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

COMMODITY FUTURES TRADING)	
COMMISSION,)	
)	No.: 04-cv-1512 (RBK)
Plaintiff,)	
)	
vs.)	
)	
EQUITY FINANCIAL GROUP, LLC,)	
TECH TRADERS, INC., TECH)	
TRADERS, LTD., MAGNUM)	Hearing Date: April 7, 2006
INVESTMENTS, LTD., MAGNUM)	
CAPITAL INVESTMENTS, LTD.,)	
VINCENT J. FIRTH, ROBERT W.)	
SHIMER, COYT E. MURRAY, and J.)	
VERNON ABERNETHY,)	
)	
Defendants.)	

**MEMORANDUM IN SUPPORT OF EQUITY RECEIVER’S
MOTION FOR APPROVAL OF SETTLEMENT REGARDING CLAIM OF
NANCY OMAHA BOY**

Stephen T. Bobo, as Equity Receiver (the “Receiver”) for defendants Equity Financial Group, LLC, Tech Traders, Inc., Tech Traders, Ltd., Magnum Investments, Inc., Magnum Capital Investments, Inc., Vincent J. Firth, and Robert W. Shimer, requests this Court to approve a settlement reached concerning the Receiver’s objection to the claim of Nancy Omaha Boy against Shasta Capital Associates, Ltd. (“Shasta”).

The Receiver has filed an objection to the claim against Shasta filed by Nancy Omaha Boy (“Omaha Boy”) in the amount of \$195,000. The basis of the Receiver’s objections is that Omaha Boy received \$180,000 which originated from Tech Traders, Inc. in repayment of an earlier investment she made with Kaivalya Holding Group (“Kaivalya”).

Kaivalya was an investment entity controlled in part by defendant Robert Shimer. Although it attempted to place a portion of its investors’ funds with a trading program operated by Coyt E. Murray in 1999 under the name of Magnum Investments, Ltd. (“Magnum”), the funds were instead converted to other uses before they reached Magnum. Accordingly, the funds of Omaha Boy, as well as the other Kaivalya investors, were never placed with Magnum. Tech Traders received nothing of value for the money it transferred to Kaivalya, which in turn used the money to repay Omaha Boy and many of the other Kaivalya investors. Therefore, it would be inequitable for Omaha Boy to retain these funds and also be able to share in distributions on her claim from the receivership estate.

Omaha Boy has responded to the Receiver’s objections by contending, among other things, that she merely received repayments of her investment from Kaivalya, that she had no reason to believe that the funds came from Tech Traders or any such other source and that Robert Shimer had given her assurances that the funds were from other successful investments. She also contended that she gave value to Kaivalya in return for the payments she received.

While in the process of discovery, the Receiver and Omaha Boy have further reviewed the facts and circumstances and reached a resolution of the objection, subject to approval by the Court. The proposed settlement terms are as follows:

- Omaha Boy would receive an allowed claim against Shasta in the amount of \$45,000. The Receiver's objection to Omaha Boy's claim would be withdrawn;
- The settlement would reduce the initial distribution amount attributable to Omaha Boy's claim from \$71,175 to \$16,425, which is a reduction of \$54,750. In order for Tech Traders to recover the value of this settlement, the amount of \$54,750 should be transferred from the Shasta reserve account for disputed claims to the Tech Traders' general account, and similarly, the value of the reduction in later distributions attributable to this settlement should be transferred from Shasta to Tech Traders at the time those distributions are made;
- This settlement is not intended to address any issues other than the claim of Omaha Boy against Shasta and the Receiver's objections to that claim. The Receiver expressly preserves any other claims and causes of action that he may have; and
- Omaha Boy does not intend for this settlement to affect any claims she may have against any third parties, including Kaivalya Holding Group, Robert W. Shimer, Tech Traders, Inc., Tech Traders, Ltd., Magnum Investments, Ltd., Magnum Capital Investments, Ltd.,

Equity Financial Group, LLC, Vincent J. Firth, Coyt E. Murray or
J. Vernon Abernethy.

The Receiver believes this settlement is fair and reasonable for the receivership estate for several reasons. The defenses raised by Omaha Boy are factually intensive and will likely require an evidentiary hearing to resolve. Although the Receiver believes that he has a high probability of prevailing on his objection, the outcome is not certain. In addition, the cost of taking depositions and preparing for and conducting an evidentiary hearing is significant compared to the amount at issue. The amount of those costs is further augmented by the likelihood that the Receiver will need to testify at such a hearing and be represented there by counsel. The Receiver also believes that an agreed resolution with Omaha Boy is preferable because she has been victimized by the defendants' fraud in the same way as the other claimants were. After evaluating these various factors, the Receiver believes that the proposed recovery for the receivership estate by virtue of the substantial claim reduction is fair and equitable and in the best interests of investors and other creditors.

The Receiver has discussed the settlement with the CFTC's attorney, who indicated that she had no objection to the proposed terms.

For all of the foregoing reasons, the Receiver requests that the Court enter an order: (i) approving the settlement with Omaha Boy on the terms set forth above; (ii) allowing Omaha Boy's claim in the amount of \$45,000; (iii) authorizing the Receiver to make an initial interim distribution from the Shasta reserve account in the amount of \$16,425; (iv) authorizing the Receiver to transfer the \$54,750 reduction in initial distribution amount resulting from this settlement from the Shasta reserve account to the

account for Tech Traders and to later transfer the value of the reductions in future distributions attributable to this settlement from Shasta to Tech Traders; and (v) such other relief as may be appropriate in the circumstances.

Dated: March 6, 2006

Respectfully submitted,

Stephen T. Bobo, Equity Receiver

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

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