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

**COMMODITY FUTURES TRADING)
COMMISSION,)**

Plaintiff,)

vs.)

Civil Action No.: 04CV 1512

**EQUITY FINANCIAL GROUP, LLC,)
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

Magistrate Judge Ann Marie Donio

Defendants.

**EQUITY RECEIVER’S STATUS REPORT
CONCERNING DISPUTED INVESTOR CLAIMS**

Stephen T. Bobo, as Equity Receiver (the “Receiver”) for defendants Equity Financial Group, LLC, Tech Traders, Inc., Tech Traders, Ltd., Magnum Investments, Ltd., Magnum Capital Investments, Ltd., Vincent J. Firth, and Robert W. Shimer, submits this report concerning the updated status on the Equity Receiver’s Objections to Certain Investor Claims. The disputed claims fall into the following categories:

A. Claimants That Have Failed to Respond to the Receiver's Objections

The following claimants have failed to respond to the Receiver's objections concerning their claims. The Receiver suggests that an order be entered treating those claims as recommended in the Receiver's objections.

<u>Name of Claimant</u>	<u>Recommended Treatment of Claim</u>
1. ICC Finance Corp.	Disallow claim because claimant already received back more than it invested.
2. Dream Venture Group, LLC	Disallow claim because claimant already received back more than it invested.
3. Metalchem Metallurgical Inc.	Disallow claim as New Century participant because claimant already received back more than it invested.
4. Thomas Ardill	Allow claim against Shasta in the amount of \$99,980 with \$71,113 in previous withdrawals.
5. Byron Gambrell	Allow claim against Shasta in the amount of \$60,000 conditional on submission of amended claim form disclosing the beneficiaries of Byron Gambrell's estate.
6. International Investment Alliance	Allow claim as a New Century participant in the amount of \$173,158 with \$115,000 in previous withdrawals.
7. Janelle Wagner Trust	Disallow claim.
8. Alfred Lopez	Allow claim against Shasta in the amount of \$25,000.
9. Universal Capital Appreciation, LLC	Remain as a disputed claim against Shasta until no longer subject to CFTC objection.
10. Peter Mt. Shasta	Disallow claim since he received prior withdrawals in excess of amount invested.

<u>Name of Claimant</u>	<u>Recommended Treatment of Claim</u>
11. A Wall Street Fund	Allow claim against Shasta in the amount of \$450,000.
12. Stable Absolute Return	Remain as a disputed claim against Shasta until the Receiver resolves issues regarding beneficial ownership.

B. Claimants That Responded to the Receiver’s Objections – No Evidentiary Hearing Required

1. Bally Lines, Ltd.

Bally Lines, Ltd. partially responded to the Receiver’s objection but continues to fail to disclose the names of all persons having a beneficial interest in Bally Lines, Ltd. The Receiver recommends that this claim be disallowed until all such information is provided and until the CFTC objection to the claim is also resolved. When these issues are resolved, the claim could be allowed against Tech Traders in the amount of \$1,458,000 with prior withdrawals received, totaling \$485,000.¹ It does not appear that an evidentiary hearing is necessary on this claim.

2. Chicago Freight Car Leasing and Dale Putz

The Receiver has been served with a copy of a document executed by Dale Putz that assigns his rights to a distribution on his investment with Shasta to Chicago Freight Car Leasing. There no longer appears to be an issue regarding the ownership of this claim. The Receiver proposes that all distributions on Mr. Putz’s claim against Shasta in the amount of \$300,000 be made to Chicago Freight Car Leasing.

¹ Bally Lines admittedly received \$485,000 in withdrawals from Tech Traders prior the Court's freeze order, which the Receiver's accountants have confirmed upon review of Tech Traders' bank records. The Equity Receiver's Objections to Certain Investor Claims inadvertently stated that Bally Lines withdrew \$410,000. The Court's record should be updated accordingly.

C. Claimants Responding to Receiver's Claim Objections – Evidentiary Hearing Needed

The Receiver has objected to the following claims, the claimants have responded to the objections, and an evidentiary hearing will be required to resolve them. All objections are based on the claimants' receipt of Tech Traders funds on account of investments made in other entities related to Robert Shimer, namely Kaivalya Holding Group and Edgar Holding Group, that did not invest funds in Tech Traders.

1. Marsha Green – invested \$152,000 with Shasta but received distributions of Tech Traders funds totaling approximately \$120,000 on account of her Kaivalya investment. Dr. Green disputes the Receiver's proposal to treat the Kaivalya repayments as prior withdrawals of her Shasta investment.

2. Thomas List – invested \$95,000 with Shasta but received distributions of Tech Traders funds totaling \$47,500 on account of his Kaivalya investments. Mr. List disputes the Receiver's proposal to treat the Kaivalya repayments as prior withdrawals of his Shasta investment.

3. Nancy Omaha Boy – invested \$195,000 with Shasta but received distributions of Tech Traders funds totaling \$180,000 on account of the \$175,000 she invested with Kaivalya. Ms. Omaha Boy disputes the Receiver's proposal to treat the Kaivalya repayments as prior withdrawals of her Shasta investment.

4. Alison Shimer – the funds for her \$150,000 investment in Shasta came from a joint checking account she shared with her husband Robert Shimer. In excess of \$150,000 had previously flowed into that account from Kaivalya² and Edgar bank accounts which, in turn, had received substantial transfers of funds from Tech Traders. In addition, Alison Shimer was

² This fact is worthy of further note as Alison Shimer was an investor with Kaivalya.

involved in the affairs of Shasta and Equity Financial Group and their dealings with Tech Traders for which she apparently received payments from Equity Financial Group. Alison Shimer disputes the Receiver's issues with her Shasta investment. However, some of the aspects of the Receiver's objections arise from the use of the Shimer joint account and Robert Shimer's own culpability, and not merely the Kaivalya repayment issue. In addition, the CFTC has objected to Alison Shimer's claim.

5. Dr. Jeffrey and Barbara Marrongelle – they invested \$100,000 with Shasta but had received distributions of Tech Traders funds totaling \$51,815 on account of the \$60,000 they invested in Edgar. This Edgar investment never actually reached Tech Traders; however, the Marrongelles dispute the Receiver's proposal to treat the Edgar repayments as prior withdrawals of their Shasta investment.

D. Sterling Claims

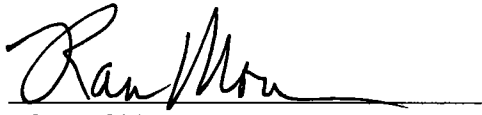
The seven Sterling claimants responded to the Receiver's claim objections and dispute the Receiver's proposed aggregation of their claims. That aggregation issue is among the issues currently briefed and before the Court for ruling. If the Sterling accounts are not required to be aggregated for purposes of distribution, then the various inter-entity transfers between the Sterling claimants reflected on their claim forms will require further explanation before the claims can be allowed. In addition, the Sterling entities have recently provided much of the documentation reflecting the flow of their funds through their financial intermediary, Alliance Investment Management, Ltd., but some of that documentation has yet to be provided. Also, the CFTC has filed objections to the Sterling claims. The Receiver believes that it is premature to determine whether an evidentiary hearing will be necessary on these Sterling issues.

E. Other Claim Subject to Objection by the CFTC

In addition to the claims discussed above, the CFTC has objected to the claim filed by Quest For Life. This claim should remain on the disputed claims list until the CFTC's objection is resolved.

Respectfully submitted,

STEPHEN T. BOBO,
Equity Receiver

By: 
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CERTIFICATE OF SERVICE

I, Raven Moore, on oath hereby certify that I caused copies of the **EQUITY RECEIVER'S STATUS REPORT CONCERNING DISPUTED INVESTOR CLAIMS** to be served upon:

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via U.S. Mail on this 17th day of June, 2005.


Counsel for the Equity Receiver