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**In The United States District Court
For The District Of New Jersey
Camden Vicinage**

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: 04 CV 1512

Hon. Robert B. Kugler
U.S. District Judge

Hon. Ann Marie Donio
Magistrate Judge

**[REDACTED] Consent Order of
Permanent Injunction and
Other Ancillary Relief
Against Defendant J. Vernon
Abernethy**

On April 1, 2004, Plaintiff, Commodity Futures Trading Commission ("Commission"), filed a Complaint against Defendants Equity Financial Group, LLC ("Equity"), Tech Traders, Inc., Vincent J. Firth ("Firth") and Robert W. Shimer ("Shimer") seeking injunctive and other equitable relief for violations of the Commodity Exchange Act, as amended ("Act"), 7 U.S.C §§ 1 et seq. (2002), and the Commission Regulations promulgated thereunder, 17 C.F.R. §§ 1 et seq. (2004). Pursuant to Court Order, the Commission filed a First Amended Complaint on August 12, 2004 against the previously named Defendants and, additionally, against Tech Traders, Ltd., Magnum Investments, Ltd., Magnum Capital Investments, Ltd., Coyt E. Murray ("Murray") and J. Vernon Abernethy ("Abernethy"). The Court entered a Consent Order of Preliminary Injunction and Other Ancillary Relief against Abernethy on August 23, 2004.

I. Consent And Agreement

1. To effect settlement of the matters alleged in the Complaint against Defendant Abernethy, without a trial on the merits or any further judicial proceedings, and without admitting or denying the allegations of the First Amended Complaint, or the findings in this Consent Order of Permanent Injunction and Other Equitable Relief ("Order"), Abernethy consents to the entry of this Order. Abernethy consents to the use by the CFTC of the findings herein in this proceeding and in any other proceeding brought by the CFTC or to which the CFTC is a party. Abernethy does not consent to the use of this Order, or the findings of fact or conclusions of law, as the sole basis for any other proceeding brought by the CFTC; except that he consents to any use in any proceeding to enforce or to effectuate the terms of this Order including use by the Commission or any person identified in this Order under Rule 71 Fed. R. Civ. P. as having rights under this Order, in any bankruptcy proceeding brought by or against

him. With respect to bankruptcy proceedings, Abernethy agrees to except the restitution obligations set forth in this Order from discharge. Solely with respect to any such bankruptcy proceeding or any proceeding to enforce this Order, Abernethy agrees that the allegations of the First Amended Complaint and the findings in this Order shall be taken as true and correct and be given preclusive effect, without further proof.

2. Abernethy affirms that he has agreed to this Order voluntarily, and that no promise or threat has been made by the CFTC or any member, officer, agent or representative thereof, or by any other person, to induce consent to this Order, other than as set forth specifically herein.

3. Abernethy acknowledges service of the Summons and the First Amended Complaint.

4. Abernethy admits the jurisdiction of this Court over him, admits that the Court has subject matter jurisdiction over this action, and admits that venue properly lies with this Court pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2002).

5. Abernethy waives:

(a) all claims which he may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2000), and 28 U.S.C. § 2412 (2000), relating to, or arising from, this action;

(b) any claim of double jeopardy based upon the institution of this proceeding or the entry in this proceeding of any order imposing a civil monetary penalty or any other relief; and

(c) all rights of appeal from this Order.

6. No provision of this Order shall in any way limit or impair the ability of any person to seek any legal or equitable remedy against Abernethy or any other person in any other proceeding, including any current or subsequent bankruptcy.

7. Abernethy agrees that neither he nor any of his agents or employees acting under his authority or control shall take any action or make any public statement denying, directly or

indirectly, any allegation in the First Amended Complaint or findings or conclusions in this Order, or creating, or tending to create, the impression that the First Amended Complaint or this Order is without a factual basis; provided, however, that nothing in this provision shall affect Abernethy's: i) testimonial obligations; or ii) rights to take legal positions in other proceedings to which the CFTC is not a party. Abernethy shall take all necessary steps to ensure that all of his agents and employees understand and comply with this agreement.

8. Abernethy agrees to cooperate with staff of the Commission in the continuing litigation of this matter. As part of such cooperation, Abernethy agrees, subject to all applicable privileges, to comply fully, promptly, and truthfully to any inquiries or requests for information or testimony, including but not limited to: (1) authenticating documents; (2) responding to requests for production of documents concerning this matter within Abernethy's possession, custody, or control, and permitting Commission staff to inspect and copy such documents; (3) testifying completely and truthfully in this action and producing statements to the Commission, interviews, depositions, or testimony, and to provide testimony (including witness preparation) related to any trial the subject matter of this proceeding.
9. Abernethy consents to the continued jurisdiction of this Court for the purpose of enforcing the terms and conditions of this Order and for any other purposes relevant to this case.

II. Findings

The Court makes the following findings of fact:

1. This Court has jurisdiction over this action pursuant to Section 6c of the Commodity Exchange Act ("Act"), 7 U.S.C. § 13a-1 (2002).
2. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e), because Defendant Abernethy is found in, inhabits, or transacts business, among

other places, in this district, and the acts and practices in violation of the Act have occurred, are occurring, or are about to occur, among other places, within this district.

3. Corporations A through D (collectively referred to as "Corporation A") and their principal Individual A operated a so-called "super fund" or master pool of one or more commodity pools. Corporation A and Individual A falsely represented to investors in this "super fund" that Corporation A enjoyed extraordinary success trading in selected financial futures contracts using a confidential, proprietary "portfolio" trading system.

4. Corporation A and Individual A engaged Abernethy as an allegedly independent certified public accountant ("CPA") to provide a monthly and quarterly performance number for the "superfund" based on "reviewed" and "verified" trading results. Abernethy prepared monthly and quarterly reports showing that Corporation A enjoyed trading gains from at least June 2001 through February 2004, knowing that the reports were false and that such reports would be provided to prospective and actual participants whom Abernethy knew or should have known would rely upon not only the information included, but also the fact that it had been reviewed and verified by an independent CPA.

5. All of the participants in the "superfund" did rely upon the monthly and quarterly performance number Abernethy provided in deciding to participate or continue to participate in the "superfund." In reliance on such monthly and quarterly performance numbers, at least 40 participants have lost at least \$5 million.

6. Abernethy undertook a faulty agreed-upon procedures engagement which was not consistent with professional standards, was not independent, did not review all the trading, did not take any steps to "verify" anything, and reported materially inaccurate performance gains, despite possessing documents that disclosed huge trading losses.

7. Abernethy also solicited at least 10 pool participants for Corporation A and Shasta Capital Associates, L.L.C. ("Shasta"), a commodity pool that invested in the "super fund" without being registered to do so using the performance results from the reports he prepared. Abernethy knew that these same performance results were featured in solicitations by Corporation A, Individual A, and Corporation F, the commodity pool operator that ran Shasta, and Individuals B and C, the control persons of Corporation F. He also knew that these same performance results were false and that they were used to prepare statements sent to pool participants.

III. CONCLUSIONS OF LAW

1. From at least June 2001 to April 2004, Abernethy employed devices, schemes or artifices to defraud clients or prospective clients, and engaged in transactions, practices or courses of business which operated as a fraud or deceit upon clients or prospective clients, in violation of Section 4o(1) of the Act, 7 U.S.C. § 6o(1).

2. During the relevant time period, Abernethy was associated with Corporation A and Corporation E as a partner, officer, employee, consultant, or agent (or in a similar status), in a capacity that involved the solicitation of funds, securities or property for participation in Corporation A and Corporation E, in violation of Section 4k (2) of the Act, 7 U.S.C. § 6k(2) (2002).

IV. ORDER FOR PERMANENT INJUNCTION

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. Abernethy and all persons insofar as they are acting in the capacity of his agents, servants, employees and attorneys, and all persons insofar as they are acting in concert or participation with him, are permanently restrained, enjoined and prohibited from directly or indirectly:
 - A. In the capacity of a commodity trading advisor or commodity pool operator, or associated person of a commodity trading advisor or commodity pool operator, by use of the mails or any means or instrumentality of interstate commerce, employing any device, scheme or artifice to defraud any client or participant or prospective client or participant or engaging in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or participant or prospective client or participant, in violation of Section 4o(1) of the Act, 7 U.S.C. § 6o(1), including but not limited to the activities described in paragraphs 11.3 through 11.7 above;
 - B. Associating with a commodity pool operator, as a partner, officer, employee, consultant, or agent (or acting in a similar status or performing similar functions), in a capacity that involves the solicitation of funds, securities or property for participation in a commodity pool or supervising any person so engaged without the benefit of registration in violation of Section 4k(2) of the Act, 7 U.S.C. § 6k(2);
 - C. Engaging in, controlling, directing or accepting funds for the trading for any commodity futures or options accounts for or on behalf of any other person or entity, whether by power of attorney or otherwise;
 - D. Entering into any commodity futures or options transactions for his own account, for any accounts in which he has a direct or indirect interest and/or having any commodity futures or options traded on his behalf;
 - E. Introducing customers to any other person engaged in the business of trading in commodity futures and options;
 - F. Otherwise engaging in any business activities related to commodity futures and options trading that require registration; and.

- G. Applying for registration or claiming exemption from registration with the Commission in any capacity, and engaging in any activity requiring such registration or exemption from registration, except as provided for in Section 4.14(a)(9) of the Commission's Regulations, 17 C.F.R. § 4.14(a)(9), or acting, directly or indirectly, as a principal, agent, or any other officer, agent or employee of any person registered, required to be registered, or exempted from registration with the Commission, unless such exemption is pursuant to Section 4.14(a)(9) of the Commission's Regulations, 17 C.F.R. § 4.14(a)(9).

2. This Court also orders, and Defendant agrees to, the Defendant's performance of the following undertakings:

- A. Not to practice before the Commission as an accountant for a period of ten (10) years following entry of this Order;
- B. Not to accept any engagement that involves the review or analysis of commodity pool statements; and
- C. Not to accept any engagement that involves the analysis of futures or options statements.

V. ORDER FOR OTHER EQUITABLE RELIEF

IT IS FURTHER ORDERED THAT:

1. Upon entry of this Order, Abernethy is jointly and severally liable for and a judgment is entered against him in the amount of \$5,000,000 as restitution ("Restitution Amount.") Abernethy is jointly and severally liable up to the amount of \$5,000,000 with any of the Defendants in this case who are found by settlement or after judgment to be jointly and severally liable to the pool participants whose claims are allowed in the claims process established by the Equity Receiver appointed by the Court in this case. No prejudgment interest is ordered. However, post-judgment interest shall accrue commencing on the date this Order is signed and continue until the Restitution Amount is paid in full. Post-judgment interest shall be paid at the post-judgment interest rate set forth in 28 U.S.C. § 1961. Abernethy agrees to a finding in the bankruptcy proceeding that this restitution obligation is excepted from discharge. All payments

made pursuant to this Order by Abernethy shall first be paid to the Receiver for further distribution to claimants whose claims are allowed in the claims process. After the termination of the Receivership, restitution shall be made on a pro rata basis according to the Final Order of Distribution to claimants with allowed claims until those amounts (including interest) are fully satisfied. All payments after satisfaction of the restitution shall be applied to the civil monetary amount described below.

2. Pursuant to Rule 71 of the Federal Rules of Civil Procedure, each pool participant listed on the Final Order of Distribution is explicitly made an intended third-party beneficiary of this Order and may, after termination of the Receivership, seek to enforce obedience of this Order to obtain satisfaction of any portion of the restitution which has not been paid by Abernethy.

B. Civil Monetary Penalty

1. Upon entry of this Order, Abernethy is liable for and a judgment is entered against him for a civil monetary penalty of \$300,000, plus post-judgment interest. Post judgment interest shall accrue commencing on the date this Order is signed and continue until the civil monetary penalty is paid in full. Post-judgment interest shall be paid at the post-judgment interest rate set forth in 28 U.S.C. § 1961. Abernethy shall pay such civil monetary penalty and interest by electronic funds transfer, or by U.S. postal money order, certified check, bank cashier's check, or bank money order, made payable to the Commodity Futures Trading Commission, and sent to Dennese Posey, or her successor, Division of Enforcement, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581, under cover of a letter that identifies Abernethy and the name and docket number of the proceeding; Abernethy shall simultaneously transmit a copy of the cover letter and the form of payment to the Director, Division of Enforcement, Commodity Futures Trading Commission, at

the following address: 1155 21st Street, NW, Washington, D.C. 20581.

2. Any acceptance by the CFTC of partial payment from Abernethy of Abernethy's restitution and/or civil monetary obligations shall not be deemed a waiver of Abernethy's obligation to make further payments pursuant to this Order, or a waiver of the CFTC's right to seek to compel payment from Abernethy of any remaining balance.

3. Abernethy shall immediately notify the CFTC if he makes or has previously made any agreement with any customer obligating him to make payments outside of this Order. He shall also provide immediate evidence to the CFTC of any payments made pursuant to such agreement. Abernethy shall also notify the CFTC of any federal or state civil or criminal action related to the same activities that are the subject of this action.

4. All notices required by this Order shall identify this matter by caption and shall be sent by certified mail, return receipt requested, as follows:

Notice to CFTC:
Director, Division of Enforcement
Commodity Futures Trading Commission
1155 21st St. NW
Washington, DC 20581

Notice to Abernethy:

J. Vernon Abernethy
100 Glenway St.
K
Belmont, NC 28012

5. In the event that Abernethy changes his residential or business telephone number(s) and/or address(es) at any time, he shall provide written notice of the new number(s) and/or address(es) to the CFTC within twenty (20) calendar days thereof.

6. The injunctive provisions of this Order shall be binding on Abernethy, upon any person insofar as he or she is acting in the capacity of officer, agent, servant, employee or

attorney of Abernethy, and upon any person who receives actual notice of this Order by personal service, facsimile or otherwise insofar as he or she is acting in active concert or participation with Abernethy.

7. This Order incorporates all of the terms and conditions of the settlement among the parties hereto. Nothing shall serve to amend or modify this Order in any respect whatsoever, unless: (1) reduced to writing; (2) signed by all parties hereto; and (3) approved by order of this Court.

8. The failure of any party to this Order to require performance of any provision of this Order shall in no manner affect the right of such party at a later time to enforce the same or any other provision of this Order. No waiver in one or more instances of the breach of any provision contained in this Order shall be construed as a further or continuing waiver of a breach of any other provision of this Order.

9. This Court shall retain jurisdiction of this cause to assure compliance with this Consent Order and for all purposes related to this action, including securing additional funds or property from third parties for satisfaction of Abernethy's obligations for restitution and payment of his civil monetary penalty.

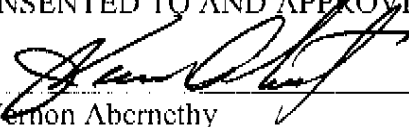
IT IS SO ORDERED

Dated: July 7, 2006



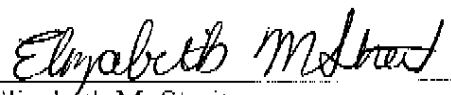
Hon. Robert B. Kugler
United States District Court Judge

CONSENTED TO AND APPROVED BY:


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(704) 616-9494 (cell)

Defendant, pro se

Dated: 4-14-06


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Attorneys for Plaintiff

CERTIFICATE OF SERVICE

The undersigned non-attorney, Venice Bickham, does hereby certify that on June 26, 2006 she caused a true and correct copy of the foregoing [Proposed] Consent Order of Permanent Injunction and Other Ancillary Relief Against Defendant J. Vernon Abernethy to be served upon the following persons via first class mail:

On behalf of Coyt E. Murray, Tech Traders, Inc., Tech Traders, Ltd., Magnum Investments, Ltd., and Magnum Capital Investments, Ltd.

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