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*Counsel for Stephen T. Bobo,  
Equity Receiver*

**IN THE 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**

**MEMORANDUM IN SUPPORT OF MOTION OF EQUITY RECEIVER  
FOR AUTHORITY TO IMPLEMENT CREDITOR CLAIM PROCESS FOR  
NON-INVESTOR CREDITORS OF TECH TRADERS, INC., TECH TRADERS, LTD.,  
AND EQUITY FINANCIAL GROUP, LLC, AND RELATED RELIEF**

Stephen T. Bobo, Equity Receiver of 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 his attorneys, submits this memorandum in support of his motion

for entry of an order approving claim process for non-investor creditors<sup>1</sup> of Defendants Tech Traders, Inc., Tech Traders, Ltd. (collectively, “Tech Traders”), and Equity Financial Group, LLC (“Equity”). The Receiver also proposes sending out a notice to potential creditors of Magnum Investments, Ltd., and Magnum Capital Investments, Ltd. (collectively, “Magnum”) informing them that no assets are available to distribute to them. In support of this motion, the Receiver respectfully states:

1. By prior orders of this Court entered on April 1, 2004 and August 24, 2004, the Court directed the Receiver to take possession and control over the assets and business affairs of certain of the Defendants, including Tech Traders and Equity. Those orders further direct the Receiver to obtain the Court’s approval before making “any payment of any debt or obligations incurred by the Defendants” prior to April 1, 2004. Accordingly, the Receiver respectfully requests the Court’s approval to initiate this non-investor creditor claim process as an initial step towards making a distribution on account of financial obligations incurred by certain Defendants before April 1, 2004.

**A. Tech Traders and Equity**

2. The accuracy and completeness of the records of Tech Traders and Equity with respect to creditors are unproven. The Receiver believes that prudence requires corroboration through information from the creditors themselves. Therefore, the Receiver proposes that the creditors of Tech Traders and Equity submit sworn claim forms and documentary proof of their respective claims against those entities. This process will enable the Receiver and his accountants to verify the claims to ensure that the creditors of Tech Traders and Equity are known and included in the Receiver’s overall accounting and the final distribution.

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<sup>1</sup> The Receiver is aware that certain funds placed by investors with Tech Traders, Inc. and Tech Traders, Ltd. for commodity trading were structured as loans. However, such investors have already been included in the prior

3. The Receiver has prepared a proposed creditor claim form to be distributed to all persons believed to be non-investor creditors of Tech Traders and Equity, as well as the former employees of Tech Traders and Equity. A copy of the proposed creditor claim form is attached hereto as Exhibit A.

4. The Receiver intends to distribute the claim form to all persons believed to be possible non-investor creditors of Tech Traders and Equity. These include recipients of payments from Tech Traders and Equity during the period of January 1, 2002 through April 1, 2004, such as landlords, utilities, supply and service companies, and federal, state and local taxing authorities. Possible creditors were also identified from invoices and other requests for payment received by Tech Traders and Equity. The claim forms will be accompanied by a letter explaining the creditor claim process. A copy of the proposed letter is attached hereto as Exhibit B.

5. To participate in the creditor claim process, the Receiver recommends that all non-investor creditors be required to complete and return the creditor claim form within forty-five (45) days from the date of distribution thereof. Creditors must also submit a copy of documentary proof of their claims against Tech Traders and Equity. Any creditor failing to return a completed creditor claim form and supporting documentation within this time period should be barred from participating in the distribution of the receivership assets held by the Receiver unless the creditor is able to demonstrate to the satisfaction of the Court: (i) good cause for the delay, (ii) the exercise of all reasonable diligence in submitting the information at the earliest possible date after the deadline, and (iii) the absence of prejudice to the receivership estate.

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investor claim process and are intended therefore to be excluded from this creditor claim process.

6. Following receipt and review of the creditor claim information, the Receiver intends to seek approval of a plan of distribution to non-investors with allowed claims against Tech Traders and Equity.

**B. Magnum Investments, Ltd. and Magnum Capital Investments, Ltd.**

7. The Receiver recommends that the claim process not include possible creditors of Magnum Investments, Ltd. (“MI”) and Magnum Capital Investments, Ltd. (“MCI”) (collectively, “Magnum”) at this time for a number of significant reasons. Most importantly, Magnum has no assets available to distribute to creditors or even to contribute towards the costs of administration. Encouraging Magnum creditors to file claims, followed by the Receiver’s review of the claims and objecting to any inappropriate ones, would serve no purpose. The costs of those efforts would be borne by the Tech Traders’ receivership estate, not the impecunious Magnum estate.

8. A Magnum claims process would tend to create false expectations in the minds of Magnum creditors that they are entitled to receive a distribution. It could also result in a delay in the administration of the receivership estates in this case.

9. At an earlier stage of this case, the Receiver recommended, and this Court ordered, that Tech Traders funds be reserved for a potential distribution to Magnum investors and creditors in order to preserve this possible remedy if it were found appropriate after further investigation. Since then, the Receiver has gathered and reviewed ample information to conclude that the circumstances do not support a recovery by Magnum creditors from Tech Traders funds and that such a reserve of Tech Traders funds is no longer either necessary or appropriate.

10. The known facts regarding the activities of Tech Traders and Magnum do not support treating them as a single, consolidated entity for purposes of distribution. As set forth in greater detail on pages 6 through 8 of the Receiver's Fourth Interim Report filed with this court in late January 2006, MI traded commodity futures contracts from early 1998 through May 2002 and began using investor funds for this purpose in the spring of 1999. It had only a total of only four direct investors, although at least two of those investors were entities that pooled the funds of others and transferred them to MI. None of MI's investors also invested later in Tech Traders, although one MI investor, Edgar Holding Group, received funds from individuals who later invested with Tech Traders through Shasta.

11. MCI was formed in the Bahamas in 1999 as an entity for Coyt Murray to do business there with Hubert Pinder and his companies. Although an existing Service Agreement recites that MI would handle the trading on behalf of investors that placed funds offshore with MCI, there is no indication that this ever happened. Instead, the Magnum investors placed their funds with MI which transferred certain of those funds to MCI.

12. Virtually all of the funds placed in the commodity trading account under the name of MCI were lost in the markets. There is no indication that MCI took in funds directly from investors or incurred obligations to creditors, although the records available for this entity are far from complete.

13. MI's activities largely ceased in the spring of 2002, and its transactions thereafter appear to be primarily receiving substantial amounts of funds from Tech Traders' and using them used to satisfy its investors and creditors.

14. Tech Traders and MI each kept separate books and records. There is no indication that Tech Traders held itself out as responsible for obligations of either MI or MCI.

Although Tech Traders and MI each used the same premises, had many of the same employees and both conducted fraudulent commodity trading operations, those operations and their respective investors were distinct. Tech Traders and Magnum maintained separate bank accounts and commodity trading accounts in their own names. They also used different banks and brokerage firms for their trading and bank accounts.

15. In addition, Tech Traders has already heavily subsidized MI. Tech Traders transferred in excess of \$2.4 million to MI which MI used to repay its investors and creditors. By contrast, there is no indication that any funds flowed from MI to Tech Traders.

16. Nor is there any equitable reason why the remaining Tech Traders' funds should be shared with Magnum investors and other creditors. Those funds originated from investors of Tech Traders, not Magnum. Magnum's obligations to its investors and other creditors were incurred before Tech Traders received the funds that remain available for distribution. Therefore, no reasonable basis is apparent for Magnum investors and creditors to have relied on Tech Traders for repayment of the obligations owed by Magnum.

17. Based on all of these considerations, the Receiver is aware of no support for Magnum or its creditors sharing in the funds held by the Tech Traders estate. The Receiver recommends that the Tech Traders' funds currently reserved for potential distribution to Magnum creditors be transferred back to the Tech Traders' general escrow account and be available for distribution to Tech Traders' investors and creditors as may be authorized by this Court in the future. No claim form should be sent to potential Magnum investors and creditors unless and until the Magnum estate has assets that can be distributed.

18. Instead, the Receiver recommends that a separate notice be sent to all currently known Magnum investors and other creditors. This proposed notice would state that there

appear to be no Magnum assets available from which a distribution can be made, that it is unnecessary to file a claim against Magnum and that if sufficient assets become available at a later time to fund a distribution, further notice will be given for the filing of claims. This form of notice is analogous to the notice to creditors of impecunious bankruptcy estates authorized by Fed. R. Bankr. P. 2002(e). A copy of the proposed Magnum notice is attached hereto as Exhibit C.

19. Magnum's records do not contain addresses for certain recipients of its payments. In addition, the identity of beneficial owners of certain Magnum investors and their whereabouts are not clear. The Receiver has caused searches to be made for creditor addresses, but not all of them can be definitely identified without extreme measures. The Receiver recommends that the Magnum notice be sent out to all possible creditors whose identities and addresses are currently known to the Receiver. Requiring notice to be provided to all possible Magnum creditors and all holders of beneficial interests in Magnum's investors would require significant additional effort and expense to locate those persons. That task may be impossible to complete.

20. The Receiver respectfully requests that the Court approve the claim process described above and authorize the Receiver to distribute the attached creditor claim form and accompanying letter to all non-investor creditors of Tech Traders and Equity. The Receiver further requests that the Court authorize him to send the separate notice of no assets to all Magnum investors and other creditors whose addresses are currently known to him.

WHEREFORE, the Receiver requests entry of an order granting the relief set forth herein.

Dated: August 22, 2006

Respectfully submitted,

STEPHEN T. BOBO  
Equity Receiver

Stephen T. Bobo  
Bina Sanghavi  
Raven Moore  
Sachnoff & Weaver, Ltd.  
10 South Wacker Drive, Suite 4000  
Chicago, IL 60606  
(312) 207-1000

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

Matthew H. Adler  
Jeffrey A. Carr  
Pepper Hamilton LLP  
300 Alexander Park  
CN 5276  
Princeton, NJ 08543-5276  
(609) 452-0808



# **Exhibit A**

UNITED STATES DISTRICT COURT  
FOR THE  
DISTRICT OF NEW JERSEY

COMMODITY FUTURES TRADING )  
COMMISSION, )

Plaintiff, )

vs. )

Civil Action No.: 04CV 1512

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, )

Honorable Robert B. Kugler

Defendants. )

**CLAIM FORM FOR NON-INVESTOR CREDITORS OF  
EQUITY FINANCIAL GROUP, LLC, TECH TRADERS, INC.,  
OR TECH TRADERS, LTD.**

Please complete the following statements, make any changes necessary to ensure accuracy, and notarize, sign and return the form by \_\_\_\_\_, 2006 to the address shown on the bottom of this page. **If you are a creditor (other than an investor) of one or more of the following entities: Equity Financial Group, LLC, Tech Traders, Inc., or Tech Traders, Ltd., or are a creditor of one of those Defendants in more than one way, please make a copy of this claim form and complete a separate form for each of your claims.**

Please return by \_\_\_\_\_, 2006 to:

Jennifer Fryer  
Sachnoff & Weaver, Ltd.  
10 South Wacker Drive, Suite 4000  
Chicago, Illinois 60606

1. I have a claim against (check all appropriate boxes):

- Equity Financial Group, LLC
- Tech Traders, Inc.
- Tech Traders, Ltd.

in the amount of \$ \_\_\_\_\_.

2. The basis for my claim is (for example: goods sold, services performed, taxes, tort claims, money loaned, wages, salaries, compensation or other benefits):

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**Please be as specific as possible and attach documentary proof of your claim.**

3. My claim accrued or was incurred on: \_\_\_\_\_.

4. I have attached copies of all documents in my possession or control that evidence my claim, including correspondence, promissory notes, invoices, purchase orders, contracts, security agreements, and/or account statements. To the extent these documents are not available, **I have attached an explanation of why they are not available.**

5. To the best of my knowledge, all just and lawful offsets, payments, and credits have been deducted from the amount of my claim.

6. I believe that my claim is secured by property of the Tech Traders, Inc., Tech Traders, Ltd., or Equity Financial Services, LLC:

Yes  No

If you have checked "Yes" in response to Question 6, please answer Question 7.

7. The basis for this contention is (please describe the property securing your claim, attach any documents supporting your secured status and list the value of such property):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I aver and affirm that the above information is true and correct under penalty of perjury.

\_\_\_\_\_  
Signature

Name: \_\_\_\_\_  
(Please type or print)

Address: \_\_\_\_\_  
\_\_\_\_\_

State of \_\_\_\_\_

Phone: \_\_\_\_\_

County of \_\_\_\_\_

Email Address: \_\_\_\_\_

Subscribed to before me  
this \_\_\_\_ day of \_\_\_\_\_,  
2006.

Fax: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

**Please return by \_\_\_\_\_, 2006 to:**

**Jennifer Fryer  
Sachnoff & Weaver, Ltd.  
10 South Wacker Drive, Suite 4000  
Chicago, Illinois 60606**

# **Exhibit B**

[DATE]

**Re: *Commodity Futures Trading Commission v.  
Equity Financial Group, LLC, et al.*  
Case No. 04 CV 1512**

Dear Sir or Madam:

I serve as the Court-appointed Equity Receiver of certain defendants, including Equity Financial Group, LLC, Tech Traders, Inc., and Tech Traders, Ltd. (the "Defendants") in the above-referenced matter pending in the United States District Court for the District of New Jersey. The Defendants' records indicate that you may have a claim against one or more of the Defendants.

On [MONTH] [DAY], 2006, the Court entered an order requiring all non-investor creditors of the Defendants to complete and return the enclosed claim form within forty-five (45) days from the date of this letter. The claim form must be accompanied by documentary proof evidencing the nature and amount of your claim(s) against the Defendants. Should you fail to return the completed form and supporting documentation in a timely manner, you may be barred from participating in a distribution of the receivership assets. If you are a creditor of more than one of the Defendants, or are a creditor of one of the Defendants in more than one way, please make a copy of the enclosed claim form and complete a separate form for each of your claims.

Once I have received the information requested on the claim forms, I will formulate a proposal for distributing receivership assets to the Defendants' creditors. Ultimately, the Court will have to determine whether to approve my proposal. I appreciate your assistance in providing all of the information requested in a timely manner so that I may move forward with presenting the Court with a distribution proposal.

[DATE]

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If you have any questions about the creditor claim form, please contact Raven Moore, one of my attorneys. Raven Moore's e-mail address is [rmoore@sachnoff.com](mailto:rmoore@sachnoff.com), her phone number is 312-207-6457 and her fax number is 312-207-6400.

Very truly yours,

Stephen T. Bobo  
Equity Receiver

Enclosure



# **Exhibit C**

Matthew H. Adler (MA-4720)  
Jeffrey A. Carr (JC-1103)  
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Princeton, NJ 08543-5276  
Tel: (609) 452-0808

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

**COMMODITY FUTURES TRADING )  
COMMISSION, )**

**Plaintiff, )**

**vs. )**

**Civil Action No.: 04CV 1512**

**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, )**

**Honorable Robert B. Kugler**

**Defendants. )**

**NOTICE OF NO ASSETS TO DISTRIBUTE TO CREDITORS OF MAGNUM  
INVESTMENTS, LTD. MAGNUM CAPITAL INVESTMENTS, LTD.**

TO: All investors and creditors of Magnum Investments, Ltd. and Magnum Capital Investments, Ltd.

Please take notice that on April 1, 2004, this case was commenced by the Commodity Futures Trading Commission (“CFTC”) to remedy alleged ongoing commodity pool fraud and other violations of the Commodity Exchange Act. On that same day, District Judge Robert Kugler entered a restraining order which appointed Stephen T. Bobo (the “Receiver”) as Equity Receiver for the defendants.

On August 24, 2004, after the CFTC filed an amended complaint adding Magnum Investments, Ltd. ("MI") and Magnum Capital Investments, Ltd. ("MCI") as defendants, an order of preliminary injunction was entered which extended the receivership to include MI and MCI. Prior to the commencement of this case, MI and MCI were under common ownership and control of defendant Coyt E. Murray, along with defendants Tech Traders, Inc. and Tech Traders, Ltd.

The Receiver has reviewed the transactions of the various defendants, including those of MI and MCI. He has concluded and reported to the court that MI and MCI have no assets available to distribute to their investors and their other creditors. The Receiver has also concluded and reported to the court that there is no legal or equitable basis to consolidate either MI or MCI, with Tech Traders, Inc. or Tech Traders, Ltd. for purposes of distribution. Distributions are planned to be made to creditors of Tech Traders, Inc. from funds of Tech Traders, Inc., and no funds of Tech Traders, Inc. will be reserved or set aside for creditors of MI or MCI. If sufficient assets later become available to MI or MCI to fund a distribution, you will be given an opportunity to file a proof of claim against those entities at that time.

If you disagree with the Receiver's conclusions, or otherwise object to the Receiver's conclusions regarding MI and MCI, you must file a written document with the clerk of this court on or before \_\_\_\_\_, 2006. The document must contain the case caption at the top of the first page, be signed by you or by an attorney on your behalf admitted to practice before this court, and mailed in duplicate to:

Clerk's Office  
United States District Court  
District of New Jersey  
Mitchell H. Cohen Building  
Fourth & Coopers Streets, Room 1050  
Camden, NJ 08101

You must simultaneously serve a copy of your document upon counsel for the Receiver:

Raven Moore  
Sachnoff & Weaver, Ltd.  
10 S. Wacker Drive  
40<sup>th</sup> Floor  
Chicago, IL 60606

and counsel for the CFTC:

Elizabeth Streit  
Senior Trial Attorney  
U.S. Commodity Futures Trading Commission  
525 West Monroe Street  
Suite 1100  
Chicago, IL 60661

Failure to timely file and serve such a document will result in a waiver of whatever objections you may have to the Receiver's conclusions and recommendations concerning MI and MCI.

Should the court schedule a hearing concerning the issues raised in your document, you will be separately notified of the date, time and place of such a hearing.

Dated: \_\_\_\_\_, 2006

STEPHEN T. BOBO  
Equity Receiver

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