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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 ABERNETHY)**

Defendants.)

Civil Action No.: 04CV 1512

Honorable Robert B. Kugler

**STATEMENT OF STEPHEN T. BOBO, EQUITY RECEIVER,
REGARDING CATEGORIES OF OBJECTIONS TO INTERIM
DISTRIBUTION MOTION AND STATEMENT OF DISPUTED ISSUES OF FACT**

Stephen T. Bobo, Equity Receiver, has reviewed the various objections to his pending motion for authority to make interim distribution. Those objections can be separated into the following categories:

1. Objections Related Only to Whether Individual Claims Should be Allowed

The following objections relate not to the method of determining the interim distribution but whether their claims are properly included on the “Disputed” or “Allowed” lists. The

Receiver will be filing an objection to disputed claims, including each of these claims, by March 31, 2005. Each of these objections should be deferred and resolved as part of the claim objections.

- a. Marsha Green
- b. Thomas List
- c. Alison Shimer
- d. Nancy Omaha Boy (although her objection is also listed in Section 2 regarding other issues she raises)
- e. Jeffery and Barbara Marongelle
- f. CFTC objection to placing Quest For Life's claim on the "Allowed Claims" list until certain additional facts are known or clarified

2. Objections Pertaining to Distribution Issues – No Issues of Material Fact

The following objections address the means of determining the interim distribution and the Receiver is not aware of any disputes of material fact raised by the objections.

- a. Nancy Omaha Boy
- b. Paul McManigal
- c. ICC Finance Corporation
- d. Steven Corcoran
- e. Triester International Trading Corporation
- f. James Roberts
- g. Equity Financial Group, LLC

3. Objections Relating to Distribution Presenting Limited Issues of Fact

The following three objections pertain to the means of determining the interim distribution and raise certain discrete issues of fact.

a. Donald Zinman – asserts that his \$100,000 investment was made on March 29, 2004, but the bank records for the Citibank account used for Shasta reflect that the funds in that amount were received on March 26, 2004 and no funds in that amount were received on March 29, 2004. The Receiver has sent a copy of the bank statement to Mr. Zinman’s counsel and is optimistic that an agreement can be worked out regarding the date his funds were deposited.

b. Stable Absolute Return – the objection raises uncertainty about whether the Court’s April 1, 2004 restraining order was entered before or after its funds were sent to the Shasta account at 12:33 p.m. EST on April 1, 2004. The attorney for the CFTC, Elizabeth Streit, has stated on the record during the hearing on March 4, 2005 that the order was entered after 4:00 p.m. EST that day.

c. Dr. Donald DiIenno – asserts that he invested a total of \$790,000 in Tech Traders through Bally Lines, Ltd. Of that amount, \$400,000 was sent directly to Tech Traders (which is reflected in Tech Traders’ bank records) and the other \$390,000 he claims to have sent to Bally Lines, Ltd. in two payments – \$100,000 on October 1, 2001 and \$290,000 on May 22, 2002. Dr. DiIenno has provided certain documents to the Receiver that tend to support his transfer of \$390,000.00 to Bally Lines, Ltd. He further claims that Bally Lines, Ltd. wired these funds to Tech Traders on or about those same dates. However, the following chart records all of the transactions between Tech Traders and Bally Lines, Ltd. reflected in the records of Tech Traders account numbers 775597961 and 696339402 at Bank of America as summarized by the Receiver’s accountants, FGMK LLC.

Date	Receipts	Disbursements
6/10/02	\$ 280,000.00	
4/15/03	60,000.00	
5/15/03		\$ 50,000.00
6/25/03	40,000.00	
7/24/03	15,000.00	
7/31/03		15,000.00 (return of 7/24/03 check)
8/06/03	48,000.00	
8/11/03	400,000.00	
11/05/03		75,000.00
12/08/03	180,000.00	
2/09/04		75,000.00
3/17/04		75,000.00
SUBTOTAL	\$1,023,000.00	\$290,000.00

The Tech Traders' bank records do not reflect a receipt funds from Bally Lines that originated from Dr. DiIenno other than possibly the \$280,000 on June 10, 2002, which appears consistent with the factual recitation contained in a letter from Bally Lines, Ltd. dated January 25, 2005 which Dr. DiIenno attached to his objection. However, other than this letter, there is no record or other source of information known to the Receiver which identifies Dr. DiIenno as the ultimate source of this \$280,000 deposit. The Receiver also has no knowledge at this time how Bally Lines distributed or otherwise used the funds that Tech Traders sent to it. Therefore, factual issues exist regarding how much of the funds originating with Dr. DiIenno reached Tech Traders and how the funds that Tech Traders returned to Bally Lines were used. Those factual issues may not need to be resolved in order to rule on Dr. DiIenno's objection. His objection is essentially that he should be treated like a Tier One investor. The Receiver believes that the distribution should be made directly to Tier One investors (like Bally Lines, Ltd.) and that those entities should then fairly allocate the distribution amount among their own respective investors. The Receiver has written to Dr. DiIenno regarding clarifying these facts and believes that a formal stipulation can be reached regarding them.

4. **Sterling Entities Objections**

a. Sterling asserts that the distribution should not aggregate the claims of different entities. Resolution of this objection will likely involve factual issues including the connections between the Sterling entities, the transactions between those entities' accounts at Tech Traders, and other issues.

b. Sterling asserts that it should receive distributions on the undisputed portion of their claims before objections are resolved to the disputed portions of its claim. This likely does not involve disputes of material fact.

c. Sterling again seeks the release the \$2 million in Account #37923 at Man Financial. This controversy involves a broad range of facts, many of which are likely to be in dispute.

Respectfully submitted,

Stephen T. Bobo,
Equity 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

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

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