

**UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF FLORIDA  
CASE NO.: 20-CV-81205-RAR**

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

COMPLETE BUSINESS SOLUTIONS  
GROUP, INC. d/b/a PAR FUNDING, *et al.*

Defendants.

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**RECEIVER, RYAN K. STUMPHAUZER'S  
THIRD EXPEDITED MOTION TO LIFT LITIGATION  
INJUNCTION AS TO CERTAIN GARNISHMENT PROCEEDINGS**

**Basis for expedited relief:**

Pursuant to Local Rule 7.1(d), the Receiver seeks relief on an expedited basis because the Receiver has concluded that certain actions need to be taken immediately in order to vacate writs of garnishment and prevent collection efforts that should not be proceeding with respect to merchants—some of whom have had their bank accounts frozen as a result of these writs—that have either satisfied or reached agreement regarding these amounts, or which may violate an order of court or applicable state law or bankruptcy law, as further described in this motion. These actions cannot be completed without lifting the Litigation Injunction.

Ryan K. Stumphauzer, Esq., Court-Appointed Receiver (“Receiver”) of Defendants Complete Business Solutions Group, Inc. d/b/a Par Funding (“Par Funding”); Full Spectrum Processing, Inc.; ABetterFinancialPlan.com LLC d/b/a A Better Financial Plan; ABFP Management Company, LLC f/k/a Pillar Life Settlement Management Company, LLC; ABFP Income Fund, LLC; ABFP Income Fund 2, L.P.; United Fidelis Group Corp.; Fidelis Financial Planning LLC; Retirement Evolution Group, LLC; RE Income Fund LLC; and RE Income Fund 2 LLC (the “Receivership Entities”), by and through undersigned counsel, and pursuant to L.R.

7.1(d)(2), hereby files this Unopposed Third Expedited Motion to Lift Litigation Injunction as to Certain Garnishment Proceedings and states as follows:

**Introduction**

1. The Court entered an Order Granting the Security and Exchange Commission's Motion for Appointment of Receiver [ECF No. 36] ("Order Appointing Receiver") on July 27, 2020, and an Order granting Security and Exchange Commission's Urgent Motion to Amend Order Appointing Receiver to Include Litigation Injunction [ECF No. 56] ("Order Entering Litigation Injunction"), entered on July 31, 2020.<sup>1</sup>

2. In the Order Entering Litigation Injunction, the Court, among other things, stayed all litigation of any manner involving any of the Receivership Entities, until further Order of this Court.

3. On August 7, 2020, Receiver filed an Expedited Motion to Lift the Litigation Injunction as to Certain Garnishment Proceedings [ECF No. 111] ("First Motion").

4. The Court granted Receiver's First Motion by Order of Court dated August 7, 2020 [ECF No. 112].

5. On August 14, 2020, Receiver filed an Unopposed Second Expedited Motion to Lift the Litigation Injunction as to Certain Garnishment Proceedings [ECF No. 145] ("Second Motion").

6. The Court granted Receiver's Second Motion by Order of Court dated August 14, 2020 [ECF No. 151]

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<sup>1</sup> These two orders have now been amended and superseded by the Court's Amended Order Appointing Receiver dated August 13, 2020 [ECF No. 141] (the "Operative Receivership Order").

7. Subsequent to the filing of the Second Motion, the Receiver obtained information through counsel of additional garnishment proceedings pending in the Court of Common Pleas of Philadelphia County that should not be proceeding, and which were not included in the First Motion or the Second Motion.

8. As such, Receiver hereby moves this Court to modify the Operative Receivership Order. This modification, like the relief requested in the First Motion and Second Motion, is sought to allow certain pre-receivership garnishment proceedings currently pending in the Court of Common Pleas of Philadelphia County, Pennsylvania to be opened for the limited purpose of either: (1) vacating the current writs of garnishment because of a subsequent agreement or satisfaction of the underlying debt; or (2) vacating the current writs of garnishment because the writ of garnishment may violate an order of court or applicable state law or bankruptcy law.

**Background from First Motion and Second Motion**

9. On July 27, 2020, the Court entered the Order Appointing Receiver.

10. As set forth in the Commission's Complaint [ECF No. 1] and Emergency *Ex Parte* Motion for Temporary Restraining Order and Other Relief [ECF No. 14], Par Funding is a party to a significant number of lawsuits. The Receiver, who was appointed July 27, 2020, continues to review these as well as other lawsuits to which the Receivership Entities are parties.

11. As part of that review, the Receiver has become aware of a number of actions previously filed in the Court of Common Pleas of Philadelphia County, Pennsylvania against merchants (and/or guarantors) who had defaulted under a merchant cash advance agreement with Par Funding. These agreements allowed for the filing of confessions of judgment for any amounts unpaid.

12. In certain of these actions, Par Funding, through the law firm of Fox Rothschild, obtained writs of garnishment. Due to the impact of the COVID-19 pandemic, the writs of garnishment were subject to a multi-month stay of execution in the Court of Common Pleas (the “Execution Stay”) and, therefore, were not served by the Philadelphia County Sheriff’s Office at the time the writs were entered.

13. Following the lifting of the Execution Stay in the Court of Common Pleas, and prior to the Receiver’s appointment, the Sheriff recently served the writs that had been with the Sheriff from prior to the COVID-19 pandemic. As a result, the affected merchants have had various bank accounts frozen and other actions taken against certain assets.

14. The Receiver has been informed and provided with documents evidencing that a number of these merchants have satisfied their obligations under the merchant cash advance agreements or modified their agreements with Par Funding after the writs of garnishment were initially filed and delivered to the sheriff prior to the COVID-19 pandemic.

15. In addition, some of the merchants obtained a stay of execution proceedings during this intervening time as a result of Court and sheriff shutdowns caused by the COVID-19 pandemic.

16. The Receiver has also discovered that a writ of execution with respect to one merchant had been used to attach property that was subject to joint ownership, potentially in violation of state law.

17. Finally, one of the defendants in another of these actions subsequently filed for bankruptcy protection and, therefore, the writ of garnishment in that case should be dissolved.

**Additional Information Discovered Subsequent to the First Motion and Second Motion**

18. In the case of *Complete Business Solutions, Inc. v. Fantastic Kids Corp. and Steven Reis*, Docket No. 200400157, Court of Common Pleas of Philadelphia County, Pennsylvania, the defendants settled with Par Funding following the entry of the confession of judgment, but due to the pandemic, the writ of execution was served after the settlement. Further, because of the instant action and subsequent Order Entering Litigation Injunction, the docket could not be marked satisfied. As a result, the accounts of these defendants remain frozen under a writ of execution despite the settlement of the judgment. The Receiver seeks to have the Litigation Injunction lifted so that the writ of execution can be dissolved as to any and all garnishees.

19. In the case of *Complete Business Solutions Inc. vs. Tourmappers North America LLC and Julie Paula Katz*, Docket No. 200401028, Court of Common Pleas of Philadelphia County, Pennsylvania, subsequent to the entry of confession of judgment and filing of a writ of execution in April 2020, the defendants filed a Petition to Open Judgment. On July 23, 2020, the Court of Common Pleas of Philadelphia County, Pennsylvania entered an Order staying any execution proceedings. Despite the Order, the writ of execution was served on several financial institutions where these defendants held accounts. The Receiver seeks to have the Litigation Injunction lifted so that the writ of execution can be dissolved as to any and all garnishees in compliance with the Order.

20. In the case of *Complete Business Solutions v. Perfect Build Remodel & Construction, LLC, d/b/a Perfect Build Remodel & Construction d/b/a Perfect Build Remodel d/b/a PBR Construction*, Docket No. 200101509, Court of Common Pleas of Philadelphia County, Pennsylvania, subsequent to the entry of confession of judgment, a writ of execution was served on Chase. As a result, several accounts held by the owner of Perfect Build Remodel &

Construction, LLC, who was a guarantor of the debt, were frozen, including two (2) accounts with Chase in Arizona, which are owned jointly with the owner's spouse, who was not a guarantor. In Arizona, state law explicitly requires both spouses to sign a guaranty in order to bind their community property. A.R.S. § 25-214(C)(2). The purpose of A.R.S. § 25-214(C) "is to protect one spouse against obligations undertaken by the other spouse without the first spouse's knowledge and consent" and that this purpose "would be frustrated if the husband . . . were able to charge the wife's interest in the community with the debts he guaranteed." *Vance-Koepnick v. Koepnick*, 197 Ariz. 162, 163, ¶ 6, 3 P.3d 1082, 1083 (App. 1999). The Receiver seeks to have the Litigation Injunction lifted so that the writ of execution can be dissolved as to the joint accounts with garnishee Chase.

21. In the case of *Complete Business Solutions, Inc. v. Oasis New World Rugs*, Docket No. 190700105, Court of Common Pleas of Philadelphia County, Pennsylvania, subsequent to the entry of confession of judgment, a writ of execution was served on Chase. In addition to various accounts, a Chase branch in Florida also included a safe deposit box in the name of Oasis New World Rugs that contained the personal property of a former owner of Oasis New World Rugs, and that was not part of the sale of New World Rugs. The Receiver seeks to have the Litigation Injunction lifted so that the writ of execution can be dissolved as to the safe deposit box with garnishee Chase.

22. In the case of *Complete Business Solutions, Inc. d/b/a Par Funding v. Leslie Layne, Inc. d/b/a Plant Peddler Flowers and Sandra Worley*, Docket No. 200400392, Court of Common Pleas of Philadelphia County, Pennsylvania, subsequent to the confession of judgment, a Chapter 7 bankruptcy case was filed in the United States Bankruptcy Court for the District of South Carolina as Case No. 20-02446.

23. “The Court should lift the stay if there is good reason to do so, but part of the purpose of the stay against litigation is to preserve the assets for the benefit of creditors and investors while the Receiver investigates claims; requiring the Receiver to monitor and engage in litigation early on in the receivership would deplete the assets of [the Receivership Entities].” *SEC v. Onix Capital, LLC*, Case No. 16-cv-24678, 2017 WL 6728814 (S.D. Fla. July 24, 2017) (adopted by District Court Judge Cooke, 2017 WL 6728773 and denying motion to lift stay and file bankruptcy petitions). See *SEC v. Stanford Int’l. Bank Ltd.*, 424 Fed.Appx. 338, 341-42 (S.D.N.Y. 2008), *aff’d*, 609 F.3d 87 (2d Cir. 2010) (holding that the receivership was still in its early stages and thus maintaining the stay against litigation was appropriate where Receiver had been in place for one year and was tasked with investigating the fraudulent scheme at issue); *U.S. v. Acorn Tech. Fund, L.P.*, 429 F.3d 428, 443 (3d Cir. 2005) (“[T]he purpose of imposing a stay of litigation is clear. A receiver must be given a chance to do the important job of marshaling and untangling a company's assets without being forced into court by every investor or claimant.”).

24. Lifting the stay to allow for the actions identified in this Motion to be resolved is proper as it preserves the assets in the estate, and because the writs of garnishment must be dissolved for those merchants that have satisfied the confessions of judgment, entered into new agreements, identified assets that should not be the subject of garnishment, or petitioned for bankruptcy relief. These grounds for relief have arisen following the issuance of writs from prior to the COVID-19 pandemic, but which were not served until months later by the Philadelphia Sheriff.

25. The Receiver is requesting this relief on an expedited basis, and all counsel of record have confirmed that they either do not oppose or take no position on the requested relief.

WHEREFORE, Ryan K. Stumphauzer, as Court-Appointed Receiver, by and through his undersigned counsel, respectfully requests this Honorable Court to grant the expedited motion and lift the Litigation Injunction on a limited basis for certain garnishment proceedings. A proposed order for the Court's consideration is attached as Exhibit 1.

**CERTIFICATION REGARDING PRE-FILING CONFERENCE**

The undersigned counsel has conferred with all counsel of record in this matter regarding the relief sought through this motion and certifies that all counsel of record have confirmed that their clients either do not oppose or take no position with respect to the relief sought.

Dated: August 25, 2020

Respectfully Submitted,

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*Co-Counsel for Receiver*

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on August 25, 2020, I electronically filed the foregoing document with the clerk of the Court using CM/ECF. I also certify that the foregoing document is being served this day on counsel of record via transmission of Notices of Electronic Filing generated by CM/ECF.

/s/ Timothy A. Kolaya  
TIMOTHY A. KOLAYA

**EXHIBIT 1**

**UNITED STATES DISTRICT COURT  
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SECURITIES AND EXCHANGE  
COMMISSION,

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GROUP, INC. d/b/a/ PAR FUNDING, et al.,

Defendants.

\_\_\_\_\_ /

**[PROPOSED] ORDER GRANTING THE RECEIVER’S THIRD EXPEDITED MOTION  
TO LIFT LITIGATION INJUNCTION  
AS TO CERTAIN GARNISHMENT PROCEEDINGS**

**THIS CAUSE** comes before the Court upon the Receiver’s Third Expedited Motion to lift Litigation Injunction as to Certain Garnishment Proceedings [ECF No. \_\_\_\_] (“Motion”), filed on August 25, 2020. In the Motion, the Receiver seeks to modify the Court’s Amended Order Appointing Receiver dated August 13, 2020 [ECF No. 141], so as to lift the litigation injunction provided for in that Order for certain garnishment matters currently pending in the Court of Common Pleas of Philadelphia County, Pennsylvania to be opened for the limited purpose of either: (1) vacating the current writs of garnishment because of a subsequent agreement or satisfaction of the underlying debt; or (2) vacating the current writs of garnishment because the writ of garnishment may violate an order of court or applicable state law .

The Receiver has made a sufficient and proper showing in support of the relief requested. Accordingly, it is hereby

**ORDERED AND ADJUDGED** that Receiver's Unopposed Second Expedited Motion to lift Litigation Injunction as to Certain Garnishment Proceedings [ECF No. \_\_\_\_] is **GRANTED**. The litigation injunction set forth in the Court's Amended Order Appointing Receiver dated August 13, 2020 [ECF No. 141] is hereby lifted in the following matters and solely for the purpose as described in the Motion:

1. *Complete Business Solutions, Inc. v. Fantastic Kids Corp. and Steven Reis*, Docket No. 200400157, Court of Common Pleas of Philadelphia County, Pennsylvania.
2. *Complete Business Solutions Inc. vs. Tourmappers North America LLC and Julie Paula Katz*, Docket No. 200401028, Court of Common Pleas of Philadelphia County, Pennsylvania.
3. *Complete Business Solutions v. Perfect Build Remodel & Construction, LLC, d/b/a Perfect Build Remodel & Construction d/b/a Perfect Build Remodel d/b/a PBR Construction*, Docket No. 200101509, Court of Common Pleas of Philadelphia County, Pennsylvania.
4. *Complete Business Solutions, Inc. v. Oasis New World Rugs*, Docket No. 190700105, Court of Common Pleas of Philadelphia County, Pennsylvania.
5. *Complete Business Solutions, Inc. d/b/a Par Funding v. Leslie Layne, Inc. d/b/a Plant Peddler Flowers and Sandra Worley*, Docket No. 200400392.

**DONE AND ORDERED** in Fort Lauderdale, Florida, this \_\_\_\_ day of August, 2020.

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**RODOLFO A. RUIZ II**  
**UNITED STATES DISTRICT JUDGE**

Copies to: Counsel of record