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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

**AFFIDAVIT OF STEPHEN T. BOBO IN SUPPORT OF MOTION OF
EQUITY RECEIVER FOR AUTHORITY TO MAKE INTERIM DISTRIBUTION TO
CERTAIN TIER 3 UNIVERSE INVESTORS**

Stephen T. Bobo first being duly sworn, states as follows:

1. I am submitting this affidavit in support of my motion for authority to make an interim distribution directly to certain Tier 3 investors who transferred funds to Universe Capital Appreciation, LLC (“Universe”). Universe is a Tier 2 investor with Shasta Capital Associates (“Shasta”).

2. I have personal knowledge of the contents of this affidavit and I am competent to testify as to them.

3. I am serving as Equity 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, pursuant to the provisions of the initial restraining order entered on April 1, 2004 and several consent preliminary injunction orders entered in this case.

4. Pursuant to authority from this Court, I have carried out an investor claim process, requiring all persons who invested funds with Tech Traders, Inc. and Shasta Capital Associates LLC to submit proofs of claim, accompanied by documentary proof of all funds invested with and received from the Defendants, in order to receive a distribution from the receivership estate.

5. On August 16, 2005, I submitted my recommendation regarding the treatment of Universe as a Tier 2 investor with Shasta that has submitted a claim listing its Tier 3 investors and their respective investment amounts and withdrawals. In that submission, I recommended the following:

- a. That the names and addresses of Universe investors and the amounts of each investor's investments and withdrawals be confirmed through investor questionnaires and a complete set of bank records;
- b. If it appears that Universe has outstanding debts, I would request authority from the Court to initiate a creditor claim process to determine how to allocate the distribution available to Universe;

- c. If any Universe investors received any Tech Traders funds through Kaivalya or through an affiliate of Universe, any such indirect payments should be factored into the amount of the respective distributions;
- d. That at least 5 percent of the Universe share of the interim distribution by Shasta be held in reserve to help defray the receivership costs directly related to Universe; and
- e. That, after all the adjustments listed above are made, a pro rata distribution be made to Universe investors – as Tier 3 investors – taking into account each investor’s prior direct and indirect withdrawals and any adjustments for possible Kaivalya overlaps or repayments through affiliates of Universe.

6. On October 27, 2005, the Court entered an order authorizing an interim distribution of receivership funds on account of allowable investor claims and ruling on my objections to the other claims. Universe was listed as an allowable claim contingent upon the Court’s approval of my recommendation that distributions be made directly to Universe investors and that funds be held in reserve to help defray receivership expenses in making such a distribution. The applicable schedule shows that, as a Tier 2 investor, Universe is entitled to a total distribution of \$691,582.50.

7. The procedures recommended before formulating a specific distribution plan for Universe have been carried out.

8. The CFTC has advised me that it reviewed the set of bank records it obtained for the one known checking account held in the name of Universe (see J. McCormack Declaration, attached as Ex. A.). It also confirmed the names and addresses of Universe investors and the

amounts of each investor's investments and withdrawals through investor questionnaires (see id.).

9. I have reviewed the accounting records that exist for Universe as well as a summary of the transactions in its bank account. I have also spoken with David Perkins, the principal of Universe. There is no indication that Universe incurred any unpaid obligations to anyone other than its investors. It did not have separate business premises, and its only business activity was to take in investor's funds and place them with Shasta. Universe engaged in no other business activities. Therefore there does not appear to be a need to conduct a creditor claim process for Universe.


10. The proposed distribution takes into account amounts that investors already received back from Shasta and Tech Traders, including amounts of Tech Traders funds received through Kaivalya Holding Group in repayment of prior investments with Kaivalya.

11. I recommend that 5 percent of the total distribution amount, or \$34,579, be held in reserve to help defray the receivership costs directly related to Universe and that \$648,508 of the remaining \$657,003.37 be used in making a pro rata distribution to Tier 3 Universe investors. The remaining balance of \$8,495.50 should be held as a general reserve in the event that Universe - related receivership costs are significantly greater than expected or if any Universe creditors are discovered.

12. To each holder of an allowed claim against Universe, I propose making a gross interim distribution of 28.5 percent of the total amount invested with Universe less all amounts previously received from Universe. The specific amounts are set forth in the Universe Agreed Interim Distribution Schedule, attached as Exhibit B. That amount totals \$548,560.

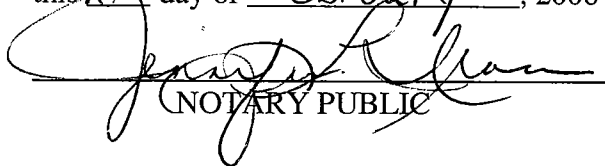
13. I propose reserving sufficient funds for disputed Universe claims so that the same level of distribution could be made on those claims in the event that they were fully allowed. The total amount of such reserve is \$99,948, which is the aggregate distribution amount if the claims of the persons listed on the Universe Disputed Claims Interim Reserve Schedule were allowed. That Schedule is attached hereto as Exhibit C. I will file a separate objections to the claims listed on the Universe Disputed Claim Interim Reserve Schedule.

14. I have discussed this proposal with counsel for the CFTC who has informed me that the CFTC has no objection to my proposed schedules or to the proposed distribution to member of Universe.



STEPHEN T. BOBO

SWORN TO AND SUBSCRIBED before me
this 10th day of February, 2006



NOTARY PUBLIC



EXHIBIT A

**Declaration under penalty of perjury of
Joy McCormack pursuant to 28 U.S.C. § 1746**

I, Joy McCormack, hereby declare as follows:

1. I am a Futures Trading Investigator with the Division of Enforcement of the United States Commodity Futures Trading Commission ("Commission" or "CFTC"), an independent regulatory agency of the United States Government. I have been employed with the Commission's Division of Enforcement since 1999.

2. As part of the investigation conducted by the Division of Enforcement into the facts surrounding the case of CFTC v. Equity Financial Group, et al., I have been assigned the task of obtaining and reviewing financial and other documents, including records pertaining to a bank account in the name of Universe Capital Appreciation, LLC ("Universe") and investor questionnaires submitted by persons and entities that placed funds with Universe.

3. I have reviewed the schedules attached to the Affidavit Of Stephen T. Bobo In Support Of Motion Of Equity Receiver For Authority To Make Interim Distribution To Certain Tier 3 Universe Investors and affirm (but for the exceptions listed in Paragraph 4 below) that the dollar amounts in those schedules are consistent with the dollar amounts in the bank records I reviewed.

4. I collected approximately 40 questionnaires from Universe investors. With the exception of the three investors discussed below, I have received completed signed questionnaires from all persons and entities that placed funds with Universe. With the exception of the two investors discussed below, the dollar amounts in those questionnaires are consistent with the dollar amounts in the bank records I reviewed.

5. To date, I have not received completed questionnaires from Brad and Diana Baetz, Joan Nixon nor a completed and signed questionnaire from Cary Maclin.

6. The dollar amounts in the questionnaires of the Sherman Family Trust and Mitchell Rabin are not consistent with the dollar amounts in the bank records. As a result, I have communicated with those investors in writing and asked them to further document the dollar amounts reflected in their questionnaires. I asked Mr. Rabin to submit any further information to me by the 12th of December and Mrs. Sherman by the 16th of December. To date, I have not received further documentation from either investor.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 8th day of February 2006.

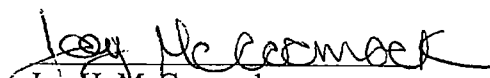

Joy H. McCormack
Investigator

EXHIBIT B

**UNIVERSE CAPITAL APPRECIATION
AGREED INTERIM DISTRIBUTION SCHEDULE**

Name of Claimant	Funds Invested	28.5% of Total Funds Invested	Previous Withdrawals	Net Distribution Amount to Universe Tier 3 Investor (28.5% of Total Funds Invested Less Total Previous Withdrawals)
ALBRINK, J. & V.	\$160,000	\$45,600	\$0	\$45,600.00
ANDERSON, H.	\$22,000	\$6,270	\$0	\$6,270.00
ANDERSON, J.	\$30,000	\$8,550	\$0	\$8,550.00
BAETZ, J. & W.	\$5,000	\$1,425	\$0	\$1,425.00
CONDON, R.	\$160,000	\$45,600	\$12,500	\$33,100.00
COOK, R.	\$75,000	\$21,375	\$0	\$21,375.00
DONOHUE, J	\$95,000	\$27,075	\$0	\$27,075.00
FISHER, C	\$87,000	\$24,795	\$0	\$24,795.00
FISHER TRUST	\$25,000	\$7,125	\$0	\$7,125.00
FISHER, S	\$70,000	\$19,950	\$0	\$19,950.00
FREEMAN, G.	\$100,000	\$28,500	\$0	\$28,500.00
FURST, J. & S.	\$57,750	\$16,459	\$25,000	\$0.00
GEIB, D. & L.	\$31,990	\$9,117	\$0	\$9,117.15
HUTCHINGS, D. & B.	\$230,000	\$65,550	\$68,000	\$0.00
MASTER MARKETERS (STOLFUZ, D. & E.)	\$35,000	\$9,975	\$5,000	\$4,975.00
MILLER, O. & J.	\$20,000	\$5,700	\$0	\$5,700.00
MOOKERJEE, P.	\$220,000	\$62,700	\$0	\$62,700.00
NELSON, L.	\$50,000	\$14,250	\$0	\$14,250.00
PINARD, A. & B.	\$70,104	\$19,980	\$0	\$19,979.59
PTAK, A. & C.	\$352,800	\$100,548	\$0	\$100,548.00
RICHARDSON, R. & T.	\$90,000	\$25,650	\$25,000	\$650.00
ROONEY, A. & P.	\$95,000	\$27,075	\$0	\$27,075.00
ROONEY, P. GREG & L.	\$87,500	\$24,938	\$30,000	\$0.00
SEDLACEK, B. & M.	\$50,000	\$14,250	\$0	\$14,250.00
SHEETS, C.	\$10,000	\$2,850	\$0	\$2,850.00
SHEETS, R.	\$10,000	\$2,850	\$0	\$2,850.00
SHEETS, T.	\$3,000	\$855	\$0	\$855.00
SIMPSON, T.	\$50,000	\$14,250	\$0	\$14,250.00
THOMPSON, REECE	\$100,000	\$28,500	\$50,000	\$0.00
WATT, M.	\$47,000	\$13,395	\$0	\$13,395.00
YAMANE	\$100,000	\$28,500	\$0	\$28,500.00
ZULIANI	\$10,000	\$2,850	\$0	\$2,850.00
TOTALS:	\$2,549,144	\$726,506	\$215,500	\$548,560

EXHIBIT C

**UNIVERSE CAPITAL APPRECIATION
DISPUTED CLAIMS INTERIM RESERVE SCHEDULE**

Name of Claimant	Funds Invested	28.5% of Total Funds Invested	Previous Withdrawals	Receiver's Proposed Reserve (28.5% of Total Funds Invested Less Total Previous Withdrawals)	Reason for Objection	Tech Traders Funds Received from Kaivalya	Receiver's Proposed Treatment	Receiver's Proposed Distribution (28.5% of Total Funds Invested Less Tech Traders Funds Received from Kaivalya)
BAETZ, D. & P.	\$10,000	\$2,850	\$0	\$2,850.00	Failure to provide supporting documents	\$0	Disallow until documents provided	Disallow until documents provided
COOPER, R. & B.	\$50,000	\$14,250	\$24,000	\$0.00	Received Tech Traders funds through Kaivalya	\$35,000	Subtract Tech Traders funds received through Kaivalya	\$0
GRAVES, A.	\$100,000	\$28,500	\$0	\$28,500.00	Received Tech Traders funds through Kaivalya	\$25,000	Subtract Tech Traders funds received through Kaivalya	\$3,500
GUBLER, C.	\$175,000	\$49,875	\$175,000	\$0.00	Received Tech Traders funds through Kaivalya	\$15,000	Subtract Tech Traders funds received through Kaivalya	\$0
MACLIN, C.	\$25,000	\$7,125	\$0	\$7,125.00	Failure to provide supporting documents	\$0	Disallow until documents provided	Disallow until documents provided
NIXON	\$8,000	\$2,280	\$6,000	\$0.00	Failure to provide supporting documents	\$0	Disallow until documents provided	Disallow until documents provided
RABIN, M.	\$2,000	\$570	\$0	\$570.00	Failure to provide supporting documents	\$0	Disallow until documents provided	Disallow until documents provided
SCHMALZ, H.	\$140,000	\$39,900	\$0	\$39,900.00	Received Tech Traders funds through Kaivalya	\$20,000	Subtract Tech Traders funds received through Kaivalya	\$19,900
SHERMAN FAMILY TRUST C/O SHERMAN, M.	\$50,000	\$14,250	\$4,000	\$10,250.00	Failure to provide supporting documents	\$0	Disallow until documents provided	Disallow until documents provided
SHIMER, G TRUST	\$35,000	\$9,975	\$54,834	\$0.00	Received Tech Traders funds through Kaivalya	\$22,000	Subtract Tech Traders funds received through Kaivalya	\$0
TRINIDAD/VICO/PI NNACLE	\$199,200	\$56,772	\$108,100	\$0.00	Entities related to Universe and to each other that received funds through Kaivalya	\$50,000	Aggregate claims and subtract Tech Traders funds received through Kaivalya	\$0
WEDEL, H. & D.	\$65,800	\$18,753	\$8,000	\$10,753.00	Received Tech Traders funds through Kaivalya	\$30,000	Subtract Tech Traders funds received through Kaivalya	\$0
TOTALS:	\$860,000	\$245,100	\$379,934	\$99,948		\$197,000		\$23,400