

Matthew H. Adler (MA-4720)
Jeffrey A. Carr (JC-1103)
Pepper Hamilton LLP
(A Pennsylvania Limited Liability Partnership)
300 Alexander Park
Princeton, NJ 08543-5276
(609) 452-0808

Counsel for the 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 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

EQUITY RECEIVER’S OBJECTIONS TO CERTAIN UNIVERSE INVESTOR CLAIMS

Stephen T. Bobo, the Equity Receiver of Defendants Equity Financial Group, LLC, Tech Traders, Inc., Robert W. Shimer and others (the “Receiver”), submits these objections to the claims of seven Tier 3 investors who transferred funds to Universe Capital Appreciation, LLC (“Universe”), a Tier 2 investor with Shasta Capital Associates (“Shasta”).¹

From 2002 through March 2004, Mr. Shimer transferred to Kaivalya Holding Group, Inc. (“Kaivalya”) over \$1.3 million of funds originating from Tech Traders investors – who knew

¹ Although the Universe Disputed Claims Interim Reserve Schedule filed on February 10, 2006 shows 12 disputed claims, the remaining five have provided documents supporting their claims and thus cured all deficiencies. Their claims therefore should be allowed in the amounts reserved.

nothing about, and had no relationship to, Kaivalya – for which Kaivalya paid no consideration. Seven of the Universe investors received these Tech Traders’ funds as repayment of earlier investments with Kaivalya. Their claims therefore should be allowed only after their receipt of those funds is taken into account and treated as previous withdrawals. Consistent with the Receiver’s proposed method of distribution, the claimants would retain these previous withdrawals, but the withdrawals would be credited against their respective pro rata shares calculated based on total funds invested, as follows:

Name Of Claimant	Funds Invested	28.5% of Total Funds Invested	Previous Withdrawals	28.5% of Total Funds Invested Less Previous Withdrawals	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)
Cooper, R. & B.	\$50,000	\$14,250	\$24,000	\$0.00	\$35,000	Subtract Tech Traders funds received through Kaivalya	\$0
Graves, A.	\$100,000	\$28,500	\$0	\$28,500.00	\$25,000	Subtract Tech Traders funds received through Kaivalya	\$3,500
Gubler, C.	\$175,000	\$49,875	\$175,000	\$0.00	\$15,000	Subtract Tech Traders funds received through Kaivalya	\$0
Schmalz, H.	\$140,000	\$39,900	\$0	\$39,900.00	\$20,000	Subtract Tech Traders funds received through Kaivalya	\$19,900
Shimer, G Trust	\$35,000	\$9,975	\$54,834	\$0.00	\$22,000	Subtract Tech Traders funds received through Kaivalya	\$0
Trinidad/Vico/Pinnacle	\$199,200	\$56,772	\$108,100	\$0.00	\$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	\$30,000	Subtract Tech Traders funds received through Kaivalya	\$0

The Receiver has recommended a reserve of **!The Formula Not In Table** for these seven claims. If the Court adopts the Receiver's proposed treatment of claims, then a total of \$23,400 of that amount will be distributed to the seven claimants at this time. In order for Tech Traders to recover the value of its previous payments to these Kaivalya investors, the remaining \$55,753 should be transferred from the Shasta reserve account for disputed claims to the Tech Traders' general account, and similarly the value of the reductions in later distributions attributable to these settlements should be transferred from Shasta to Tech Traders at the times those distributions are made.

WHEREFORE, the Receiver respectfully requests that the Court enter an order adopting the Receiver's proposed treatment of claims for the seven claims discussed above.

DATED: March 15, 2006

Respectfully submitted,

STEPHEN T. BOBO
Equity Receiver

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

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

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

SERVICE LIST

Elizabeth M. Streit, Lead Trial Attorney
Scott R. Williamson, Deputy Regional Counsel
Rosemary Hollinger, Regional Counsel
Commodity Futures Trading Commission
525 West Monroe Street, Suite 1100
Chicago, Illinois 60661

Paul Blaine
Assistant United States Attorney
for the District of New Jersey
Camden Federal Building & U.S. Courthouse
401 Market Street, 4th Floor
Camden, New Jersey 08101

Samuel F. Abernethy
Paul M. Hellegers
Menaker & Herrmann LLP
10 East 40th Street
New York, New York 10016

Melvyn J. Falis
Gusrae, Kaplan & Bruno PLLC
120 Wall Street
New York, New York 10005

J. Vernon Abernethy
100 Glenway Street, # K
Belmont, NC 28012

Robert Shimer
1225 W. Leesport Rd.
Leesport, PA 19533

Vincent J. Firth
3 Aster Court
Medford, New Jersey 08055

Served via U.S. Mail on this 15th day of March 2006.



Bina Sanghavi
Counsel for the Equity Receiver