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*Counsel for Stephen T. Bobo,  
Equity Receiver*

**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**

**THIRD APPLICATION OF PEPPER HAMILTON LLP FOR INTERIM  
COMPENSATION AND EXPENSE REIMBURSEMENT**

Pepper Hamilton LLP (“Pepper Hamilton”), local counsel for Stephen T. Bobo as Equity Receiver (the “Receiver”) for Equity Financial Group, LLC, Tech Traders, Inc., Tech Traders, Ltd., Magnum Investments, Ltd., Magnum Capital Investments, Ltd., Vincent J. Firth, and Robert W. Shimer, requests an award of interim compensation and expense reimbursement for services rendered from October 1, 2004 through December 31, 2004. Pepper Hamilton seeks

interim compensation in the amount of \$783.78 and reimbursement of expenses in the amount of \$220.35.

### **BACKGROUND AND STATUS OF THE CASE**

1. On April 1, 2004, the Commodity Futures Trading Commission (the “Commission”) 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.

2. On the same day, the Court entered an order granting the Commission’s motion for the restraining order and appointed Stephen T. Bobo as Temporary Equity Receiver for the Defendants and their assets.

3. In light of additional facts that emerged from its ongoing investigation, on June 25, 2004, the Commission filed a motion for leave to amend its complaint to name additional defendants. On August 10, 2004, the Court granted the Commission’s motion. Two days later, on August 12, 2004, the Commission filed its Amended Complaint, naming five additional Defendants, including Coyt E. Murray, J. Vernon Abernethy, Tech Traders, Ltd., Magnum Investments, Ltd., and Magnum Capital Investments, Ltd. As of August 24, 2004, all named Defendants consented to the Court’s entry of a preliminary injunction.

4. With the Court’s approval, the Receiver has employed attorneys from the law firm of Pepper Hamilton as local counsel. Pepper Hamilton reviews and files the Receiver’s motions, reports, and responses so as to ensure compliance with the Local Rules and to advise the Receiver on local practice issues. Pepper Hamilton will continue to represent the Receiver in hearings before the Court, including the upcoming hearing to address investors’ objections to the Receiver’s motion for authority to make an interim distribution.

## **NATURE OF THE SERVICES RENDERED AND EXPENSES INCURRED**

5. From October 1, 2004 through December 31, 2004, Pepper Hamilton has provided 3 hours of services as local counsel for the Receiver. A copy of Pepper Hamilton's statement of services is attached as Exhibit B to the Declaration of Stephen T. Bobo as Equity Receiver in Support of the Third Applications for Interim Compensation and Expense Reimbursement of Sachnoff & Weaver, Ltd., Pepper Hamilton LLP, and FGMK, LLC.

6. In its April 1, 2004 Order, the Court directed the Receiver's counsel to file a fee application on a quarterly basis. On November 12, 2004, Pepper Hamilton filed its second quarterly fee application with the Court. In its application, Pepper Hamilton requested fees in the amount of \$1,901.96 and reimbursement of expenses in the amount of \$564.85, which the Court approved on December 21, 2004.

7. Pursuant to the Court's directive, Pepper Hamilton files this third fee application for services provided during the fourth quarter of 2004.

### **A. Professional Services Rendered by Pepper Hamilton**

8. Pepper Hamilton seeks compensation for 3 hours of professional services related to the administration of the receivership estate and to the filing of motions, reports, and responses from October 1, 2004 through December 31, 2004. Pepper Hamilton continues to advise the Receiver and his principal counsel, Sachnoff & Weaver, Ltd., as to local practices and procedures, allowing the Receiver to carry out his obligations in a more efficient manner. Further, to ensure the Receiver keeps the Court abreast of his efforts on behalf of the receivership estate, Pepper Hamilton continues to review and file all motions, reports, and responses for the Receiver.

**B. Expenses For Which Pepper Hamilton Seeks Reimbursement**

9. Pepper Hamilton seeks reimbursement for a total of \$220.35 in expenses incurred from October 1, 2004 through December 31, 2004. During this period, expenses necessary to perform the Receiver’s obligations included photocopying and postage expenses and facsimile charges. A summary of these expenses is included in Exhibit B to the Declaration of Stephen T. Bobo.

**REASONABLENESS OF THE COMPENSATION REQUESTED**

10. Since the inception of this case, Pepper Hamilton has provided a team of local counsel including a partner and an associate in its litigation group to assist the Receiver in administering the receivership estate and ensuring compliance with the Local Rules.

11. For this period, Pepper Hamilton seeks compensation for one attorney, at a 5 percent discount from its customary hourly rates, as shown in the following table:

| <b><u>Timekeeper</u></b> | <b><u>Practice Group</u></b> | <b><u>Total Hours</u></b> | <b><u>Hourly Rate</u></b> | <b><u>Compensation Requested</u></b> |
|--------------------------|------------------------------|---------------------------|---------------------------|--------------------------------------|
| Jeffrey A. Carr          | Litigation                   | 3.00                      | \$261.26                  | \$783.78                             |
| <b>FEE TOTAL</b>         |                              |                           |                           | <b>\$783.78</b>                      |

12. Pepper Hamilton agreed to take on this matter with no assurance that funds would exist in the Receivership Defendants’ estate to compensate for professional services. Pepper Hamilton does not hold a retainer for the services that its attorneys provide to the Receivership Defendants. For these reasons, Pepper Hamilton is deserving of the full amount of the compensation requested.

**RELIEF REQUESTED**

Pepper Hamilton submits that the compensation requested is justified and payment is appropriate.

WHEREFORE, Pepper Hamilton respectfully requests that this Court enter an order:

1. Allowing interim compensation in the amount of \$783.78 to Pepper Hamilton for services provided and in the amount of \$220.35 for expenses incurred and advanced from October 1, 2004 through December 31, 2004;
2. Authorizing the Receiver to pay Pepper Hamilton the amount of \$783.78 in fees and \$220.35 in expenses from the receivership estate; and
3. Providing Pepper Hamilton further relief as may be appropriate in these circumstances.

Respectfully submitted,

PEPPER HAMILTON LLP

By: /s/ Jeffrey A. Carr  
One of its attorneys

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