carrying out the provisions of this Agreement. The fiscal year of the Company shall be January 1 through December 31.
- 7.4 **TAX INFORMATION RETURNS.** The Manager shall cause to be prepared and mailed to each Member at the Member's address listed on the records of the Company within 90 days from the end of each calendar year all information necessary to enable that Member to complete appropriate Federal and State tax returns.

ARTICLE VIII COMPENSATION

- 8.1 **MANAGEMENT FEE.** The Manager shall be entitled to receive each month as compensation for management of the Company a fee equal to 5% of the Trading Company Profits earned each month by the Company.
- 8.2 **REIMBURSEMENT.** The Company shall reimburse the Manager for all reasonable and customary costs directly paid or incurred in connection with management of the Company provided that the total management fee stated in section 8.1 above does not exceed \$5,000.00 per month. If the management fee stated in section 8.1 exceeds \$5,000.00 per month, the Manager shall bear all costs of management and administration of the Company provided however that the cost of the Certified Public Accounting Firm retained by the Manager on behalf of the Company to conduct a year end review and/or audit of the Company and issue year end K-1 statements to each Member shall be borne by the Company.

ARTICLE IX MEMBERS AND VOTING

- 9.1 **GENERAL.** There shall be only one class of ownership and no Member shall have any rights or preferences in addition to or different from those possessed by any other Member. Each Member shall be entitled to Vote in proportion to the Member's Percentage Interest as of the record date stated in Section 9.2. Any action that may or that must be taken by the Members shall require a three quarters majority of the Percentage Interest of all Members eligible to Vote, except that the following actions shall require a unanimous Percentage Interest Vote of the Members:
- (a) the transfer of a Membership Interest and the admission of the Assignee as a Member of the Company; or
 - (b) any amendment of the Articles of Organization or of this Operating Agreement; or
 - (c) any action taken by the Manager for the purpose of engaging the Company in any business or enterprise beyond the initial primary stated purpose of the Company. (See Section 9.4 below).
- 9.2 **RECORD DATE.** The record date for determining a Member's Percentage Interest shall be close of business on the last day of the calendar month which immediately precedes the month in which the Vote is to be taken or the Meeting is to be held. Any Member entitled to receive a monthly statement (see Article VII) for the month immediately preceding the month of the meeting, the Vote or the month in which any other action is to be taken is eligible to Vote. The Manager shall provide notice to all Members entitled to Vote of such an intended Meeting or Vote or other action by the Members not less than 30 days prior to the date set for the Vote, Meeting or other action.

Member Initials

9.3 QUORUM. The Members are not required to hold meetings, and matters in which the Manager has requested the advice or input of the Members on any other matter may be reached through one or more informal consultations followed by agreement among a majority of the Members provided that all Members are consulted (although all Members need not be present during a particular consultation with the Manager). In the event that Members wish or decide to hold a formal meeting (a "Meeting") for any reason, the following procedures shall apply:

- (a) Any two Members may call a Meeting of the Members by giving Notice of the time and place of the Meeting at least 48 hours prior to the time of the holding of the Meeting. The Notice need not specify the purpose of the Meeting, or the location if the Meeting is to be held at the principal place of business of the Company.
- (b) The presence of Members holding a majority of Percentage Interest shall constitute a quorum for the transaction of business at any Meeting of the Members.
- (c) The transactions of the Members at any Meeting, however called or noticed, or wherever held, shall be as valid as though transacted at a Meeting duly held after call and notice if a quorum is present and if, either before or after the Meeting, each Member not present signs a written waiver of Notice, a consent to the holding of the Meeting, or an approval of the minutes of the Meeting.
- (d) Any action required or permitted to be taken by the Members under this Agreement may be taken without a Meeting if Members owning the requisite Percentage Interest necessary either individually or collectively consent in writing to the action taken.
- (e) Members may participate in the Meeting through the use of a conference telephone or similar communications equipment, provided that all Members participating in the Meeting can hear one another.
- (f) At all Meetings of Members, a Member may Vote in person or by proxy. Such proxy shall be filed with any Member before or at the time of the Meeting, and may be filed by facsimile transmission to a Member at the principal executive office of the Company or such other address as may be given to the Members for such purposes.
- (g) The Members shall keep or cause to be kept with the books and records of the Company full and accurate minutes of all Meetings, Notices, and waivers of Notices of Meetings, and all written consents in lieu of Meetings.
- (h) Members shall not be compensated for their time or the cost of travel to attend a Meeting.

9.4 CERTAIN MANAGER ACTIONS REQUIRING UNANIMOUS MEMBER VOTE AND APPROVAL. As a general rule, the Manager shall have exclusive and complete authority to manage the affairs of the Company as set forth in Article VI, Section 6.3. However, it is understood and agreed that the primary initial activity and purpose of the Company shall be to seek Trading Profits for the benefit of its Members. It is the purpose and intent of Article VI, Section 6.3 to confer upon the Manager complete authority to act (without prior approval of the Members) on behalf of the Company and to bind the Company to any agreement necessary to the furtherance of that initial purpose, including the execution of contracts and the opening of such bank accounts on behalf of the Company as the Manager deems appropriate.

As Trading Profits accumulate, however, it is also possible that some Members of the Company may, from time to time, seek to expand the initial business activity and purpose of the Company to take advantage of an extraordinary business opportunity presented to the Company. Such a possibility is unlikely and any such an expansion of the Company's primary initial stated purpose should take place only upon the unanimous approval and consent of every member. Therefore it is the clear and stated purpose and intent of this Agreement that any authority granted to the Company's Manager by Article VI, Section 6.3 not strictly and immediately necessary to conduct the Company's primary stated initial purpose be tempered and limited by this Section 9.4. To effect the stated purpose and intent of this Section 9.4 it is therefore agreed that any authority conferred upon the Manager by Article VI Section 6.3 to:

- (a) purchase any investment assets with Trading Profits;
- (b) borrow money and/or to grant a security interest in any assets purchased with Trading Profits to secure those borrowings;
- (c) compromise or release of any of the Company's claims or debts; or

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(d) sell, develop, lease or otherwise dispose of any Company assets

shall be contingent upon the prior Vote and approval of every Member of the Company.

Nothing in this section 9.4 shall be construed or interpreted to require Member consent prior to any action by the Manager to purchase or dispose of miscellaneous office supplies or office equipment or to lease office space or to make any purchase which is ordinary and reasonable to the regular and necessary management of the Company or to settle a claim against the Company or settle a Company debt arising in the ordinary course of conducting the primary initial stated purpose of the Company.

ARTICLE X TRANSFERS OF MEMBERSHIP INTERESTS

10.1 **WITHDRAWAL BY A MEMBER.** A Member may withdraw from the Company at any time by giving notice of withdrawal to the Manager who shall provide Notice of the same to all other Members. Notice of withdrawal must be given by a Member at least 180 calendar days before the effective date of withdrawal. Withdrawal shall not release a Member from any obligations and liabilities under this Agreement accrued or incurred before the effective date of withdrawal. A withdrawing Member shall divest the Member's entire Membership Interest before the effective date of withdrawal in accordance with the transfer restrictions and option rights set forth below.

10.2 **CONDITIONS FOR TRANSFER TO OUTSIDE TRANSFEREE.** Except as expressly provided in this Agreement, a Member shall not Transfer any part of that Member's Membership Interest in the Company unless:

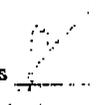
- (a) the other Members unanimously approve the transferee's admission to the Company as a Member upon such Transfer; and,
- (b) the Company's legal counsel concludes that the proposed transfer will not violate the securities laws of the United States or the securities laws of the State in which the transferee resides or has its registered office or principal place of business.

10.3 **ENCUMBRANCE OF MEMBERSHIP INTERESTS.** No Member may Encumber or permit or suffer any Encumbrance of all or any part of that Member's Membership Interest in the Company unless such Encumbrance has been approved in writing by all of the other Members. Any Transfer or Encumbrance of a Membership Interest without such approval shall be void or, in the alternative, may at the option of the Manager be considered a Triggering Event.

10.4 **TRANSFERS WHICH MAINTAIN BENEFICIAL INTEREST.** Notwithstanding any other provision of this Agreement to the contrary, a Member who is a natural person may transfer all or any portion of his or her Membership Interest to any revocable trust created for the benefit of that Member, or any combination between or among the Member, the Member's spouse, and the Member's issue; provided that the Member retains a beneficial interest in the trust and all of the Voting Interest included in such Membership Interest. A transfer of a Member's entire beneficial interest in such trust or failure to retain such Voting Interest shall be deemed a Transfer of a Membership Interest. included in such Membership Interest.

10.5 **TRIGGERING EVENTS.** On the happening of any of the following events (Triggering Events) with respect to a Member, the Company and the other Members shall have the option to purchase all or any portion of the Membership Interest in the Company of such Member at the price and on the terms provided in Section 10.8 of this Agreement:

- (a) the death or incapacity of a Member;
- (b) the bankruptcy of a Member;

Member Initials 

- (c) the winding up or dissolution of a corporate Member, or merger or other corporate reorganization of a corporate Member as a result of which the corporate Member does not survive as an entity;
- (d) the withdrawal of a Member; or,
- (e) the occurrence of any other event that is, or that would cause, a Transfer in contravention of this Agreement, or, in the alternative, the occurrence of any other event that may elsewhere be defined as a "Triggering Event".

Each Member hereby agrees to promptly give Notice of a Triggering Event to the Manager.

10.6 OPTION OF COMPANY & EXISTING MEMBERS TO PURCHASE. On the receipt of Notice of a Triggering Event, or upon information that a Triggering Event has occurred with respect to a particular Member the Manager shall promptly notify all Members of the same, and the Company shall have the option, for a period of 30 calendar days following the determination of the purchase price as provided in Section 10.8, to purchase the Membership Interest at the price and on the terms provided in Section 10.8. In order for the Company to purchase the Membership Interest on behalf of and for the benefit of all other Members, all Members must approve the purchase and give their unanimous consent.

If the Manager is unable to obtain the unanimous consent of all Members for purchase of the Membership Interest for the pro rata benefit of all the Members, then each separate Member shall have the option for a period of 30 days thereafter to elect to purchase the Membership Interest not purchased by the Company on the same terms and conditions. If several separate Members elect to purchase the Membership Interest, each Member so electing shall, upon purchase of the same, share in the Membership Interest pro rata in accordance to the portion that each purchasing Member's separate Percentage Interest bears to the total Percentage Interest of all Members seeking to purchase. If only one Member elects to purchase the Membership Interest, said interest in the Company shall accrue to that Member upon tender of the purchase price. If no Member elects to purchase the Membership Interest, then and only then the Membership Interest may be purchased by any outside party not then a Member provided the requirements of section 10.2 are met.

10.7 NONPARTICIPATION BY WITHDRAWING MEMBER. No Member shall participate in any Vote or decision with respect to any matter concerning the disposition of that Member's Membership Interest in the Company pursuant to this Article X.

10.8 DETERMINATION OF PURCHASE PRICE. The purchase price of the Membership Interest that is the subject of an option under this Agreement shall be the Fair Market Value of such Membership. The Fair Market Value is hereby defined as the total dollar amount of the Capital Account of the Membership Interest being purchased plus a percent of the total of that Capital Account which equals the average monthly return on Investment experienced by that Membership Interest for the Preceding 12 months multiplied by 12. For example, if the Capital Account of the Membership Interest has a total balance of \$100,000.00 at the time of the Triggering Event, and the average monthly return on investment experienced by that Membership Interest during the previous 12 months was 5% per month then the Fair Market Value of the Membership Interest shall be \$100,000 plus \$60,000.00 ($12 \times 5\% = 60\% \times \$100,000 = \$60,000$) for a total Fair Market Value of \$160,000.00. If the Membership Interest has been owned for less than 12 months, the average of the number of months the Membership Interest was owned multiplied by that number of months plus the total dollar value of that Member's Capital accounts as aforesaid shall be used to compute Fair Market Value.

10.8.1 TENDER OF PURCHASE PRICE. If the Company is the purchaser of a Member's Membership Interest, the Company may at its option, elect to purchase the Membership Interest by tendering installment payments. The installment period for full tender of the purchase price shall not be more than one year. Upon tender of the final installment payment, full title and ownership to the Membership Interest purchased shall vest in the Company for the benefit of all Members.

10.9 ADMISSION OF OUTSIDE TRANSFEREES. A transferee of a Membership Interest that is not an existing Member may be admitted as a Substituted Member provided:

Member Initials

- (a) all conditions stated in section 10.2 are satisfactorily met; and,
- (b) the transferee executes a counterpart of this Operating Agreement as a party hereto.

Any prospective transferee of a Membership Interest shall be deemed an Assignee, and, therefore, the owner of only an Economic Interest until such prospective transferee has been admitted as a Substituted Member. A Substituted Member is subject to all of the provisions of this Agreement.

ARTICLE XI DISSOLUTION AND WINDING UP

11.1 **EVENTS TRIGGERING DISSOLUTION.** The Company shall be dissolved and terminated on the first to occur of any of the following events:

- (a) The close of business on May 22, 2031; or,
- (b) The written agreement of all Members to dissolve the Company; or,
- (c) When the Capital Account of all but one Member drops below \$1,000.00 for more than two full calendar months.

11.2 **WINDING UP.** On the dissolution of the Company, the Company shall engage in no further business other than necessary to wind up the business and affairs of the Company. If the Company is still earning Trading Profits the Manager shall notify the Trading Company of the Company's dissolution and shall request a final distribution to a bank account of the Company of any and all Trading Profits which still remain on account for the benefit of the Company.

The Manager shall wind up the affairs of the Company and shall give Notice of the commencement of winding up by mail to all known creditors and claimants against the Company whose addresses appear in the records of the company. After paying or adequately providing for the payment of all known debts of the Company (except debts owing to Members) the remaining assets of the Company shall be distributed or applied in the following order of priority:

- (a) To pay the expenses of liquidation;
- (b) To repay outstanding loans from Members;
- (c) Among the Members to each capital account in accordance with each Member's Percentage Interest subject to the provisions and requirements of Article IV, Section 4.4

11.3 **NO RECOURSE UPON WINDING UP.** Each Member shall look solely to the assets of the Company for the return of the Member's investment and if the Company's bank account balances and other assets remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the principal amount of the investment of any Member, such Member shall have no recourse against any other Member or Members for indemnification, contribution or reimbursement.

ARTICLE XII ARBITRATION

12.1 **ARBITRATION TO BE RESOLUTION REMEDY OF CHOICE.** The parties hereby submit all controversies claims and matters of difference in any way related to this Agreement, the Company or any investment in the Company to binding arbitration in Delaware. This submission and agreement to arbitrate is specifically enforceable. The parties hereby state and affirm their intent that this Section 12.1 of the Agreement be construed to remove all uncertainty with regard to the requirement of arbitration as stated herein, and any question or controversy with respect to this issue shall be resolved in favor of mandatory binding arbitration.

Member Initials: _____

- 12.2 **APPOINTMENT OF ARBITRATOR.** There shall only be one arbitrator. The arbitrator shall be selected by the American Arbitration Association or such similar body or organization. Each party shall bear its own costs and expenses and an equal share of the fee charged by the arbitrator and such other administrative fees associated with the arbitration.
- 12.3 **ARBITRATION TO BE BINDING.** The Parties hereto agree to abide by all awards rendered in the arbitration proceedings. The awards shall be final and binding on all parties to the maximum extent allowed by applicable law. All awards may be filed with the clerk of one or more courts having jurisdiction over the party or the property of the party against whom such an award is rendered.
- 12.4 **DISCOVERY.** Consistent with the expedited nature of arbitration, discovery is limited to each party's production of copies of those documents and/or access to such other things that the party intends to introduce into evidence at the arbitration hearing. Any dispute regarding discovery is determined by the arbitrator, which determination is conclusive. All discovery must be completed within 45 days following appointment of the arbitrator. No interrogatories, requests for admission or depositions are allowed.
- 12.5 **REMEDIES ALLOWED.** The parties specifically understand and agree the arbitrator shall have no authority to award any of the following remedies:
- (a) punitive or other damages not measured by the prevailing party's actual damages;
 - (b) consequential damages;
 - (c) injunctive relief or direction to any party other than the direction to pay a monetary amount; or
 - (d) interest on any award (pre-judgment or post judgment) exceeding 6% per annum, simple interest.

ARTICLE XIII GENERAL PROVISIONS

- 13.1 **MODIFICATIONS AND AMENDMENTS MUST BE IN WRITING.** This Agreement constitutes the whole and entire agreement of the parties with respect to the subject matter of this Agreement and it shall not be modified or amended in any respect except by a written instrument executed by all the parties. This Agreement replaces and supersedes all prior written and oral agreements by and among the Members or any of them.
- 13.1 **COUNTERPARTS.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- 13.2 **SEVERABILITY.** This Agreement shall be construed and enforced in accordance with the laws of Delaware. If any provision of this Agreement is determined by any court of competent jurisdiction or arbitrator to be invalid, illegal, or unenforceable to any extent, that provision shall, if possible, be construed as though more narrowly drawn, if a narrower construction would avoid making that provision invalid, illegal, or unenforceable or, if that is not possible, such provision shall be severed, to the extent it is determined to be invalid, illegal or unenforceable and the remaining provisions of this Agreement shall remain in effect.
- 13.3 **BINDING ON HEIRS AND SUCCESSORS.** This Agreement shall be binding on and inure to the benefit of the parties and their heirs, personal representatives, and permitted successors and assigns.
- 13.4 **INTERCHANGEABILITY OF TERMS.** Whenever used in this Agreement, the singular shall include the plural, the plural shall include the singular, and the neuter gender shall include the male and female as well as a trust, firm, company, or corporation, all as the context and meaning of this Agreement may require.
- 13.5 **MUTUAL COOPERATION.** The parties to this Agreement shall promptly execute and deliver any and all additional documents, instruments, notices, and other assurances, and shall do any and all other acts and things, reasonably necessary in connection with the performance of their respective obligations under this Agreement and reasonably necessary to carry out the intent of the parties.

Member Initials _____

13.6 LACK OF CONFLICT WITH OTHER ACTIVITIES. Except as specifically provided in this Agreement, no provision of this Agreement shall be construed to limit in any manner the Members in the carrying on of their own respective businesses or activities.

13.7 NO AGENCY CREATED. Except as specifically provided herein, no provision of this Agreement shall be construed or interpreted to constitute a relationship of agency between the Members and no Member shall be considered to be the agent of any other Member or all of the other Members.

13.8 AUTHORITY TO CONTRACT. Each Member represents and warrants to the other Members that the Member has the capacity and authority to enter into this Agreement.

13.9 HEADINGS ARE MATTER OF CONVENIENCE ONLY. The article and section titles and headings contained in this Agreement are inserted as a matter of convenience and for ease of reference only and shall be disregarded for all other purposes, including the construction or enforcement of this Agreement or any of its provisions.

13.10 ADDITIONAL PROVISIONS.

- (1) This Agreement may be altered, amended, or repealed only by a unanimous Vote of all the Members.
- (2) Time is of the Essence for every provision that specifies a time for performance.
- (3) This Agreement is made solely for the benefit of the parties to this Agreement and their respective permitted successors and assigns, and no other person or entity shall have or acquire any right by virtue of this Agreement.
- (4) The Members intend the Company to be a limited liability company under the Act. No member shall take any action inconsistent with this express intent of the parties to this Agreement.

IN WITNESS WHEREOF, the parties have executed or caused to be executed this Agreement on the day and year first above written.

Printed Name of member: Bob Zimmman

Signature of member: [Handwritten Signature]

If member is to be a corporation or other business entity, indicate name and position of individual executing this Operating Agreement on behalf of the company or entity:

Printed name of authorized person: _____

Position: _____

Equity Financial Group, LLC. Manager and Initial Member

By [Handwritten Signature]
Vincent Firth, Managing Director

PROOF OF SERVICE

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is 19358 Blythe Street, Reseda, CA 91335.

On February 9, 2005 I served the foregoing document described as:

INVESTOR DON ZINMAN (CLAIM NO. 88), THROUGH HIS ATTORNEY J.R. NERONE, HEREBY OBJECTS TO EQUITY RECEIVER FOR DEFENDANTS' PROPOSED INTERIM DISTRIBUTION PLAN, AS STATED IN THE SUPPORTING PAPERS FOR HIS MOTION FOR AUTHORITY TO MAKE INTERIM DISTRIBUTION ON ACCOUNT OF INVESTOR CLAIMS

on the interested parties in this action by placing a true copy of the original in a scaled envelope addressed as follows:

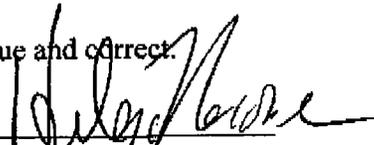
CLERK OF COURT
UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY
MITCHELL H. COHEN FEDERAL BUILDING & U.S. COURTHOUSE
1 JOHN F. GERRY PLAZA
CAMDEN, NJ 08101

STEPHEN T. BONO
SACHNOFF & WEAVER, Ltd
10 S. WACKER DRIVE, 40th FLOOR
CHICAGO, IL 60606

I deposited such envelope with the U.S. Postal Service Over Night Delivery with postage fully paid at Los Angeles, CA.

I am readily familiar with my firms practice of collection and processing correspondence for mailing. It is deposited with the U.S. Postal Service on that same day in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if the postal cancellation date or postal meter date is more than one day after the date of deposit for mailing in this affidavit.

Executed on February 9, 2005 at Los Angeles, CA. I declare under penalty of perjury under the laws of California that the above is true and correct.


Helena Nerone

Merrill Rubin
Member NY & NJ Bars

Kevin J. Deloatch
Member NY Bar

February 14, 2005

VIA FACSIMILE

Stephen T. Bobo, Esq.
Weaver & Sachnoff, Ltd.
10 South Wacker Drive, 40th Floor
Chicago, IL 60606

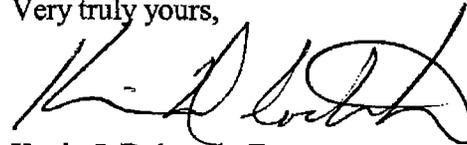
Re: CFTC v. Equity Financial Group, LLC et al.

Dear Mr. Bobo:

As discussed February 8, 2005, our office was recently been retained by Ms. Nancy Omaha Boy in the above captioned matter. Please find attached a copy of her Response and Objections to the Equity Receiver's Motion for Authority to Make Interim Distributions .

Should you have any questions please do not hesitate to contact our office

Very truly yours,



Kevin J. Deloatch, Esq.

Merrill Rubin (MR4943)
Rubin & DeLoatch, LLC
85 Eldridge Street
New York, New York 10002
(212) 219-8105
Attorney for Claimant, Nancy Omaha Boy

UNITED DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY (Camden)

COMMODITY FUTURES TRADING
COMMISSION,

Plaintiff,

v.

EQUITY FINANCIAL GROUP, LLC, TECH
TRADERS, INC., TECH TRADERS, LTD.,
MAGNUM CAPITAL INVESTMENTS,
LTD., VINCENT J. FIRTH, ROBERT W.
SHIMER, COYT E. MURRAY, and J.
VERNON ABERNATHY,

Defendants.

Civil Action No. 04-CV-1512

Hon. Robert B. Kugler

**RESPONSE AND OBJECTIONS OF CLAIMANT NANCY OMAHA BOY
TO MOTION OF EQUITY RECEIVER FOR AUTHORITY TO MAKE
INTERIM DISTRIBUTION ON ACCOUNT OF INVESTOR CLAIMS**

The Claimant, Nancy Omaha Boy, submits the following as and for her response and objections to the Motion of the Equity Receiver for Authority to Make Interim Distribution on Account of Investor Claims.

1. The Claimant objects to the making of any interim distribution at this time. Claimant believes that the factors set forth in paragraph 21 and 22 of the Affidavit of Stephen T. Bobo mitigate

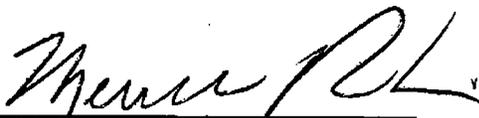
not only against a partial distribution, but any distribution at this time. The fact that the Court has not yet determined whether the Magnum entities should be consolidated with Tech Traders for purposes of distribution is reason enough to hold back on a distribution at this time. This is particularly so, given that the Receiver states in par. 22 that “I do not have all of the records of Magnum and do not yet know who all of the Magnum investors and creditors were or whether they are still owed anything by Magnum.” Claimant further objects to any distribution at this time, because she believes that no distribution should be made until such time as a determination is made whether persons, such as Claimant, who have made investments through Defendant Shimer – other than those related to Tech Traders – should be entitled to recover losses related to those other investments in this proceeding. It is noted that the Receiver states in paragraph 20 of his Affidavit that a portion of \$20 million in frozen receivership funds were derived from a Shimer escrow account. Until such time as a determination is made that none of these funds were related to, or commingled with, Shimer’s other fraudulent investment activities, the funds should not be distributed.

2. Claimant objects to the Receiver’s determination that Claimant Nancy Omaha Boy is not entitled to distribution of funds. The Receiver should be required to prove at an evidentiary hearing that Claimant’s investment in Shasta was made with tainted funds.

3. Claimant objects to the Receiver’s determination with respect to withdrawal amounts already received by investors. Claimant believes that all withdrawals should be repaid to the receivership estate and then distributed equally. Investors should be required to repay all withdrawals to the receivership estate before their respective claims can be allowed for the full amounts invested. If this was indeed ‘a classic Ponzi scheme operation,’ as described by the Receiver in his moving papers, those investors who received money back from the “investment”

were receiving tainted funds of the scheme that were derived from later investors. It would be inequitable for a later investor to bear a relatively greater burden of the loss, merely due to timing, particularly when the very funds used to repay the earlier investors can be traced to the later investors' deposits. Furthermore, if an investor became suspicious or was put on notice, directly or indirectly, that he or she had been victimized by a fraudulent scheme, that investor's receipt and acceptance of a withdrawal would be tainted. In effect, the investor would be a silent partner in the deceit. Such investors, in particular, should not be placed at an advantage *vis a vis* other, later investors.

Dated: New York, New York
February 14, 2005


MERRILL RUBIN (MR4943)
Rubin & DeLoatch, LLC
85 Eldridge Street
New York, New York 10002
(212) 219-8105

February 10, 2005

Clerk of the Court
United States District Court of the District of New Jersey
Mitchell H. Cohen Federal Building & US Courthouse
1 John F. Gerry Plaza
Camden NJ 08101

RECEIVED

FEB 11 2005

AT THE COURT OF THE DISTRICT OF NEW JERSEY

Re: Civil Action No. : 04CV 1512

Commodity Futures Trading Commission

Plaintiff

V.

Equity Financial group LLC, Tech Traders Inc., Tech Traders Ltd., Magnum
Investments Ltd., Magnum Capital Investments Ltd., Vincent J. Firth,
Robert W. Shimer, Coyt E. Murray and J. Vernon Abernathy

Defendants

Dear Sirs,

Please see this letter as a formal appeal to your determination to exclude ICC Finance Corporation from the Agreed Claims Interim Distribution Schedule.

As far as ICC Finance Corporation is concerned \$400,000 were invested with Coyt Murray and/or his entities on August 1, 2003. The contract has been provided to you or the CFTC / Equity Receiver / agent.

On that particular investment of \$400,000 we have received a total of \$114,678 which leaves a balance of \$285,322 .The prorate share of This amount is due us with this upcoming interim distribution. Apparently a determination has been made by someone to include other considerations without explanations to us.

In the broader picture no disclosure has been made by the CFTC /Equity Receiver nor its agents as to the exact amount of money deposited with Tech Trader/Coyt Murray and therefore I cannot even make a determination whether Coyt Murray in fact lost money or built a pyramid scheme or rather money was taken up-front off the top by the new investors (Firth and Shimer and their group of investors).

It is mandatory for all the investors to understand the chronological chain of events and the outcome of their investments at the appropriate time frames. Without this basic information no true conclusion and distribution can be achieved. This information is hereby requested.

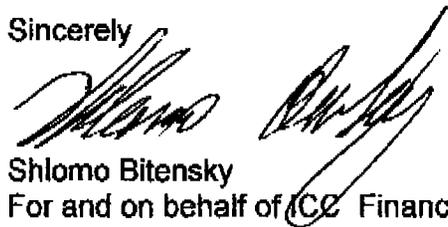
I would appreciate an immediate response so I may prepare my case before the judge in the next upcoming scheduled hearing on March 4, 2005.

There is hooray of other legal issues that has not been brought before the judge such as why was Coyt Murray allowed to continue with monies he calls personal funds while the investors are getting the short end of the stick? The criteria of Old money Vs. New money from various investors and their direct relationship to the profit and loss of the respective investment periods has not been provided and therefore arguments for and against cannot be generated.

In summary distribution in the wrong manner will cause more harm than good because it will add insult to injury as it is in our case.

I am awaiting your timely response

Sincerely



Shlomo Bitensky
For and on behalf of ICC Finance Corporation

cc: Stephen T. Bobo , Equity Receiver
Sachnoff & Weaver Ltd.

Moshe Yovel
ICC Finance Corporation

ABRAHAMS, LOEWENSTEIN & BUSHMAN, P.C.
BY: JOSHUA M. BERNSTEIN, ESQUIRE (JB-5364)
THREE PARKWAY, SUITE 1300
PHILADELPHIA, PA 19102
(215) 587-0833

COMMODITY FUTURES TRADING	:	
COMMISSION	:	UNITED STATES DISTRICT COURT
	:	FOR THE DISTRICT OF NEW JERSEY
	:	
v.	:	
	:	Civil Action No: 04CV1512
	:	
EQUITY FINANCIAL GROUP, LLC,	:	
TECH TRADERS, INC., TECH TRADERS, LTD,	:	Honorable Robert B. Kugler
MAGNUM INVESTMENTS, LTD., MAGNUM	:	
CAPITAL INVESTMENTS, LTD.,	:	
VINCENT J. FIRTH, ROBERT W. SHIMER,	:	
COTY E. MURRAY, and	:	
J. VERNON ABERNETHY	:	

OBJECTION OF TRIESTER INTERNATIONAL TRADING CORPORATION
TO MOTION OF EQUITY RECEIVER FOR AUTHORITY
TO MAKE INTERIM DISTRIBUTION ON ACCOUNT OF
INVESTOR CLAIMS

Triester International Trading Corporation ("TITC"), through its undersigned attorneys, Abrahams, Loewenstein & Bushman, P.C., objects to the Motion of the Equity Receiver for Authority to Make Interim Distribution on Account of Investor Claims. In support of TITC's objection, TITC states as follows:

1. Shasta Capital Associates, LLC ("Shasta Capital") was a commodity pool which engaged in the business of investing its pooled funds in commodities futures and/or commodity options.
2. Equity Financial Group, LLC ("Equity Financial") was a commodity pool operator and the managing member of Shasta. Equity Financial solicited and accepted funds from Shasta investors for pooled investment in commodities futures and/or commodity options.
3. Tech Traders, Inc. ("Tech Traders") was retained by Equity Financial to trade

Shasta Capital's pooled funds pursuant to an Investment Agreement by and between Equity Financial and Tech Traders dated July 1, 2001 (the "Investment Agreement"). As provided in the Investment Agreement, relevant portions of which are attached hereto as Exhibit "A", Tech Traders would trade Shasta Capital's funds on a non-exclusive basis and Shasta Capital would receive a preferred return on the pooled funds. Tech Traders would also trade its own funds in the trading accounts.

4. TITC was an investor in Shasta Capital and, on February 6, 2004, executed Shasta Capital's Operating Agreement (the "Operating Agreement"). The Operating Agreement obligated Equity Financial to maintain a separate "trading capital account" for each Shasta Capital investor. The purpose of the "trading capital account" was "to record that portion of a Member's investment in the Company [Shasta Capital] invested in turn by the Company with the Trading Company [Tech Traders] ". Relevant portions of the Operating Agreement are attached hereto as Exhibit "B".

5. On February 6, 2004, TITC executed a Subscription Agreement (the "Subscription Agreement") for 1,000 member shares of Shasta Capital. In accordance with the provisions of the Subscription Agreement, TITC remitted a check in the amount of One Hundred Thousand Dollars (\$100,000.00) (the "Initial Subscription Funds") to Robert W. Shimer ("Shimer"), who maintained an attorney escrow account with Citibank (the "Attorney Escrow Account") in the name of Shasta Capital. A copy of the Subscription Agreement is attached hereto as Exhibit "C".

6. Upon information and belief, the Initial Subscription Funds were deposited by Shimer in the Attorney Escrow Account. The Initial Subscription Funds were subsequently transferred to Tech Traders, which traded the Initial Subscription Funds, together with the funds of other investors, in pooled trading accounts maintained by Tech Traders.

7. On March 25, 2004, TITC executed an Agreement for Additional Subscription for an additional 1,000 member shares of Shasta Capital and remitted to Shimer a check in the amount of One Hundred Thousand Dollars (\$100,000.00) for the additional shares (the "Additional Subscription Funds"). A copy of TITC's check for the Additional Subscription Funds is attached hereto as Exhibit "D".

8. The Citibank statement for the Attorney Escrow Account for the period ending March 31, 2004 (the "March Account Statement") shows a deposit into the Attorney Escrow Account on March 29, 2004 in the amount of Two Hundred Thousand Dollars (\$200,000.00). Upon information and belief, the Additional Subscription Funds were included in the Two Hundred Thousand Dollar(\$200,000.00) deposit on March 29, 2004. A copy of the March Account Statement is attached as Exhibit "E".

9. On April 1, 2004, the Commodity Futures Trading Commission commenced the instant enforcement and receivership proceeding wherein Equity Financial, Tech Traders and Shimer, amongst others, were named as defendants. Shasta Capital was not named as a defendant in the instant proceeding. However, the Statutory Restraining Order and Order Appointing Receiver entered by the Court on April 1, 2004 (the "Freeze Order") froze the assets of any depository accounts in the name or under the control of the defendants or Shasta Capital.

10. The Citibank statement for the Attorney Escrow Account for the period ending April 30, 2004 (the "April Account Statement") shows that the Additional Subscription Funds were maintained in the Attorney Escrow Account on the date of the Freeze Order. A copy of the April Bank Statement is attached hereto as Exhibit "F". Upon information and belief, the Additional Subscription Funds were ultimately transferred to a separate bank account maintained by the Receiver.

11. The Receiver proposes to distribute a portion of the funds in its possession, including the Additional Subscription Funds, on a pro-rata basis to all of the members of Shasta Capital whose funds were maintained by or on behalf of Shasta Capital on the date of the Freeze Order. The proposed plan of distribution is overly broad in that it fails to account for the structure of the Shasta Capital investment and the manner in which the members' capital contributions were converted into trading assets.

12. As provided in the Operating Agreement, each member's "trading capital account" recorded only that portion of the member's capital contribution that was invested in Shasta Capital's pooled commodity fund. Thus, the members of Shasta Capital stood on different footing with respect to their capital contributions on the date of the Freeze Order, depending upon whether their funds remained in the Attorney Escrow Account or were being traded in Tech Trader's accounts.

13. In this context, it should be noted that Shasta Capital was not simply the "alter ego" of Tech Traders or its principals. It appears that there was a genuine arms-length relationship between Shasta Capital and Tech Traders, as evidenced by the profit-sharing arrangement between Shasta Capital and Tech Traders and the fact that Tech Traders traded its own funds and the funds of others in its trading accounts.

14. The subscription agreements executed by the Shasta Capital investors also made clear that a member's capital contribution would not be made immediately available to Tech Traders for trading purposes. The funds would first be deposited into a segregated account and then transferred to Tech Traders, subject to and in accordance with the terms of the Investment Agreement.

15. Thus, on the date of the Freeze Order, not all of the members of Shasta Capital were

similarly situated. Certain of the members' capital contributions were at risk, others were not. Only those capital contributions that were invested in Tech Traders' accounts were truly at risk of dissipation due to Tech Traders' trading and accounting practices.

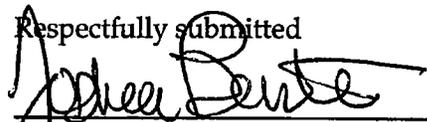
16. On the other hand, those capital contributions that remained in the Attorney Escrow Account on the date of the Freeze Order were not at risk of dissipation. Even assuming Shimer, Firth and Equity Financial were aware of and abetted Tech Traders' fraudulent conduct, on the date of the Freeze Order, the funds in the Attorney Escrow Account were beyond the reach of Tech Traders.

17. In receiverships, equity and fairness dictate that similarly situated investors are treated alike. Conversely, dissimilarly situated investors should not be afforded the same treatment. Therefore, it would be inequitable to allow those members of Shasta Capital whose funds were at risk prior to the entry of the Freeze Order to share pro-rata in a distribution of funds from a segregated account where the segregated funds were not at risk.

18. TITC does not object to the proposed pro rata distribution with respect to the Initial Subscription Funds.

WHEREFORE, TITC (i) objects to the Motion of the Equity Receiver for Authority to Make Interim Distribution on Account of Investor Claims, to the extent that the Receiver seeks to distribute on a pro rata basis the Additional Subscription Funds, and (ii) requests immediate restitution of the Additional Subscription Funds.

Respectfully submitted



Joshua M. Bernstein, Esquire
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Corporation

EXHIBIT "A"

Investment Agreement

Agreement made this 6th day of July, 2001 by and between Tech Traders, Inc. a Delaware Corporation with address of 1903 Auten Road, Gastonia, North Carolina 28054 (hereinafter "Tech") and Shasta Capital Associates, LLC a limited liability company formed under the laws of Delaware with address of 2711 Centerville Rd., Suite 120, PMB 5359, Wilmington, Delaware (hereinafter "Shasta") represented by its sole Manager, Equity Financial Group, LLC a New Jersey limited liability company (hereinafter "Equity"),

WITNESETH:

WHEREAS, Tech has developed a certain "portfolio" system for successfully trading the futures contracts of certain selected financial markets including the NASDAQ 100 and S&P 500; and,

WHEREAS, the success of Tech's "portfolio" trading system is derived from the fact that it utilizes 16 different highly non correlated separate systems traded concurrently on different time frames using proprietary algorithms first developed for use in signal processing applications for both the military and space programs to eliminate false signals in order to derive a "pure" signal or, in the case of market analysis, an actual trend; and,

WHEREAS, Tech has expressed its willingness to accept funds from Shasta and place those funds on Shasta's behalf with Tech's U.S. brokerage firm for the purpose of increasing Tech's credit lines to take greater advantage of trading opportunities that increased funding would allow, provided that said funds provided by Shasta are good, clean funds of non criminal origin from accredited investors known to Shasta; and,

WHEREAS, Shasta has access to sophisticated and knowledgeable investors in the United States willing to pool their respective funds as members of Shasta for the opportunity to access the potentially profitable and technically sophisticated trading opportunity available to such accredited investors only through Shasta; and,

WHEREAS, Tech is willing to commit to a non exclusive relationship with Shasta in exchange for Shasta's commitment to provide the necessary funding to Tech for growth of its credit lines; and,

WHEREAS, Shasta is sufficiently satisfied that Tech's "portfolio" approach to trading presents an excellent method for combining aggressive potential investment growth with relative safety; and,

WHEREAS, Tech is willing to provide to Shasta independent CPA review and verification of Tech's trading results on a monthly basis said CPA to be selected by Tech and approved by Shasta; and

WHEREAS, Shasta is willing to warrant and covenant to Tech that all reasonable precautions shall be required of all outside contractors, agents and /or employees of Shasta to ensure that Tech's identity remains private and confidential; and,

WHEREAS, it is the purpose and intention of the parties to enter into a long-term contractual relationship in which the highest standards of integrity and trust shall at all times be exhibited and maintained,

NOW THEREFORE, in consideration of the respective promises contained herein and for other good and valuable consideration receipt whereof is hereby acknowledged, the parties agree that Shasta shall provide and place with Tech, on a best efforts basis, funds denominated US Dollars pursuant to the following terms and conditions:

- I. **SOURCE OF FUNDS.** All funds provided to Shasta for placement with Tech shall be:
 - A. Received by Shasta only from accredited investors who have received a complete private offering memorandum that meets the standards and requirements of risk disclosure required by the United States Securities and Exchange Commission for a private placement offering exempt from registration pursuant to Regulation D of the Securities Act of 1933;
 - B. Received by Shasta only from individual or corporate investors who are known to Shasta by reason of the fact that they were required by Shasta to complete an investor questionnaire providing all necessary background information relevant to their qualification for meeting the standards of an accredited investor as that term is defined by Rule 501 of Regulation D (21 CFR 230.501);
 - C. Warranted by Shasta to be good, clean, cleared funds of non criminal origin and Shasta does hereby warrant the same to Tech.
- II. **INITIAL PERCENT OF SHASTA FUNDS PLACED WITH TECH.** Shasta hereby warrants and agrees that Tech shall receive for trading a substantial portion of the amount of funds received by Shasta from its members. The parties understand and agree that Shasta may, at its discretion, invest remaining funds with several different funds that have been reviewed by Shasta and meet Shasta's criteria for profitability.
- III. **ESTABLISHMENT OF SEPARATE ACCOUNT(S).** All funds received by Tech from Shasta shall be placed immediately with Tech's U.S. brokerage firm(s) for the purpose of increasing Tech's credit lines for trading. It is understood and agreed that Shasta's initial funds placed with Tech and all subsequent funds of Shasta placed with Tech may be intermingled with other Tech client funds for the purpose of realizing maximum credit line efficiency for Trading. Tech shall, however, at all times provide internal accounting and accountability for the purpose of identifying the amount of Shasta's investment with Tech each month and the amount of any profit and/or loss to be allocated to Shasta each month.
- IV. **EQUAL TREATMENT OF POOLED FUNDS.** It is understood and agree that the U.S. brokerage account(s) of Tech designated for receipt of Shasta's funds may also contain funds allocated to Tech pursuant to the profit sharing provisions of this agreement and subsequently traded by Tech for its own account. Tech hereby warrants to Shasta that all funds in any U.S. brokerage account(s) containing Shasta funds shall receive equal trading treatment and Tech shall not give any trading preference to the funds of other Tech clients or to funds that have been allocated to Tech pursuant to the profit sharing provisions of this agreement.

V. **"PROFIT" AND "PROFITS" DEFINED.** The word "profit" or "profits" whenever used in this Agreement (unless otherwise specifically indicated) shall mean the actual total dollar amount obtained by multiplying the "percentage of increase" (assuming there is a profit) or the "percentage of decrease" (if there is a loss) realized by Tech each month on its entire trading account(s) by the dollar amount of Shasta's investment with *Tech that was available to Tech for trading* at the beginning of that month. The "percentage of increase" or "percentage of decrease" of Tech's entire pooled trading account(s) for each month shall be computed as follows: the total dollar balance of Tech's entire pooled trading account(s) *available for trading* at the beginning of the current calendar month shall be subtracted from the total dollar balance of Tech's entire pooled trading account(s) at the end of the current month. The total dollar balance of Tech's entire pooled trading account(s) at the end of the current month shall be appropriately adjusted to take into account the effect of any amounts withdrawn by investors during the month or new amounts added to Tech's account(s) during the month. The resulting dollar amount (representing profit if a positive number or loss if a negative number for the month) shall be divided by the total dollar balance of Tech's entire pooled trading account(s) *available for trading* at the beginning of the current calendar month. The resulting percentage, when multiplied by the dollar amount of Shasta's account balance with Tech available for trading at the beginning of that calendar month shall provide the parties with a dollar amount which represents *Shasta's profit* (or loss) for that month.

VI. **REASON FOR SPECIFIC DEFINITION OF "PROFIT".** It is understood and agreed that the reason the terms "profit" and "profits" are defined so specifically herein is the fact that the allocation of profits between Tech and Shasta as provided in paragraph VII below is intended by the parties to refer only to those profits *specifically earned on the funds of Shasta placed with Tech*. Shasta acknowledges that Tech's pooled US brokerage trading account(s) will also contain funds belonging to other investors and also funds belonging solely to Tech as a result of the profit allocation process each month. No division or allocation shall be made between the parties with respect to any amounts earned each month on those separate funds belonging to other investors or solely to Tech nor shall Tech be required to provide any accounting to Shasta with respect to those funds.

VII. **ALLOCATION OF PROFITS.** Profits earned each and every calendar month by Tech on Shasta's funds shall be allocated between Shasta and Tech as follows:

A. **Preferential Return on Investment.** As an inducement to Shasta to place funds with Tech, in consideration for the receipt of the same and, as a statement of Tech's confidence in the ability of its Synergy Stock Portfolio Trading System to generate consistent profits, Shasta shall first receive monthly from any profits earned on Shasta funds until December 31, 2003 an allocation equal to 2% of Shasta's beginning account balance available for trading at the beginning of that month. For every month after June 30, 2003 this preferred allocation of profit each and every month shall be 1% per month. The effect of this preferential allocation from profits is to allocate to the sole benefit of Shasta and its members a certain minimum return on investment for each and every month of trading provided, of course, that sufficient profits have been earned that month on the funds of Shasta to pay this initial preferential allocation. *This*

preferential allocation of a 2% return on investment per month until December 31, 2003 (and a 1% preferential monthly return on investment thereafter) shall be paid only from available profits earned on funds of Shasta and does not represent a guarantee by Tech that Shasta will earn such a return on its investment each and every month but only that such a stated return with respect to profits earned on Shasta funds shall first be allocated by Tech to the account of Shasta before any further sharing of profits occurs between the parties.

B. Practical Effect of Preferential Return on Investment. The practical effect of Tech's willingness to allocate, from available profits from Shasta funds as aforesaid, a certain percentage return on investment per month to Shasta before any further division of profits between the parties means that if Tech is not able to earn sufficient profits each month in excess of this preferential allocation, Tech shall receive no compensation for trading Shasta's funds. The relationship created hereby between Shasta and Tech is a performance driven relationship.

C. Effect of Compounding on Preferential Return. Profits allocated by Tech to the account of Shasta pursuant to this agreement and not withdrawn by Shasta shall be added by Tech to Shasta's account balance and shall increase the actual dollar amount of the preferential return because the return allocated to Shasta each month *shall be computed on the actual dollar balance in its account with Tech and available for trading at the beginning of each month.* Profits earned the previous month and not withdrawn shall increase Shasta's account balance and therefore the amount upon which the preferential return figure is computed each month. Likewise, withdrawals by Shasta, as well as losses (if any) allocated to Shasta's account with Tech (see paragraph VIII below) shall reduce the amount of Shasta's account balance at the end of any trading month and, therefore, the dollar balance in Shasta's account with Tech at the beginning of the next month.

D. Allocation of Profits for Expenses of Operation and Trading. If the actual dollar amount of the preferential return on investment allocated to Shasta when subtracted from profits earned on Shasta funds for the month results in a profit amount still available for allocation between the parties, then Tech shall be entitled to receive from any remaining profits and before any further allocation between the parties, an amount equal to 15% of the original amount of profits earned that month to cover Tech's expenses of trading and operations.

E. Allocation of Remaining Profits Between the Parties. Upon allocation to Tech of an amount equal to 15% of profits as described above, any profits which remain shall be divided equally between the parties, 50% to Shasta and 50% to Tech. All profits so allocated to Shasta and not withdrawn at its request shall be carried forward and added to Shasta's account balance at the beginning of the next month for the purpose of computing the actual dollar amount of the preferential return on investment for the next month. The effect of this allocation from available profits to Shasta shall be to continually increase Shasta's account balance with Tech, and, therefore, the actual dollar amount of Shasta's preferential return on investment from one month to the next provided that distributions to Shasta do not exceed the amount of new profits credited to its account.

EXHIBIT "B"

**Operating Agreement
Shasta Capital Associates, LLC**

This Limited Liability Operating Agreement (hereinafter the "Agreement") is made and entered into this 6 day of Feb., 2004 by and between:

Equity Financial Group, LLC, with address of 3 Aster Court, Medford, New Jersey 08055 successor to Vincent Firth named as Manager of the Company in the Certificate of Formation of Shasta Capital Associates, LLC duly filed with the division of corporations for the State of Delaware on the 22nd of May, 2001; and,

Each Person later admitted to the Company as a Member and known collectively as Members. Accordingly, in consideration of the covenants and conditions contained herein, and for other good and valuable consideration receipt whereof is hereby acknowledged, the parties agree as follows

**ARTICLE 1
DEFINITIONS**

The following defined terms used in the Agreement have the meanings specified in this Article or elsewhere in this Agreement, and when not so defined shall have the meanings as may be set forth in the Laws of Delaware authorizing the formation of limited liability companies.

- 1.1 "Agreement" means this Operating Agreement, as originally executed and as amended from time to time.
- 1.2 "Arbitration Rules" means the Rules of Arbitration of the American Arbitration Association or such similar organization.
- 1.3 "Assignee" means a person who has acquired a Member's Economic Interest in the Company, by way of a Transfer in accordance with the terms of this Agreement and the specific requirements of Article X, section 10.2 but who has not yet become a Substituted Member by reason of the fact that a counterpart of this Operating Agreement has not yet been executed by that assignee.
- 1.4 "Assigning Member" means a Member who by means of a Transfer has transferred an Economic Interest in the Company to an Assignee.
- 1.5 "Capital Account" means, as to any Member, a separate account maintained and adjusted in accordance with Article III, Section 3.2 and more specifically defined in Section 1.26 below.
- 1.6 "Capital Contribution" means, with respect to any Member, the amount of money and/or the Fair Market Value of any property, (other than money) contributed to the Company in consideration for a Percentage Interest held by such Member evidenced by shares in the Company. A Capital Contribution shall not be deemed a loan.
- 1.7 "Capital Event" means a sale or disposition of any of the Company's capital assets, the receipt of insurance and other proceeds derived from the involuntary conversion of Company property, the receipt of proceeds from a refinancing of Company property, or a similar event with respect to Company property or assets.
- 1.8 "Certificate of Formation" means that certain Certificate of Formation filed with the Delaware Secretary of State on May 22, 2001 forming the Company.
- 1.9 "Company" means Shasta Capital Associates, LLC.

Member Initials 

- 1.10 "Economic Interest" means a Person's right to share in the income, gains, losses, deductions, credit or similar items of, and to receive distributions from, the Company, but does not include any other rights of a Member, including the right to vote.
- 1.11 "Encumber" means the act of creating or purporting to create an Encumbrance, whether or not perfected under applicable law.
- 1.12 "Encumbrance" means with respect to any Membership Interest, or any element thereof, a mortgage, pledge, security interest, lien, proxy coupled with an interest (other than as contemplated in this Agreement), option, or preferential right to purchase.
- 1.13 "Gross Asset Value" means as follows:
- (a) The Gross Asset Value of any item of property contributed by a Member to the Company shall be the fair market value of such property, as mutually agreed by the contributing Member and the Company; and,
 - (b) The Gross Asset Value of any item of Company property distributed to any Member shall be the fair market value of such item of property on the date of distribution, as mutually agreed by the distributee Member and the Company.
- 1.14 "Initial Manager" shall mean Vincent Firth, the person named in the Company's Certificate of Formation.
- 1.15 "Involuntary Transfer" means, with respect to any Membership Interest or any element thereof, any Transfer or Encumbrance, whether by operation of law, pursuant to court order, foreclosure of a security interest, execution of a judgment or other legal process, or otherwise, including a purported transfer to or from a trustee in bankruptcy, receiver, or assignee for the benefit of creditors.
- 1.16 "Majority of Members" means a Member or Members whose Percentage Interests represent more than 50 percent of the Percentage Interests of all the Members.
- 1.17 "Manager" shall mean Equity Financial Group, LLC a limited liability company formed under the laws of the state of Delaware and the successor to the Company's initial Manager.
- 1.18 "Member" means an Initial Member of the Company or a Person who otherwise acquires a Membership Interest of the Company, as permitted under this Agreement, and who remains a Member of the Company.
- 1.19 "Membership Interest" means the Economic Interest of a Member and all shares of the Company acquired by that Member conferring the right to Vote.
- 1.20 "Notice" means a written notice required or permitted under this Agreement. A notice must be delivered using one of the following methods:
- (a) hand delivery (notice is deemed given on delivery);
 - (b) fax with telephone confirmation by the recipient (notice is deemed given on telephone confirmation);
 - (c) United Parcel, Federal Express, DHL, Couriers or other delivery service of equal or superior reputation and which provides for proof of delivery from a disinterested party (notice is deemed given at the time of the first attempted delivery by the delivery service).

Addresses for notice may be changed by written notice in the manner herein specified. Unless and until notice is given, the last address given or address provided in this Agreement (if no notice of change has been given) will control. All communications will be addressed to the address of the Member that is specified in the Company's records.

- 1.21 "Percentage Interest" means a fraction, expressed as a percentage, the numerator of which is the total of a Member's Capital Account and the denominator of which is the total of all Capital Accounts of all Members.

Member Initials 

- 1.22 "Person" means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, whether domestic or foreign.
- 1.23 "Company Profits" and "Company Losses" means, for each fiscal year or other period specified in this Agreement, an amount equal to the Company's income as a result of profits generated by the Company's investment in the Trading Company and loss as a result of the losses sustained by that investment.
- 1.24 "Substituted Member" means a transferee of a Membership Interest that has met all of the requirements of section 10.2 and, in addition, has executed a counterpart of this Operating Agreement. A Substituted Member is, as of the date of execution of the counterpart, a Member of the Company.
- 1.25 "Successor in Interest" means an Assignee, a successor of a Person by merger or otherwise by operation of law, or a transferee of all or substantially all of the business or assets of a Person.
- 1.26 "Trading Capital Account" means the Capital Account established for each Member to record that portion of a Member's investment in the Company invested, in turn by the Company with the Trading Company. The Trading Capital Account of each member is increased by:
- (a) the original amount of that Member's Trading Capital Contribution;
 - (b) later similar additional voluntary Trading Capital Contributions by that Member;
 - (c) profits from the Company's investment with the Trading Company allocated to that Member in the same proportion that the beginning balance each month of that Member's Trading Capital Account bears to the sum total of all Members' Trading Capital Account Balances.
- And reduced by:
- (d) Trading Company losses allocated to that Member in the same proportion as profits allocated in (c) above;
 - (e) Trading Company Capital Account distributions requested by that Member;
 - (f) Company expenses or such other items properly allocated to the Trading Company side of the Company's investments as would ordinarily, in conformance with standard accounting practices reduce a member's Capital Account.
- 1.27 "Trading Capital Contribution" means the principal amount of a Member's original investment in the Company and any later additional voluntary investment in the Company by a Member for which that Member is entitled to receive shares of the Company and allocated by the Company to that Member's Trading Capital Account.
- 1.28 "Trading Company" means that certain company that has executed a certain Investment Agreement with the Company for the placement of Company funds in The Synergy Trading System, that certain trading system that takes a portfolio approach to the futures trading of certain selected financial markets.
- 1.29 "Trading Losses" means losses realized by the Company as a result of placement of Company funds by the Manager with the Trading Company.
- 1.30 "Trading Profits" means profits realized by the Company as a result of placement of Company funds by the Manager with the Trading Company.
- 1.31 "Transfer" means, with respect to a Membership Interest, or any element of a Membership Interest, any sale, assignment, gift, involuntary Transfer, or other disposition of a Membership Interest or any element of such a Membership Interest, directly or indirectly, other than an Encumbrance that is expressly permitted under this Agreement.
- 1.32 "Triggering Event" is defined in Article X, Section 10.5

Member Initials 

1.33 "Vote" means a written consent or approval, a ballot cast at a Meeting, or a voice vote.

1.34 "Voting Interest" means, with respect to a Member, the right to Vote and any right to information concerning the business and affairs of the Company provided under the Act, except as limited by the provisions of this Agreement. A Member's Voting Interest shall be directly proportional to that Member's Percentage Interest.

ARTICLE II COMPANY FORMATION AND REGISTERED AGENT

2.1 **FORMATION.** The Members hereby form a Limited Liability Company under the Laws of the State of Delaware.

2.2 **NAME.** The Name of the Company shall be Shasta Capital Associates, LLC.

2.3 **REGISTERED OFFICE AND AGENT.** The agent for service of process on the Company shall be the Company Corporation, 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808.

2.4 **TERM.** The Company shall continue for a period of Thirty years and shall terminate on May 22, 2031 unless sooner dissolved by:

- (a) The written agreement of all the Members to dissolve the Company; or
- (b) The sale or other disposition of substantially all of the Company's assets;
- (c) Any other event causing a dissolution of a Limited Liability Company under the Laws of the State of Delaware

2.5 **BUSINESS PURPOSE.** The general purpose of the Company is to engage in any lawful act or activity for which a Limited Liability Company may be formed under the Act. In addition, the Company's primary initial business purpose shall be to execute an Investment Agreement with the Trading Company for the purpose of accessing, for the benefit of the Company's Members, a certain trading system known as the Synergy Trading System that takes a "portfolio" approach to the trading of certain selected financial markets. Notwithstanding that primary initial business purpose the Company shall have every power that it considers necessary or convenient to engage in any lawful act or activity in furtherance of its general purpose.

2.6 **PRINCIPAL PLACE OF BUSINESS.** The location of the initial principal place of business of the Company shall be the address of its Manager. The mailing address for the Company shall be 3 Aster Court, Medford, New Jersey 08055.

2.7 **MEMBERS.** The name and place of residence of each Member are on file at the offices of the Company.

2.8 **ADOPTION OF CERTIFICATE OF FORMATION.** Each Member of the Company, by executing a copy of this operating agreement hereby approves the Certificate of Formation of the Company filed with the Office of the Secretary of State of Delaware on the 22nd of May, 2001.

2.9 **GOVERNING DOCUMENT.** If this Agreement shall ever be interpreted to be in conflict with the terms or requirements of the Certificate of Formation of the Company registered with the State of Delaware, then to the extent required by law the Company's Certificate of Formation shall prevail with respect to any such conflict.

Member Initials 

**ARTICLE III
CAPITALIZATION**

- 3.1 **CAPITAL CONTRIBUTIONS.** Each Member has contributed, as a Capital Contribution to the Company the money specified in that certain Capital Contribution Schedule filed in the offices of the company (as amended from time to time to reflect new Members). No Member shall be required to make any additional contribution to the Company's Capital.
- 3.2 **CAPITAL ACCOUNT.** Consistent with the Company's stated initial purpose the Manager shall maintain a separate Trading Capital Account and, if deemed necessary by the Company's bookkeeper and CPA, a distribution account for each Member. Initial Capital contributions and additional capital received from each Member shall be allocated to each Member's Capital Account as follows: 99% of each Member's capital contribution (whether initial or additional) shall be allocated to that Member's Trading Capital Account for placement with the Trading Company. The Capital Account of each Member shall, for purposes of proper accounting, be determined and maintained in the manner set forth in US Treasury Regulation 1.704-1(b)(2)(iv) and in accordance with standard and accepted accounting principles and shall consist of that Member's initial Trading Capital Contribution increased by:
- (a) any additional voluntary capital contribution made by that Member;
 - (b) credit balances transferred from that Member's distribution account by reason of that Member's share of Trading Profits or other profit or other Company income;
- and decreased by:
- (c) distributions to that Member in reduction of Company capital;
 - (d) the Member's share of Company Trading Losses or other Company loss charged to that Member's Capital Account.
- 3.3 **INTEREST.** No interest shall be paid on funds contributed to the capital of the Company or on the balance of a Member's Capital Account.
- 3.4 **MEMBER LIABILITY.** Members shall not be bound by, or be personally liable for the expenses, liabilities, or obligations of the Company.
- 3.5 **NO PRIORITY OF DISTRIBUTIONS.** No Member shall have priority over any other Member with respect to the return of a Capital Contribution, or distributions or allocations of income, gain, loss, deduction, credit, or items thereof.

**ARTICLE IV
PROFITS, LOSSES AND DISTRIBUTIONS**

- 4.1 **ALLOCATION OF TRADING COMPANY PROFITS AND LOSSES.** Ninety Five percent (95%) of all Trading Profits and Trading Losses and 95% of all items of similar income, gain, loss, deduction, or credit shall be allocated, for Company book purposes and for tax purposes, at the end of each calendar month to the Members. The remaining 5% of Trading Profits and Trading Losses and similar items of income and gain, loss, deduction or credit not allocated to the Members as aforesaid shall be allocated to the Manager as compensation for services rendered to the Company. This allocation shall be computed by first allocating 100% of all items of income, gain, profit, loss, deduction or credit as aforesaid among the Company's Members at the end of each month in accordance with Section 4.2 below and then subtracting 5% of the amount of each aforesaid item of income, gain, profit, loss, deduction or credit from each Member's Trading Capital Account and allocating the same to the Manager.

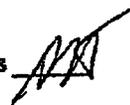
Member Initials 

EXHIBIT "C"

SUBSCRIPTION AGREEMENT
Shasta Capital Associates, LLC
Corporate

The Undersigned (hereinafter "Undersigned" or "Subscriber") hereby offers and subscribes to purchase 1000 shares of Shasta Capital Associates, LLC, a Delaware Limited Liability Company (the "Company") at a price of \$100.00 per share.

Payment in the amount of \$ 100,000.00 shall be made by the Undersigned by either check or by bank wire transfer to the New York escrow account of the Company's attorney.

The Undersigned understands that the member shares are being issued without registration under the Securities Act of 1933 as amended (the "Act") in reliance upon the limited offering and private placement exemptions from registration contained in Sections 3(b) and 4(2) of the Act, and Regulations D promulgated thereunder.

To induce the Company's Manager Equity Financial Group, LLC (hereinafter "Manager" or "Equity") to accept the Undersigned's subscription and to issue and deliver member shares to the Undersigned subscriber, the Undersigned agrees, warrants and represents as follows:

1. This offer is irrevocable once accepted by the Manager on behalf of the Company. This offer is subject to acceptance or rejection by the Company in its sole discretion.
2. The Undersigned is purchasing the member shares for the Subscriber's own account. The Undersigned has not offered or sold a participation in this purchase of member shares and will not offer or sell the member shares or any interest therein or otherwise, in violation of the Act. The Undersigned does not have in mind any sale of the member shares currently or after the passage of a fixed or determinable period of time or upon the occurrence of non-occurrence of any predetermined events or consequence; and has no present or contemplated agreement, undertaking, arrangement, obligation, indebtedness or commitment providing for or which is likely to compel a disposition of the member shares and is not aware of any circumstances presently in existence that are likely in the future to prompt a disposition of the shares.
3. The Undersigned acknowledges that the member shares have not been offered to the Undersigned through any advertisement of any kind.
4. The Undersigned acknowledges that the offer and sale of member shares to the Undersigned is based upon all of the representations and warranties of the Undersigned in this Subscription Agreement, and the Undersigned acknowledges that the Undersigned has been encouraged to seek its own legal and financial counsel to assist in evaluating an investment in the Company.
5. The Undersigned hereby acknowledges that the Undersigned's authorized representatives have thoroughly read the Company's Private Placement Memorandum dated June 30, 2001 as revised February 18, 2003 and September 2, 2003 (the "Memorandum") and understands that an investment in the Company is an investment in managed futures. The Undersigned has also received either directly from the Company or from its web site the CPA verified performance record of the Synergetic-Portfolio Trading System beginning June 2001 to date used by the Trading Company described in that Memorandum as well as the non CPA verified performance record of the Synergetic-Portfolio Trading System used by the Trading Company for the previous 5 months of 2001 beginning in January 2001 and ending in May 2001.

6. THE UNDERSIGNED ALSO UNDERSTANDS AND ACKNOWLEDGES THAT PRIOR TO JANUARY 2001 THE SYNERGETIC-PORTFOLIO TRADING SYSTEM PRODUCED ONLY THEORETICAL TRADING PROFITS FOR THE CALENDAR YEAR 2000 AS THE RESULT OF EXTENSIVE BETA TESTING AND THE UNDERSIGNED IS WILLING TO RELY UPON AND BASE ITS DECISION TO INVEST SOLELY UPON THE ACTUAL PERFORMANCE RECORD OF THE SYNERGETIC-PORTFOLIO TRADING SYSTEM FROM JANUARY 2001 TO DATE. THE UNDERSIGNED UNDERSTANDS THAT PAST PERFORMANCE IS NO GUARANTEE OF FUTURE SUCCESS.
7. THE UNDERSIGNED ALSO UNDERSTANDS AND ACKNOWLEDGES THAT THE GENERAL BACKGROUND INFORMATION AS WELL AS THE MORE DETAILED TECHNICAL INFORMATION ABOUT THE SYNERGETIC-PORTFOLIO TRADING SYSTEM AVAILABLE ON THE COMPANY'S WEB SITE IS NOT INTENDED TO BE AND SHOULD NOT BE A SUBSTITUTE FOR A CAREFUL AND COMPLETE READING OF THE COMPANY'S PRIVATE PLACEMENT MEMORANDUM.
8. In addition to the information available on the Company's Web Site, the Undersigned acknowledges that the Company has given the Undersigned and all of the Undersigned's agents and counselors access to sufficient information relating to its business to allow the Undersigned to form an intelligent and informed decision to invest.
9. The Undersigned acknowledges and warrants that the Undersigned is an "Accredited Investor" as that term is defined in Rule 501 of Regulation D of the Securities Act of 1933 of the United States and also has sufficient knowledge concerning the affairs and conditions of the Company and that by reason of its business or financial experience can make a reasoned decision as to this investment in the Company, is capable of evaluating the merits and risks of this investment and has the capacity to protect the Undersigned's own interests in connection with such investment.
10. The Undersigned also acknowledges and states without reservation that the Undersigned can bear the economic risk of this investment.
11. The Undersigned is aware of the restrictions on transferability of the Company's shares set forth in the Memorandum and the Company's Operating Agreement.
12. Based upon the foregoing representations by the Undersigned, the Undersigned hereby agrees to indemnify Equity, its officers, manager agents and employees thereof and hereby agrees to hold Equity and the Company (and their respective officers, directors, agents and employees) harmless against all liability, costs or expenses (including reasonable attorneys' fees) arising out of or in connection with any misrepresentation or any breach of such warranties and representations of the Undersigned, or arising as a result of the sale or distribution of member shares by the Undersigned in violation of the Securities Exchange Act of 1934, as amended, the Act, or any other applicable law.
13. This Subscription Agreement may be executed by the Subscriber and accepted by the Company in counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. A copy of this Subscription Agreement sent by facsimile or other electronic means, bearing the signature of the Subscriber or the signature of the Company's authorized representative shall be considered to be the legal equivalent of a document bearing the original signature of the party whose signature appears thereon.
14. This subscription and the representations and warranties contained herein shall be binding upon the heirs, legal representatives, successors and assigns of the Undersigned and shall be construed in accordance with the laws of Delaware. The site of execution of this Subscription agreement is the state of Delaware, USA.



Subscription amount \$ 100,000.00

Number of member shares subscribed 1000

The Subscriber is (please indicate):

Corporation Trust Other (Please specify: _____)

Triester International Trading Corporation
Name of Subscribing Entity (please print)

59-3263324
Tax ID Number

Name and position of individual(s) executing this subscription agreement on behalf of Subscriber:

Stanton L. Triester
Name (Please print)

Name (Please print)

President
Position (Please print)

Position (Please print)

I hereby certify that I am (we are) authorized by my (our) position with the Subscriber to execute this Subscription Agreement

This Subscription is executed by the Subscriber this 6 day of Feb., ~~2003~~ 2004

By 
signature

By _____
signature

The above and foregoing Subscription Agreement is accepted this 11th day of Feb., 2003.

Shasta Capital Associates, LLC.
By Equity Financial Group, LLC., Manager

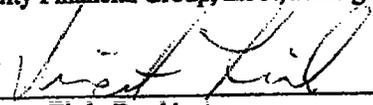
By 
Vincent Firth, President

EXHIBIT "D"

1542

TRIESTER INTER. TRADING CORP
111 PRESIDENTIAL BLVD
SUITE 230
BALA CYNWYD, PA 19004-1004

560220568ARTAN MONEY MARKET

DATE 3/25/04

80-568/1012

PAY TO THE ORDER OF Shasta Capital Associates, LLC

\$ 100,000.00

Minimum: \$1000
DOLLARS 1
PAYING PERMITTED BY CHECK



FOR ACCT# 152-SC-5201

⑆⑆⑆0120568⑆⑆⑆542⑆⑆91152190401⑆⑆ ⑆⑆0010000000⑆⑆

EXHIBIT "E"

Citibank, N.A. 002
 PO 5870 Grand Central Sta
 New York, NY 10163

00001/R1/04F000/0

000
 CITIBANK, N.A.
 Control Account:
 3982329
 TAX ID: 216467696
 Statement Period
 Mar. 1 - Mar. 31, 2004

ROBERT W. SHIMER ESCROW
 ATTORNEY ESCROW ACCOUNT
 1225 W LEESPORT RD
 LEESPORT PA 19533

CitiEscrow CONTROLLED ACCOUNT SUMMARY FROM MAR 1, 2004 THRU MAR 31, 2004

Control Account	Account Number	Beginning Balance	Ending Balance	Interest Earned	
				This Period	Since Jan 1
ROBERT W. SHIMER ESCROW Tax ID: 216467696	03982329	400.00	400.00	0.00	0.00
Client Accounts					
SHASTA CAPITAL ASSOCIATES, LLC Tax ID: 510411179	05826303	265,907.32	454,002.91	0.00	0.00
EQUITY FINANCIAL GROUP LLC Tax ID: 522335567	26463011	657.50	657.50	0.00	0.00
Total CitiEscrow Accounts	3	266,964.82	455,060.41	0.00	0.00

Activity Summary For This Period			
Debits		Credits	
Number	\$ Amount	Number	\$ Amount
26	1,663,758.00	18	1,851,853.59

CitiEscrow CONTROLLED ACCOUNT DETAIL FROM MAR 1, 2004 THRU MAR 31, 2004

CitiEscrow Control Checking
 03982329

Beginning Balance: \$400.00
 Ending Balance: \$400.00

Average Balance Information

Average Ledger Balance this Statement Period 400.00
 Average Collected Balance this Statement Period 400.00



SHASTA CAPITAL ASSOCIATES, LLC

Account: 05826303
 Atty/Mgr: ROBERT SHIMER
 Client: SHASTA
 Tax ID: 510411179

CitiEscrow Client Checking
 05826303

		Beginning Balance:	\$265,907.32
		Ending Balance:	\$454,002.91
Date	Description	Debits	Credits
			Balance
3/01	FUNDS TRANSFER ESCROW WIRE:NORM N HIRSCH Mar 01		35,000.00
3/02	BA DOM WIRE OUT	277,200.00	
3/02	SERVICE CHARGES FEE FOR DOMESTIC FUNDS TRANSFER	12.50	
			23,694.82
3/08	FUNDS TRANSFER ESCROW WIRE:UNIV RSE CAPITA APPRECIATION Mar 08		25,000.00
3/11	BA DOM WIRE OUT	1,100.00	
3/11	SERVICE CHARGES FEE FOR DOMESTIC FUNDS TRANSFER	12.50	
			47,582.32
3/15	FUNDS TRANSFER ESCROW WIRE:UNIV RSE CAPITA APPRECIATION Mar 15		50,000.00
3/15	FUNDS TRANSFER ESCROW WIRE:MR L VEQUE, LAU ENT Mar 15		100,000.00
3/15	FUNDS TRANSFER ESCROW WIRE:CHIC GO FREIGHT CAR LEASING CO. Mar 15		150,000.00
3/15	FUNDS TRANSFER ESCROW WIRE:SCOT RADE INC Mar 15		150,000.00
			497,582.32
3/16	BA DOM WIRE OUT	470,250.00	
3/16	SERVICE CHARGES FEE FOR DOMESTIC FUNDS TRANSFER	12.50	
			27,319.82
3/17	FUNDS TRANSFER ESCROW WIRE:TECH TRADERS, I.C. Mar 17		249,000.00
3/17	FUNDS TRANSFER ESCROW WIRE:ELEX S CAPITAL UND LP Mar 17		300,000.00
			576,319.82
3/18	FUNDS TRANSFER ESCROW WIRE:MTC Mar 18		6,725.12
3/18	BA DOM WIRE OUT	5,000.00	
3/18	BA DOM WIRE OUT	46,000.00	
3/18	BA DOM WIRE OUT	98,000.00	
3/18	BA DOM WIRE OUT	100,000.00	
3/18	BA DOM WIRE OUT	297,000.00	
3/18	SERVICE CHARGES FEE FOR DOMESTIC FUNDS TRANSFER	12.50	
3/18	SERVICE CHARGES FEE FOR DOMESTIC FUNDS TRANSFER	12.50	
3/18	SERVICE CHARGES FEE FOR DOMESTIC FUNDS TRANSFER	12.50	
3/18	SERVICE CHARGES FEE FOR DOMESTIC FUNDS TRANSFER	12.50	
3/18	SERVICE CHARGES FEE FOR DOMESTIC FUNDS TRANSFER	12.50	
			36,982.44
3/22	FUNDS TRANSFER ESCROW WIRE:KCL ORPORATION Mar 22		53,000.00
3/22	FUNDS TRANSFER ESCROW WIRE:UNIV RSE CAPITA APPRECIATION Mar 22		98,000.00
3/22	FUNDS TRANSFER ESCROW WIRE:NANC H OMAHA B Y Mar 22		100,000.00
3/22	BA DOM WIRE OUT	8,500.00	
3/22	SERVICE CHARGES FEE FOR DOMESTIC FUNDS TRANSFER	12.50	
			279,469.94
3/23	DEPOSIT		100,000.00
3/23	BA DOM WIRE OUT	1,400.00	
3/23	BA DOM WIRE OUT	255,148.00	
3/23	SERVICE CHARGES FEE FOR DOMESTIC FUNDS TRANSFER	12.50	
3/23	SERVICE CHARGES FEE FOR DOMESTIC FUNDS TRANSFER	12.50	
			122,896.94
3/24	FUNDS TRANSFER ESCROW WIRE:MTC Mar 24		15,128.47
			138,025.41
3/26	FUNDS TRANSFER ESCROW WIRE:UNIV RSE CAPITA APPRECIATION Mar 26		70,000.00
3/26	DEPOSIT		100,000.00
3/26	BA DOM WIRE OUT	4,000.00	

CLIENT ACCOUNT OPENED FROM STATE OF TEXAS MAR 21 2007

Date	Description	Debits	Credits	Balance
3/26	SERVICE CHARGES FEE FOR DOMESTIC FUNDS TRANSFER	12.50		304,012.91
3/29	FUNDS TRANSFER ESCROW WIRE:STEV N E CORCOR N Mar 29		50,000.00	
3/29	DEPOSIT		200,000.00	
3/29	SERVICE CHARGES FEE FOR DEPOSITED CHECK RETURNED UNPAID	10.00		
3/29	RETURNED DEPOSIT CHECK FOR REFERENCE # 21689585	100,000.00		454,002.91
	Total Debits/Credits	1,663,758.00	1,851,853.59	

Average Balance Information

Average Ledger Balance this Statement Period	160,680.19
Average Collected Balance this Statement Period	131,647.93

EXHIBIT "F"

Citibank, N.A. 002
 PO 5870 Grand Central Sta
 New York, NY 10163

00001/R1/04F000/0

000
 CITIBANK, N.A.
Control Account:
 3982329
TAX ID: 216467696
Statement Period
 Apr. 1 - Apr. 30, 2004

ROBERT W. SHIMER ESCROW
 ATTORNEY ESCROW ACCOUNT
 1225 W LEESPORT RD
 LEESPORT PA 19533

IMPORTANT ACCOUNT INFORMATION. Please read this notice and keep it with your account records. Effective June 25, 2004 Citibank will change the order that incoming checks will be paid against your account. Effective that date, we will pay your checks in order of largest to smallest dollar amount. This notice amends your current Customer Manual.

CITIBANK CONTROL ACCOUNT SUMMARY FROM APR. 1, 2004 THRU APR. 30, 2004

Control Account	Account Number	Beginning Balance	Ending Balance	Interest Earned	
				This Period	Since Jan 1
ROBERT W. SHIMER ESCROW Tax ID: 216467696	03982329	400.00	0.00	0.00	0.00
Client Accounts					
SHASTA CAPITAL ASSOCIATES, LLC Tax ID: 510411179	05826303	454,002.91	47,000.00	0.00	0.00
EQUITY FINANCIAL GROUP LLC Tax ID: 522335567	26463011	657.50	0.00	0.00	0.00
Total CitlEscrow Accounts	3	455,060.41	47,000.00	0.00	0.00

Activity Summary For This Period			
Debits		Credits	
Number	\$ Amount	Number	\$ Amount
6	855,060.41	4	447,000.00

CITIBANK CONTROL ACCOUNT DETAIL FROM APR. 1, 2004 THRU APR. 30, 2004

CITlEscrow Control Checking

03982329	Beginning Balance:	\$400.00		
	Ending Balance:	\$0.00		
Date	Description	Debits	Credits	Balance
4/02	OTHER WITHDRAWAL/ADJ	400.00		0.00

Average Balance Information

Average Ledger Balance this Statement Period	13.33
Average Collected Balance this Statement Period	109.26

ROBERT W. SHIMER ESCROW

Account 3982329

Page 2 of 7

00001/R1/04F000/0

CFTC 501 06 0015



SHASTA CAPITAL ASSOCIATES, LLC

Account: 05826303
 Atty/Mgr: ROBERT SHIMER
 Client: SHASTA
 Tax ID: 510411179

CitiEscrow Client Checking

05826303		Beginning Balance:	\$454,002.91
		Ending Balance:	\$47,000.00
Date	Description	Debits	Credits
4/01	FUNDS TRANSFER ESCROW WIRE:DALE F PUTZ REV TRUST DTD. 8/19 Apr 01		50,000.00
4/01	FUNDS TRANSFER ESCROW WIRE:CHIC GO FREIGHT CAR LEASING CO. Apr 01		100,000.00
4/01	FUNDS TRANSFER ESCROW WIRE:CITC GLOBAL CU TODY N.V. Apr 01		250,000.00
4/02	FUNDS TRANSFER ESCROW WIRE:MARS A GREEN Apr 02		47,000.00
4/02	BA DOM WIRE OUT	480,277.00	
4/02	SERVICE CHARGES	12.50	
4/02	FEE FOR DOMESTIC FUNDS TRANSFER		
4/02	OTHER WITHDRAWAL/ADJ	100.00	
4/02	OTHER WITHDRAWAL/ADJ	373,613.41	
	Total Debits/Credits	854,002.91	447,000.00
			47,000.00

Average Balance Information

Average Ledger Balance this Statement Period	73,900.06
Average Collected Balance this Statement Period	60,566.73

ABRAHAMS, LOEWENSTEIN & BUSHMAN, P.C.
BY: JOSHUA M. BERNSTEIN, ESQUIRE (JB-5364)
THREE PARKWAY, SUITE 1300
PHILADELPHIA, PA 19102
(215) 587-0833

COMMODITY FUTURES TRADING	:	
COMMISSION	:	UNITED STATES DISTRICT COURT
	:	FOR THE DISTRICT OF NEW JERSEY
	:	
v.	:	
	:	Civil Action No: 04CV1512
	:	
EQUITY FINANCIAL GROUP, LLC,	:	
TECH TRADERS, INC., TECH TRADERS, LTD,	:	Honorable Robert B. Kugler
MAGNUM INVESTMENTS, LTD., MAGNUM	:	
CAPITAL INVESTMENTS, LTD.,	:	
VINCENT J. FIRTH, ROBERT W. SHIMER,	:	
COTY E. MURRAY, and	:	
J. VERNON ABERNETHY	:	

MEMORANDUM IN SUPPORT OF
OBJECTION OF TRIESTER INTERNATIONAL TRADING CORPORATION
TO MOTION OF EQUITY RECEIVER FOR AUTHORITY
TO MAKE INTERIM DISTRIBUTION ON ACCOUNT OF
INVESTOR CLAIMS

Triester International Trading Corporation ("TITC"), through its undersigned attorneys, Abrahams, Loewenstein & Bushman, P.C., submits this Memorandum in support of TITC's Objection to Motion of Equity Receiver for Authority to Make Interim Distribution on Account of Investor Claims as follows:

1. The issue of how the assets of an entity in federal receivership should be distributed to investors who have fallen victim to a "Ponzi scheme" has been addressed by several courts of appeal. "The fundamental principle which emerges from this case law is that any distribution should be done equitably and fairly, *with similarly situated investors or*

customers treated alike". SEC v. Credit Bancorp, Ltd, 2000 WL 1752979 (S.D.N.Y.) (emphasis added), citing Cunningham v. Brown, 265 U.S. 1, 44 S.Ct. 424, 68 L. Ed. 873 (1924), SEC v. Elliot, 953 F.2d. 1560 (11th Cir. 1993), United States v. Durham, 86 F.3d. 70 (5th Cir. 1996), and United States v. Vanguard Inv. Co., 6 F.3d. 222 (4th Cir. 1993).

2. Notwithstanding the courts' directive of equal treatment for similarly situated investors, the Receiver proposes to treat those Shasta Capital investors whose capital contributions were maintained at all times in a segregated escrow account in the same manner as those investors whose funds were transferred to and actively traded by Tech Traders in its pooled commodities account. The Receiver advances three arguments in support of his proposed treatment of such dissimilarly situated investors. See Memorandum in Support of Motion of Equity Receiver, Paragraphs 30 through 32.

3. The Receiver points first to the "history of close dealings" between the defendants who operated Shasta Capital and the defendants who operated Tech Traders. At the same time, the Receiver admits that "at this time, it is unclear how much (or how little) these defendants knew about the Ponzi scheme". *Id.* at Paragraph 30. The defendants, Equity Financial, Firth and Shimer, deny having any knowledge of the fraudulent scheme perpetrated by the principals of Tech Traders. It is noteworthy that Shimer and/or his relatives invested a total of \$375,000.00 of their own funds in Shasta Capital. See Agreed Claims Interim Distribution Schedule attached to the Notice of Hearing on Motion of Equity Receiver, Claims 67, 68 and 69.

4. The Receiver argues next that Shasta Capital was a mere "conduit" to Tech Traders' trading activities and as a result, investors whose funds were maintained in Shasta Capital's segregated account should be treated the same as investors whose funds were actively traded by Tech Traders. *See Memorandum in Support of Equity Receiver, Paragraph 31.*

5. While it is undoubtedly true that Shasta Capital solicited funds for the purpose of investing in Tech Traders' commodities accounts, the relationship between Shasta Capital and Tech Traders appears to have been maintained at arms-length at all times. As provided in the Investment Agreement, Shasta Capital was to receive a 2% preferred return on its invested funds with Tech Traders. After retaining 15% of any profits for Tech Traders' overhead, the remaining trading profits were to be split equally between Shasta Capital and Tech Traders. *See Investment Agreement by and between Shasta Capital and Tech Traders dated July 1, 2001, Section VII.*

6. Further, although it is true that Shasta Capital engaged in no investment activity other than through Tech Traders, Tech Traders traded its own funds and the funds of others as well as the funds of Shasta Capital. In other words, although Shasta Capital did not engage in other investment activity, Tech Traders did.

7. The Receiver's final argument is that since the members of Shasta Capital invested in Shasta Capital for the purpose of participating in Tech Traders trading activities, "all Shasta investor funds were effectively 'at risk' as soon as the funds were

deposited with Shasta". Memorandum in Support of Motion of Equity Receiver, Paragraph 32. The Receiver does not explain how funds maintained in a segregated account were "effectively" at risk of dissipation. However, it is undisputed that those funds were not commingled with any funds in Tech Traders' possession on the date of the Freeze Order ("Only the fortuitous entry of the freeze order on April 1, 2004 prevented these funds from being commingled with Tech Traders' funds", *Id.* at Paragraph 32).

8 The funds maintained in Shasta Capital's segregated account were, in fact, insulated from the activities of Tech Traders. Tech Traders was not a signatory to the Shasta Capital account. The segregated funds were not traded, nor were they susceptible to being traded, so long as they remained in the segregated account.

9. The Receiver offers no case law in support of the proposition that funds maintained in a segregated account are "effectively" at risk of dissipation by non-signatories to the account. The Receiver discusses at length whether those investors whose funds were commingled in Tech Traders' pooled accounts should be permitted to trace their investments. *See* Memorandum in Support of Equity Receiver, Section D(i). However, the cases cited by the Receiver in support of distributing the remaining funds on a pro rata basis deal with circumstances involving commingled funds or assets, rather than segregated accounts. *See, e.g. SEC v. Credit Bancorp, Ltd.*, 290 F 3d. 80 (2d Cir. 2002) (defendant neither segregated customers deposits nor earmarked specific assets to pay dividends); Commodity Futures Trading Comm'n v. Topworth Int'l, Inc., 205 F3d. 1107

(9th Cir. 1999) (defendant engaged in 'bucketed trades' and commingled investor funds with operating funds); United States v. Durham, 86 F3d. 70 (5th Cir. 1996) (remaining investor funds commingled in a single bank account).

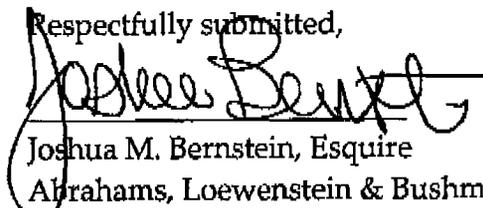
10. In cases involving Ponzi schemes, the courts will often allow pro rata distributions of commingled funds over the objections of those investors who can trace their funds to a frozen account. SEC v. Elliot, 953 F2d. 1560 (11th Cir. 1993); United States v. Vanguard Inv. Co., 6 F3d 222 (4th Cir. 1993); United States v. Durham, 86 F3d 70 (5th Cir. 1996). The reasoning of these decisions is that the assets of the last customers to invest in a Ponzi scheme are "presently identifiable or segregable only because the assets of other customers were previously expended to prevent their liquidation". SEC v. Credit Bancorp, Ltd, 194 F.R.D. 457, at 463. Since the assets in a commingled account are "only fortuitously identifiable", it would be unjust to allow the latter investor to recover at the expense of the former. *Id.* at 463. It has also been noted that it would be inequitable to elevate the position of the latter investor by virtue of the actions of the Ponzi scheme operator. Durham, 86 F3d at 73.

11. The reasoning of these cases is inapplicable where investor funds are segregated, rather than commingled. The funds maintained by Shasta Capital in the escrow account are identifiable because they are segregated, not because they are the last funds remaining in a commingled account. Thus, as TITC's funds were segregated from the balance of the investor funds on the date of the Freeze Order and not at risk of

dissipation due to the defendants' trading practices, TITC is entitled to receive the return of those funds.

For the foregoing reasons, TITC respectfully requests the Court to (i) deny the Motion of the Equity Receiver for Authority to Make Interim Distribution on Account of Investor Claims, to the extent that the Receiver proposes to distribute on a pro rata basis the TITC funds that remained in the attorney escrow account on the date of the Freeze Order, and (ii) order the immediate restitution of all such funds to TITC.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joshua M. Bernstein", written over a horizontal line.

Joshua M. Bernstein, Esquire
Abrahams, Loewenstein & Bushman, P.C.
Attorneys for Triester International
Trading Corporation

UNITED STATES DISTRICT COURT
FOR THE
DISTRICT OF NEW JERSEY

RECEIVED-CLERK
U.S. DISTRICT COURT
2005 FEB 14 A 10:01

COMMODITY FUTURES TRADING)
COMMISSION,)

Plaintiff,)

vs.)

EQUITY FINANCIAL GROUP, LLC)
TECH TRADERS, INC., TECH)
TRADERS, LTD. MAGNUM)
CAPITAL INVESTMENTS, LTD.,)
VINCENT J. FIRTH, ROBERT W.)
SHIMER, CORY E. MURRAY, and J.)
VERNON ABERNETHY)

Defendants.)

Civil Action No: 04CV 1512

Honorable Robert B. Kugler

OBJECTION TO THE DISTRIBUTION MOTION
OF JANUARY 5, 2005 BY STEPHEN T. BOBO

REQUEST FOR INDEPENDENT TREATMENT OF IRA AND
SEPARATE PROPERTY TRUST FUNDS OF PAUL G. MCMANIGAL,
CLAIM NOS. 41 & 42

The undersigned objects to the proposed treatment of multiple accounts of a single investor, see *iii. Multiple Accounts of a Single Investor*, contained in paragraphs 43 and 44, as interpreted in INTERIM DISTRIBUTION SCHEDULE would serve an undo hardship upon me.

I am 68 years old. I have a had heart problem. I am retired.

I "invested" \$366,000 into Shasta Capital with Equity Financial Group ("Shasta") from funds drawn out of my IRA, which in fact was derived from 401 (k) and a Keogh accounts. The

funds from my IRA are the community property of my wife, Margaret A. McManigal, and myself. In addition I invested \$100,000 into Shasta in the name of the Paul G. McManigal Separate Property Trust, which I own outright, having been given funds by my deceased father.

In January 2004, I became aware that another investment of mine, another hedge fund, Runnymede Capital, was going quite sour. There, like here, I invested both IRA and Separate funds in that investment in the total amount of \$432,245. My wife prevailed upon me to withdraw the IRA principal from Shasta in February 2004. By April 2004 the principal of Runnymede, Mr. Dalberth, ("Dalberth") sent me a Schedule K-1 stating that 99% of the funds were lost. The next week Dalberth was arrested by the federal government for fraud and theft of investors' funds. Dalberth is currently awaiting trial, but apparently he misappropriated most of the funds as he is being represented by a public defender. I regard return of my funds from him as most unlikely. I am sad to relate to the Court that the loss in Runnymede coupled with this loss in Shasta represents a large portion of assets and our retirement funds.

If distributions to me are based upon combining my accounts, we will be extremely financially burdened. Therefore, I object to the proposed distribution method for Multiple Accounts of a Single Investor and move the Court to segregate my investments in the name of my IRA and Separate Property Trust and treat them as two entirely separate items for the purposes of distributions in this case.

You may reach me at my home as I am retired, 16 Inverness Lane, Newport Beach, CA 92660, phone 949 640 1931 or phone/fax 949 721 8059. I will endeavor to attend the March 4th hearing should you desire. Please advise.

Dated: February 9, 2005


Paul G. McManigal
Investor

Jeffrey and Barbara Marrongelle

113 Pine Creek Road
Orwigsburg, Pa 17961

RECEIVED-CLERK
U.S. DISTRICT COURT
2005 FEB 14 A 10:03

Clerk of the Court
United States District Court
for the District of New Jersey
Mitchell H. Cohen Federal Building
& U. S. Courthouse
1 John F. Gerry Plaza
Camden, N.J. 08101

RE: Commodity Futures Trading Commission v. Equity Financial Group, L.L.C. et al.
United States District Court for the District of New Jersey, Civil Action No. 04-
1512

To the Clerk,

Enclosed, for filing, please find two originals and one copy of Objection of Dr. Jeffrey Marrongelle and Barbara Marrongelle to Motion of Equity Receiver for Authority to Make Interim Distribution on Account of Investor Claims. Please time stamp one copy and return to me in the enclosed stamped, self-addressed envelope.

If you have any questions, please contact me at 570 739 4434.

Very truly yours,

Barbara Marrongelle
Barbara Marrongelle

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

RECEIVED-CLERK
U.S. DISTRICT COURT
2005 FEB 14 A 10:03

COMMODITY FUTURES TRADING)
COMMISSION,)
Plaintiff,)

vs.)

EQUITY FINANCIAL GROUP, L.L.C.,)
TECH TRADERS, INC., TECH)
TRADERS, LTD., MAGNUM)
INVESTMENTS, LTD., MAGNUM)
CAPITAL INVESTMENTS, L.T.D)
VINCENT J. FIRTH, ROBERT W.)
SHIMER, COYT E, MURRAY, and J.)
VERNON ABERNETHY)

Defendants.)

Civil Action No.: 04 CV 1512

Honorable Robert B. Kugler

**OBJECTION OF DR. JEFFREY MARRONGELLE AND BARBARA MARRONGELLE
TO MOTION OF EQUITY RECEIVER FOR AUTHORITY
TO MAKE INTERIM DISTRIBUTION ON ACCOUNT OF INVESTOR CLAIMS**

Dr. Jeffrey Marrongelle and Barbara Marrongelle (hereafter "the Marrongelles") hereby object to the Motion of Equity Receiver for Authority to Make Interim Distribution on Account of Investor Claims as set forth below:

1. The Marrongelles object to their placement on the list of disputed claims and their exclusion from the class of distributees.
2. The principal amount of \$100,000.00 (as set forth in item 40 of the list of disputed claims) was made in good faith in October of 2003 based upon monthly reports of activity of the Shasta fund.
3. Defendants Firth and Shimer enlisted the legal advice of the firm of Arnold and Porter of Washington D.C. to render legal opinion of the propriety of the Shasta Fund operations. The attorney consulted was the former director of enforcement for the Commodity

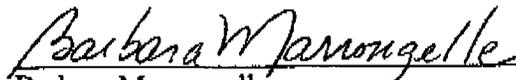
Futures Trading Commission . At no time was there an indication of any problem at Shasta or any advice to Shasta to discontinue accepting funds.

4. The Marrongelles' claims and supporting documentation were filed timely with the receiver and no objection thereto was raised by the receiver. The Marrongelles never received any information on the criteria for inclusion on the list of undisputed claims or the reason that their claim is disputed.

5. Previously invested funds in Edgar Holding Group, J.L. C. and distributions therefrom amounted to return of principal only with minimal interest payment and were substantially received prior to the formentation of Shasta. This transaction should have no bearing upon the funds invested in good faith and reasonable reliance with Shasta and represents a separate and distinct investment not associated with Shasta Funds.

WHEREFORE, and for the foregoing reasons, the Marrongelles object to the instant Motion and request inclusion on the list of undisputed claims.


Dr. Jeffrey L. Marrongelle
113 Pine Creek Drive
Orwigsburg, PA 17961


Barbara Marrongelle
113 Pine Creek Drive
Orwigsburg, PA 17961

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

COMMODITY FUTURES TRADING)
COMMISSION,)
Plaintiff,)

vs.)

EQUITY FINANCIAL GROUP, L.L.C.,)
TECH TRADERS, INC., TECH)
TRADERS, LTD., MAGNUM)
INVESTMENTS, LTD., MAGNUM)
CAPITAL INVESTMENTS, L.T.D)
VINCENT J. FIRTH, ROBERT W.)
SHIMER, COYT E, MURRAY, and J.)
VERNON ABERNETHY)

Defendants.)

Civil Action No.: 04 CV 1512

Honorable Robert B. Kugler

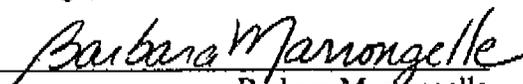
RECEIVED-CLERK
U.S. DISTRICT COURT
2005 FEB 14 A.D. 03

CERTIFICATE OF SERVICE

I, Barbara Marrongelle, do hereby certify that on February 1, 2005, I caused a true and correct copy of the foregoing Objection of Dr. Jeffrey Marrongelle and Barbara Marrongelle to Motion of Equity Receiver for Authority to Make Interim Distribution on Account of Investor Claims to be sent via overnight mail as listed below:

Clerk of the Court
United States District Court
for the District of New Jersey
Mitchell H. Cohen Federal Building
& U. S. Courthouse
1 John F. Gerry Plaza
Camden, N.J. 08101

Stephen T. Bobo
Sachnoff & Weaver, Ltd.
10 S. Wacker Drive
40th Floor
Chicago, IL 60606


Barbara Marrongelle