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

Defendants.)

Civil Action No.: 04CV 1512

Honorable Robert B. Kugler

**FIFTH APPLICATION OF EQUITY RECEIVER
AND SACHNOFF & WEAVER, LTD. FOR INTERIM
COMPENSATION AND EXPENSE REIMBURSEMENT**

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 (the "Receivership Defendants"), and his principal counsel, Sachnoff & Weaver, Ltd. ("Sachnoff & Weaver"), file this application with the Court requesting an award of interim compensation and expense reimbursement for services rendered from April 1, 2005 through June 30, 2005. The Receiver

and Sachnoff & Weaver (collectively the “Applicants”) seek interim compensation in the amount of \$178,906.25 and reimbursement of expenses in the amount of \$6,603.70.

BACKGROUND AND CASE STATUS

1. On April 1, 2004, the Commodity Futures Trading Commission (the “CFTC”) filed its Complaint and Motion for *Ex Parte* Statutory Restraining Order with the Court, seeking injunctive relief and civil monetary penalties against Defendants Equity Financial Group, LLC, Tech Traders, Inc., Vincent J. Firth, and Robert W. Shimer. That same day, the Court granted the CFTC’s motion for the restraining order and appointed Stephen T. Bobo as Temporary Equity Receiver for these Defendants and their assets.

2. Later that month, with the Court’s approval, the Receiver employed Sachnoff & Weaver as principal counsel. To help ensure that costs remain reasonable and appropriate, Sachnoff & Weaver continues to discount the billing rates of its attorneys and paralegals between 5 and 9 percent.

3. In light of additional facts that emerged from the CFTC’s ongoing investigation of the Defendants and their business affairs, on August 12, 2004, the CFTC amended its complaint to name five additional Defendants, including Tech Traders, Ltd., Magnum Investments, Ltd., Magnum Capital Investments, Ltd., Coyt E. Murray, and J. Vernon Abernethy. As of August 24, 2004, all named Defendants consented to the Court’s entry of a preliminary injunction. Pursuant to the Court’s preliminary injunction orders, Mr. Bobo serves as the Receiver for Tech Traders, Inc., Tech Traders, Ltd., Magnum Investments, Ltd., Magnum Capital Investments, Ltd., Equity Financial Group, LLC, Vincent Firth, and Robert Shimer.

4. In June of 2004, the Receiver filed a motion to approve the investor claim process. With the Court’s approval, in late August of 2004, the Receiver distributed claim forms

to all individuals and entities identified as possibly having invested funds with the Receivership Defendants through Shasta Capital Associates, LLC (“Shasta”), through New Century Trading, LLC, and directly with Tech Traders. The Receiver distributed approximately 170 claim forms and received 105 proofs of claim in return.

5. In early January of 2005, following his review and analysis of these proofs of claim and supporting documentation from investors, the Receiver filed a proposed plan for distributing the receivership funds to investors in the form of a motion for authority to make an interim distribution on account of investor claims. Later that month, the Receiver provided investors with notice of his proposed plan. In response, 15 investors filed objections to the proposed plan. In addition, the CFTC and Defendant Equity Financial Group filed limited objections. Thereafter, the Receiver filed a reply to these investors’ objections, as well as to the limited objections filed by the CFTC and Equity Financial Group. The Court referred the resolution of the various investors’ objections to Magistrate Judge Ann Marie Donio.

6. Pursuant to Magistrate Judge Donio’s order, on March 31, 2005, the Receiver filed formal objections to investors whose proofs of claim required resolution by the Court, e.g., investors with incomplete or inaccurate proofs of claim. Specifically, the Receiver objected to 28 of the 105 proofs of claim submitted by investors.

7. The Receiver and his counsel continue to communicate with investors on a regular basis in an effort to address their many questions and concerns about the receivership estate. A number of the investors contact the Receiver regularly for information for updates on the status of the Receiver’s proposed plan of distribution and their own claims.

8. Through June 30, 2005, the Receiver maintains exclusive control of receivership assets totaling approximately \$19.1 million previously held by banking institutions Bank of

America and Citicorp and brokerage firms Forex Capital Markets, Global Forex Trading, Man Financial, and Rosenthal Collins Group. The Receiver has secured these assets primarily in an escrow account at LaSalle Bank, N.A. in Chicago, Illinois, which serves as the designated depository for funds of the Receivership Defendants.¹

9. The Receiver and his attorneys continue to investigate the Receivership Defendants' business affairs and, specifically, Defendants' handling of investor funds, informally and through the discovery process. In June, the Receiver's counsel began preparing for 30(b)(6) depositions of Magnum Investments, Ltd., Magnum Capital Investments, Ltd., Tech Traders, Inc., and Tech Traders, Ltd. As part of this preparation, the Receiver's counsel subpoenaed relevant documents from counsel who previously represented Magnum Investments, Ltd., Magnum Capital Investments, Ltd., Tech Traders, Inc., and Tech Traders, Ltd. Prior counsel for these entities turned over requested documents in advance of the depositions, which allowed the Receiver's counsel to address relevant issues with the 30(b)(6) deponents. These depositions took place in early July.

10. During the second quarter of 2005, the Receiver worked with FGMK to finalize the financial analysis of the Receivership Defendants' bank and trading accounts, including analysis of the loss or misappropriation of investor funds. At this time, the Receiver's accountants have completed their analyses on the transactions of Tech Traders and Shasta and its affiliates. Only a handful of unidentified transactions remain. Unfortunately, in light of

¹ To date, the Receiver is holding approximately \$19.1 million in frozen assets, of which \$17,373,682.31 is held in the LaSalle Bank escrow account. Within this account, subaccount number 8601310983 holds the frozen assets of Shasta and subaccount number 8601311106 holds the frozen assets of Tech Traders. The remaining frozen assets continue to be held in Man Financial account number 37923. A July 2005 account statement from Man Financial reflects that these assets, which are primarily held in 10-year U.S. Treasury Notes, have an "account value at market" of \$1,721,525.67, although the Receiver understands that the actual value of the Treasury Notes is substantially greater. The cash assets, a small portion of this total, are currently held in 90-day T-Bills at an interest rate of 2.90%.

document retention policies, the banking institutions and brokerage firms have been unable to provide all requested documentation. In addition, the Receiver and his counsel continue to work with FGМК to complete the financial analysis of the Magnum Investments, Ltd. and Magnum Capital Investments, Ltd. bank and trading accounts. The financial records for Magnum Investments, Ltd. and Magnum Capital Investments, Ltd. are less complete and further work remains to bring the financial analyses of these two entities on a par with the other receivership entities.

11. With the assistance of his accountants, the Receiver continues to resolve tax-related issues involving Shasta, the pool managed by Defendant Equity Financial Group, and Defendants Tech Traders. Specifically, the Receiver has distributed W-2 forms for wages paid to Tech Traders' employees in 2004. In addition, the Receiver has issued requests to the IRS for copies of transcripts regarding tax returns filed by Shasta, Equity Financial Group, Tech Traders, Inc., and Magnum Investments, Ltd. to determine whether federal tax returns have been filed for these entities. To the extent returns have not been filed, the Receiver intends to work with FGМК to ensure accurate returns are filed with the IRS. And, to the extent inaccurate returns have been filed, the Receiver will work with FGМК to file amended returns. Finally, the Receiver expects to prepare and distribute K-1 forms for Shasta investors in the fall of 2005.

12. During the second quarter of 2005, the Receiver and his counsel also spent considerable time investigating potential claims against third parties who may owe funds to the receivership estate. For example, the Receiver's counsel researched possible claims against certain investors who withdrew more than they invested with Tech Traders or received repayments of previous investments made with entities other than Tech Trades. The Receiver believes that the receivership estate may have possible fraudulent conveyance claims against

investors who received Tech Traders funds as repayments of previous investments made with entities other than Tech Traders. The Receiver and his counsel are also exploring possible claims against persons who received commissions or finders' fees paid by Tech Traders for luring investors into the Ponzi scheme.

13. In addition, the Receiver's counsel has investigated potential claims against law firms and accounting firms that provided professional services to the Receivership Defendants. In particular, the Receiver and his counsel have scrutinized the involvement of Shasta's prior accountant, Elaine Teague and her accounting firm Puttman & Teague, LLP (collectively "Puttman & Teague"), to determine Puttman & Teague's potential liability in this case and damages attributable to Puttman & Teague's conduct. The Receiver's counsel initiated communications with Puttman & Teague's counsel to address the potential claims against Puttman & Teague and to evaluate the possibility of a compromise. At this time, the Receiver remains in contact with civil and criminal counsel for Puttman & Teague in an effort to complete an attorney proffer on behalf of that firm. Further, the Receiver issued subpoenas to those law firms believed to have provided professional services to the Receivership Defendants in order to determine whether other potential claims may exist.

14. Finally, as discussed in greater detail in Section D, the Receiver and his counsel spent a considerable amount of time during this second quarter in an effort to resolve disputes associated with investor claims. This effort required the Receiver and his counsel to contact investors whose claims are disputed to address remaining issues related to their claims. In light of the unique circumstances relating to the Sterling entities, the Receiver and his counsel continue to dedicate significant time to addressing their disputed claims. For example, the Receiver's counsel exchanged correspondence with counsel for the Sterling entities on a regular

basis from late October 2004 to early May 2005 to address the considerable deficiencies in the Sterling entities' proofs of claim. The CFTC also maintained regular contact with counsel for the Sterling entities in an effort to resolve ongoing discovery disputes. The Receiver and his counsel attended telephone conferences scheduled by Magistrate Judge Donio to address the Sterling entities and their disputed claims.

15. On May 13, 2005, Magistrate Judge Donio conducted an evidentiary hearing to address unresolved issues involving the Sterling entities and their disputed claims. The Receiver prepared for and participated in this hearing. Ultimately, Magistrate Judge Donio issued a Report and Recommendation finding that, among other things, the Sterling entities must turn over a relevant piece of evidence—a back up tape of Defendant J. Vernon Abernethy's computer hard drives—to the CFTC. At this time, the Sterling entities and several other investors remain on the disputed claims schedule; however, the Receiver and his counsel continue to work to resolve the remaining issues relating to their claims.

NATURE OF THE SERVICES RENDERED AND EXPENSES INCURRED

16. From April 1, 2005 through June 30, 2005, the Applicants have provided over 690 hours of services as Receiver and as principal counsel for the Receiver. For the Court's benefit in reviewing this application, the Applicants' services are divided into eight (8) different categories:

- A. General estate administration;
- B. Communications with investors;
- C. Distribution issues;
- D. Claim issues;
- E. Investigation of potential causes of action;

- F. Court proceedings and pleadings;
- G. Supervision of accounting analysis of Defendants' transactions; and
- H. Discovery matters.

A copy of Sachnoff & Weaver's statement of services by category is attached as Exhibit C to the Declaration of Stephen T. Bobo as Equity Receiver in Support of the Fifth Applications for Interim Compensation and Expense Reimbursement of Sachnoff & Weaver, Ltd., Pepper Hamilton LLP, and FGMK, LLC.

17. In its April 1, 2004 Order, the Court directed the Receiver and his counsel to file fee applications on a quarterly basis. On June 23, 2005, the Applicants filed their fourth quarterly fee application with the Court, wherein they requested fees in the amount of \$161,962.50 and expenses in the amount of \$10,846.85. The Court approved the Applicants' fee application on August 4, 2005.

18. Pursuant to the Court's directive, the Applicants file this fifth fee application covering the second quarter of 2005.

A. General Estate Administration

19. The Applicants seek compensation for 126.10 hours of professional services related to the administration of the receivership estate from April 1, 2005 through June 30, 2005. Among the services that the Receiver and his counsel performed in administering the estate are:

- Communicating with the IRS on an ongoing basis to obtain copies of any transcripts regarding tax returns filed by Shasta, Tech Traders, Inc., Magnum Investments, Ltd., and Equity Financial Group, LLC to determine whether income tax returns need to be filed or amended for these entities;

- Communicating with creditors of the Receivership Defendants regarding outstanding balances owed by Receivership Defendants in an effort to compile a comprehensive list of potential non-investor creditors and preparing a draft motion for authority to carry out a non-investor creditor claim process for creditors of the Receivership Defendants;
- Preparing and filing a Third Interim Report of Equity Receiver to apprise the Court of the Receiver's activities through May 31, 2005;
- Preparing and filing a fourth fee application on behalf of the Receiver's counsel and accountants;
- Communicating on a regular basis with attorneys for the CFTC and the Receivership Defendants;
- Contacting liquidators about Tech Traders' computers and other office equipment;
- Supervising Sachnoff & Weaver's Accounting Department and LaSalle Bank, N.A. to ensure proper maintenance of the interest-bearing escrow accounts that serve as the designated depository for the funds of the Receivership Defendants;
- Exploring investment options for excess cash held in Man Financial account number 37923 and, ultimately, purchasing 90-day T-Bills at an interest rate of 2.90%; and
- Updating the Shasta website to keep investors apprised of new developments in the case and researching various cost-savings measures, including internal maintenance and webhosting of the Shasta website by the Receiver's computer consultants at Netrix, LLC.

B. Communications With Investors

20. The Receiver and his counsel continue to communicate with various investors who were victimized by the Receivership Defendants' Ponzi scheme. In particular, the Receiver's proposed distribution plan has raised numerous questions and concerns for investors

who transferred over \$43 million to the Defendants. Further, investors whose claims have been objected to by the Receiver have also contacted the Receiver requesting financial summaries and other relevant documents in an effort to resolve discrepancies relating to their claims. The Receiver and his counsel also field questions about tax-related issues, including the preparation and distribution of K-1 forms for Shasta investors. As a result, the Receiver and his counsel address the questions and concerns of various investors almost daily. In addition, the Receiver continues to communicate with investors by way of the Shasta website located at www.shastacapitalassociates.com, and provides updates to visitors on approximately a monthly basis. The Applicants provided 22.30 hours of services in this category during the second quarter of 2005.

C. Distribution Issues

21. During the two previous quarters, the Receiver and his counsel spent a great deal of time reviewing and analyzing proofs of claim and supporting documentation from investors in an effort to develop and propose an equitable distribution plan to the Court. In light of these previous efforts, the Applicants spent only 3.30 hours during the second quarter of 2005 on issues directly related to the Receiver's proposed interim distribution plan.

D. Claim Issues

22. The largest component of the Applicants' services during the second quarter of 2005 was the 188.15 hours of professional services related to investor claim issues. From the inception of the investor claim process, the Receiver and his counsel have communicated with investors on a recurring basis to ensure that proofs of claim are complete and fully responsive to the Court's August 23, 2004 Order. In this Order, the Court required investors who wanted to participate in the claim process to submit to the Receiver a completed claim form, including "the

identity of all persons having a beneficial interest of any kind in their account with the Defendants,” along with “copies of the documents showing all funds invested with and received back from Defendants.” Despite the clarity of the Court’s Order, the Receiver and his counsel have spent significant amounts of time following up with investors who failed to provide the requisite information.

23. The Receiver placed those investors whose claims failed to comply with the Court’s Order on the disputed claims schedules, which the Receiver attached to his motion for authority to make an interim distribution. Ultimately, on March 31, 2005, the Receiver filed objections to 28 claims of investors who invested directly with Shasta or Tech Traders. Among the specific objections made by the Receiver are: incomplete or inaccurate proofs of claim; claimants who recovered in full or in excess of their investment; claimants whose claims must be aggregated for distribution purposes; claimants who received Tech Traders’ funds as a result of previous investments with Kaivalya Holding Group or Edgar Holding Group; claimants currently being investigated by the CFTC; and claimants who submitted conflicting proofs of claim for the same funds.

24. Thereafter, the Receiver provided the requisite notice to those claimants whose claims were subject to objections. Specifically, the Receiver informed claimants about the procedures for responding to these claim objections. The claimants had until May 6, 2005 to file legal responses to the Receiver’s objections and until May 13, 2005 to file factual responses.

25. On May 13, 2005, the Receiver participated in an evidentiary hearing before Magistrate Judge Donio to address several remaining discovery issues related to the Sterling entities. This hearing focused primarily on the CFTC’s discovery dispute with the Sterling entities. Specifically, the CFTC objected to any distribution to the Sterling entities until they

responded to the CFTC's discovery requests. At the hearing, the Receiver had the opportunity to address with the Court the Sterling entities' failure to provide supporting documentation for those transactions involving funds transferred to Tech Traders by the Sterling entities or withdrawn from Tech Traders by the Sterling entities. The Receiver also addressed the failure of Sterling Investment Management Ltd. and Sterling ACS Ltd., in particular, to disclose all natural persons with a beneficial interest in their investment with Tech Traders.

26. On May 20, 2005, the Receiver filed a reply to those investors who filed responses to the Receiver's Objections to Certain Investor Claims. In total, six investors and the Sterling entities filed responses. In his reply, the Receiver addressed issues raised by these investors in an effort to provide the Court with the relevant facts upon which the Receiver relied in making his objections.

27. Pursuant to the Court's directive, on June 17, 2005, the Receiver prepared and submitted a detailed report concerning the updated status of the Equity Receiver's Objections to Certain Investor Claims. With regard to those 12 claimants who failed to respond to the Receiver's objections concerning their claims, the Receiver suggested that an order be entered treating those claims as recommended in the Receiver's objections. The Receiver also proposed that an evidentiary hearing be conducted to resolve the Receiver's objections to those claimants who received 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.

E. Investigation of Potential Causes of Action

28. The Applicants seek compensation for 161.00 hours of services related to investigating potential causes of action against third parties and relief defendants from April 1,

2005 through June 30, 2005. The Receiver and his counsel have thoroughly investigated the involvement of Shasta's prior accountant, Puttman & Teague to determine whether it has any potential liability in this case. As part of their investigation, the Receiver and his counsel have assembled a damages analysis to determine the amount of damages potentially caused to investors as a result of Puttman & Teague's conduct. The Receiver has remained in contact with civil and criminal counsel for Puttman & Teague in an effort to obtain an attorney proffer on behalf of Puttman & Teague. The Receiver and his counsel are also investigating potential claims against certain investors who withdrew more funds from Tech Traders than they put in. Related areas of inquiry include potential claims, such as liability under fraudulent transfer principles, to recover commissions or finders' fees paid by Tech Traders, as well as Tech Traders funds received by investors in repayment of prior investments with other entities that did not involve Tech Traders.

29. In addition, the Receiver's counsel has investigated potential claims against the law firms that appear to have provided professional services to the Receivership Defendants. Based on a review of the financial analysis prepared by the Receiver's accountants, the Receiver was able to identify a number law firms that received funds from the Receivership Defendants from late 1999 to early 2004. To date, the Receiver has issued subpoenas duces tecum with detailed riders demanding that these law firms produce documents related to their representation of the Receivership Defendants. Upon completing the review of documents from these law firms, the Receiver will be better able to determine whether potential claims may be asserted against them or other parties on behalf of the receivership estate.

F. Court Proceedings and Pleadings

30. The Applicants seek compensation for 40.90 hours of services related to the drafting of motions and participating in court hearings from April 1, 2005 through June 30, 2005. Although the Receiver personally attended the May 13, 2005 hearing before the Court to address remaining discovery issues related to the Sterling entities, the Receiver and his counsel continue to participate in most scheduled court hearings by telephone to minimize costs to the receivership estate. In addition, a junior-level associate continues to prepare most of the pleadings in this matter, with partners providing oversight and review.

31. During this period, the Receiver filed several pleadings to keep the Court abreast of his efforts on behalf of the receivership estate, including: the Receiver's Reply to the Investors' Responses to the Receiver's Objections to Certain Investor Claims; the Receiver's Reply to the Sterling Entities' Response to the Receiver's Objections; the Third Interim Report of Equity Receiver; the Fourth Fee Applications of Equity Receiver, Sachnoff & Weaver, Ltd., Pepper Hamilton LLP, and FGМК, LLC for Interim Compensation and Expense Reimbursement; and the Equity Receiver's Status Report Concerning Disputed Investor Claims.

G. Supervision of Accounting Analysis of Defendants' Transactions

32. The Applicants seek compensation for 56.80 hours of services related to supervising the accounting for the Receivership Defendants' transactions, including their handling of investor funds. The Receiver and his counsel performed these services from April 1, 2005 through June 30, 2005. The Receiver and his counsel continue to work with the accountants at FGМК, LLC on a more limited basis, as the accountants have completed the bulk of their analyses of the transactions of Tech Traders, its predecessors Magnum Investments, Ltd. and Magnum Capital Investments, Ltd., and Shasta and its affiliates. In total, FGМК prepared

financial analyses of approximately 50 bank and trading accounts maintained by the Receivership Defendants. To the extent necessary, the Receiver and his counsel have assisted the accountants by working with investigators at the CFTC and directly with the banks and brokerage firms in order to obtain and review all necessary financial records. Finally, the Receiver's counsel and staff have spent time reviewing various accounting records, including QuickBooks, prepared by the Receivership Defendants' previous accountants in an effort to resolve the remaining unidentified transactions.

H. Discovery Matters

33. The Applicants seek compensation for 92.00 hours of services related to their participation in discovery from April 1, 2005 through June 30, 2005. These efforts to engage in the discovery process include:

- Reviewing deposition testimony of various third parties related to this case, including W. David Perkins of Universe Capital Appreciation, LLC and Samuel J. Grimes of Quest for Life;
- Participating in telephone conferences with Magistrate Judge Donio regarding discovery planning;
- Serving various third parties, including prior and current legal counsel for the Receivership Defendants, with subpoenas duces tecum to obtain relevant documents related to their representation of the Receivership Defendants;
- Responding to various claims of privilege asserted by these third parties;
- Reviewing documents produced by these third parties to determine whether they have potential liability in this case; and

- Preparing for the 30(b)(6) Depositions of Magnum Investments, Ltd., Magnum Capital Investments, Ltd., Tech Traders, Ltd., and Tech Traders, Inc.

I. Reimbursement of Expenses

34. The Applicants seek reimbursement for a total of \$6,603.70 in expenses incurred from April 1, 2005 through June 30, 2005. Since the inception of this case, the Applicants have consciously attempted to minimize their expenses. During this period, the Receiver was required to travel out of town only once in connection with this case. In May of 2005, the Receiver traveled to Camden, New Jersey for a hearing on discovery issues involving the Sterling entities. Other categories of expenses incurred were computerized legal research charges, photocopying expenses, postage expenses, long-distance telephone charges, overnight delivery and messenger charges. A summary of these expenses is included in Exhibit C to the Declaration of Stephen T. Bobo. A detailed breakdown of these expenses is also available should the Court or any party wish to review this information.

REASONABLENESS OF THE COMPENSATION REQUESTED

35. The Receiver understands that the compensation and expenses sought by this application are considerable; however, he has attempted to keep them at a reasonable level through the efficient administration of the Receivership Defendants' estate. The Receiver continues to rely on a small group of attorneys and staff primarily consisting of one partner, one junior-level associate, and one paralegal from Sachnoff & Weaver's litigation group to assist him in carrying out the Court's orders. Other attorneys at Sachnoff & Weaver with expertise in taxation and bankruptcy have provided limited services on behalf of the Receiver as well. Finally, the Receiver has sought the services of several document clerks to help organize and manage the voluminous and ongoing production of documents turned over by the Receivership

Defendants and relevant third parties, including investors, brokerage firms, and banking institutions.

36. In routine matters, such as reviewing documents and drafting motions and reports to the Court, the Receiver has primarily relied upon a junior-level associate and paralegal. Of the total of 690.55 hours for which compensation is sought in this application, 336.35 hours, or approximately 49% of the total, were provided by the Receiver and other members of the firm. Junior-level associates provided 288.10 hours, which is approximately 42% of the total. A paralegal provided 29 hours, or nearly 5% of the total. Litigation Document Clerks performed 33 hours at the significantly reduced rate of \$70 per hour. Information Technology staff performed the remaining 4.1 hours in assisting the Receiver and his counsel with technology-related matters. In addition, the Receiver continues to seek the assistance of the CFTC when appropriate. Specifically, the Receiver has looked to the CFTC for assistance in investigating certain transactions, serving subpoenas for necessary bank and trading records, uncovering the assets in the possession of, or under the control of, the Receivership Defendants, and investigating the trading losses of the Defendants. The Receiver has chosen not to participate in several depositions where they did not appear to involve significant receivership interests. The Receiver's reliance on the CFTC for various tasks has assisted to control the costs of this engagement.

37. The Receiver requests payment for his services at the discounted rate of \$350 per hour, which the Receiver believes to be justified in light of his experience in these types of matters.

38. In light of the quantity of services performed during this stage of the case, particularly relating to the investor claim process, and in recognition that the cost will likely be

borne by the investors, Sachnoff & Weaver seeks compensation for its attorneys and paralegals at a discount ranging from 5 to 9 percent of their customary hourly rates instead of the straight 5 percent discount promised in the motion to employ Sachnoff & Weaver. These discounted rates range from \$190.00 to \$335.00. Total time and fees sought for each attorney and paralegal are summarized in the following table:

<u>Timekeeper</u>	<u>Practice Group</u>	<u>Total Hours</u>	<u>Hourly Rate</u>	<u>Compensation Requested</u>
Stephen T. Bobo	Financial Services	219.40	\$350.00	\$76,790.00
Bina Sanghavi	Litigation	116.20	\$315.00	\$36,603.00
Robert D. LoPrete	Estate Planning	0.75	\$335.00	\$251.25
Kenneth G. Kubes	Financial Services	82.50	\$205.00	\$16,912.50
Raven Moore	Litigation	205.60	\$195.00	\$40,092.00
Judith M. Livingston	Litigation Paralegal	29.00	\$190.00	\$5,510.00
Technology Staff	Information Technology	4.10	\$95.00- \$175.00	\$437.50
Document Clerks	Litigation	33.00	\$70.00	<u>\$2,310.00</u>
FEE TOTALS				\$178,906.25

39. The Applicants have kept their time in tenths of an hour, or six-minute increments. Consistent with the previous periods, the Receiver has exercised his billing judgment where appropriate to reduce the services for which compensation is sought, as well as the resulting amount of compensation requested. The amount of such reductions totals over 54 hours of services, equal to an additional discount of over \$9,000. In an effort to avoid charging for services that could be deemed excessive, duplicative or unnecessary, the Applicants do not seek compensation for strictly administrative or ministerial tasks.

40. Finally, the Applicants agreed to take on this matter with no assurance that funds would exist in the Receivership Defendants' estate to compensate for professional services. Neither the Receiver nor Sachnoff & Weaver holds a retainer for the services that they continue to provide to the Receivership Defendants. The Applicants have acted expeditiously in

administering the estate and investigating the affairs of the Receivership Defendants. For these reasons, the Applicants are deserving of the full amount of the compensation requested.

RELIEF REQUESTED

Based upon the amount of services provided, the skill required, and the results achieved to date, the Applicants submit that the compensation requested is justified and payment is appropriate.

WHEREFORE, the Applicants respectfully request that this Court enter an order:

1. Allowing interim compensation in the amount of \$178,906.25 to the Receiver and Sachnoff & Weaver for services provided and in the amount of \$6,603.70 for expenses incurred and advanced from April 1, 2005 through June 30, 2005;
2. Authorizing the Receiver to pay Sachnoff & Weaver the amount of \$178,906.25 in fees and \$6,603.70 in expenses from the funds of the receivership estate for the period of April 1, 2005 through June 30, 2005; and
3. Providing the Receiver and Sachnoff & Weaver further relief as may be appropriate in these circumstances.

Respectfully submitted,

STEPHEN T. BOBO,
Equity Receiver and on behalf of Sachnoff &
Weaver, Ltd.

Stephen T. Bobo
Bina Sanghavi
Raven Moore
Sachnoff & Weaver, Ltd.
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By: 
One of his attorneys