

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

**CASE NO.: 9:20-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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**DEFENDANT DEAN VAGNOZZI'S RESPONSE TO  
PLAINTIFF SECURITIES AND EXCHANGE COMMISSION'S MOTION FOR  
FULL SWORN ACCOUNTING FROM DEFENDANT DEAN VAGNOZZI**

Defendant DEAN VAGNOZZI (hereinafter "Defendant" or "Vagnozzi"), by and through his undersigned counsel, hereby responds to the SEC's Motion for Full Sworn Accounting from Defendant Dean Vagnozzi (the "Motion") [Dkt. No. 227], and respectfully states as follows:

1. Mr. Vagnozzi wishes to dispel the misimpression created from the Motion that he has not been cooperative. He in fact has been diligently providing his Accounting details to the SEC, and he voluntarily disclosed the MK Corporate Debt issue discussed in the Motion **four weeks ago**.

2. First, as the SEC notes in the Motion, no defendant has filed a full accounting with the Court. This issue is not isolated to Mr. Vagnozzi, although he is the only person to be targeted in this Motion.

3. It actually appears to us that Mr. Vagnozzi is much farther along in providing Accounting information to the SEC than the other defendants, which probably explains why this Motion was filed as to him alone at this point.

4. On the original due date under the Court's Order requiring an Accounting, Mr. Vagnozzi voluntarily reached out to the SEC to obtain an extension until August 7, 2020. He then provided the sworn Accounting (which is attached to the Motion) on that date. He needed more time and access to corporate records to answer question (a) of the accounting, which the Court has recognized in the status conference held on August 4, 2020, and otherwise.

5. In the initial Accounting provided to the SEC on August 7, 2020, Mr. Vagnozzi listed all details of his assets that he could assemble on that short notice. That list included his joint account with his wife that contains the MK Corporate Debt money discussed in the Motion. He was not able to provide the exact balance in the account at that time, because the bank froze access to that account notwithstanding the fact that this Court **never** issued an asset freeze against him.

6. On August 7, 2020, we then sent a detailed letter to the Receiver listing all of the companies associated with Mr. Vagnozzi's businesses. This list of course included MK Corporate Debt and disclosed its full bank account number. **That was four weeks ago today.** Nothing was hidden.

7. But that is not all.

8. The day before, on August 6, 2020, undersigned counsel held a phone call with the Receiver's counsel in which we explained in general terms the nature of all of the various companies, and explained that Mr. Vagnozzi had received money from PAR Funding to be used to resolve claims with certain noteholders, the balance of which we explained is now in an account that is frozen.

9. Then, in our letter of August 7, 2020, Mr. Vagnozzi even more clearly advised the Receiver about MK Corporate Debt:

Third, Exhibit B lists the MK Corporate Debt company, which is a vehicle Mr. Vagnozzi used to settle claims with ABFP Fund noteholders after PAR Funding's March 2020 default, and received money from PAR Funding to do so. I mentioned this to you in our call yesterday morning. Subject to his above general objection, Mr. Vagnozzi has no objection to adding this entity to the Receivership. Eventually there also will need to be a formal transfer or similar addition of the remaining money from this settlement fund from an account that is currently frozen, into the Receivership.

As the Court can see by this direct quote from the August 7 letter, nothing was hidden.

10. Subsequently, the Receiver reached out to undersigned counsel, on August 10, 2020, to seek permission to share the entire August 7 letter with the SEC (because the letter was provided by us as part of a Rule 408 communication). Mr. Vagnozzi immediately agreed, and presumes that was in fact done.

11. Therefore, the SEC's suggestion that the Receiver and the SEC "discovered" this MK Corporate Debt issue, and then "confronted" Mr. Vagnozzi with it, is false.

12. We are confident that the Receiver and his counsel have been working extremely hard to wrap their hands around the facts of this case, and they should rightly focus on trying to see how they can get PAR Funding up and running again.

13. However, there is no reason for the Receiver to "take credit" for now "discovering" something that Mr. Vagnozzi voluntarily disclosed four weeks ago and has discussed with the Receiver's counsel on several occasions since then. As this Court knows, we have had numerous discussions with the Receiver regarding how to address all of the various PAR and non-PAR related issues involved in separating those elements of Mr. Vagnozzi's business, including more time-sensitive matters like how to pay life insurance premiums. This MK Corporate Debt issue is just one of many such issues that we have been discussing (and is hardly time-sensitive because the money is sitting safely in a frozen bank account).

14. Other issues that similarly remain under discussion are requests to pay overdue July payroll to the ABFP employees, dividends received from a real estate investment that need to be distributed to the limited partners expecting them, and complicated joint privilege issues regarding Mr. Vagnozzi's former law firm.

15. While we believe that the motion was unnecessary because Mr. Vagnozzi has been diligently working with the SEC and Receiver to provide a sworn accounting, we are hopeful going forward that the SEC and the Receiver focus on the merits of this case, recovering monies for the benefit of the noteholders, and working cooperatively with counsel – rather than singling out defendants, such as Mr. Vagnozzi who has been cooperating.

16. With regard to remaining item no. (a) of the Accounting that he could not provide on August 7, Mr. Vagnozzi subsequently obtained access to his businesses' accounting records and provided the SEC with detailed spreadsheets showing the businesses' various sources of revenue (between PAR-related and non-PAR-related). He also provided the SEC with a highly detailed general ledger download showing details of distributions to himself from the two ABFP Receivership entities' accounting books and records (including many mundane details such as, for example, a \$2.11 purchase of coffee from Dunkin Donuts in February 2020 that was accounted for as a distribution to him).

17. Finally, yesterday, after receipt of this Motion, undersigned counsel had a productive discussion with the SEC regarding exactly what they think they still need for an Accounting. We are confident Mr. Vagnozzi should be easily able to supplement his prior accounting and swear to its veracity, which hopefully will resolve these issues. We look forward to updating the Court on this—and discussing the best path forward – next Tuesday at the upcoming September 8 status conference.

Dated: September 4, 2020

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**CERTIFICATE OF SERVICE**

I hereby certify that on the 4<sup>th</sup> day of September 2020, a true and correct copy of the foregoing brief was served via the Court's CM/ECF System upon all counsel of record.

/s/ Alejandro Paz

Alejandro Paz