

**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 UNOPPOSED EXPEDITED MOTION TO  
EXPAND SCOPE OF RECEIVERSHIP TO INCLUDE ADDITIONAL RECEIVERSHIP  
ENTITIES AND TO REQUIRE DEAN VAGNOZZI TO RETURN FUNDS**

**Basis for expedited relief:**

Pursuant to Local Rule 7.1(d), the Receiver seeks relief on an expedited basis because the “Multi-Strategy Entities” the Receiver seeks to include as additional Receivership Entities have obligations that are coming due soon with respect to the payment of premiums on life insurance policies these entities own. The Receiver seeks to have appropriate control and oversight over the payment of these premiums and believes the most prudent course for achieving this is by including those entities as additional Receivership Entities.

Ryan K. Stumphauzer, Esq., Court-Appointed Receiver (“Receiver”) of the Receivership Entities,<sup>1</sup> by and through undersigned counsel, and pursuant to L.R. 7.1(d)(2), hereby files this

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<sup>1</sup> The “Receivership Entities” are 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”); 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; RE Income Fund 2 LLC; ABFP Income Fund 3, LLC; ABFP Income Fund 4, LLC; ABFP Income Fund 6, LLC; ABFP Income Fund Parallel LLC; ABFP Income Fund 2 Parallel; ABFP Income Fund 3 Parallel; ABFP Income Fund 4 Parallel; and ABFP Income Fund 6 Parallel.

Expedited Motion to Expand Scope of Receivership to Include Additional Receivership Entities and to Require Dean Vagnozzi to Return Funds.

### **INTRODUCTION**

The Receiver seeks to expand the receivership to include additional investment funds—ABFP Multi-Strategy Investment Fund LP and ABFP Multi-Strategy Fund 2 LP (the “Multi-Strategy Entities”) as additional Receivership Entities. The Multi-Strategy Entities have investments in Par Funding, but also own certain life insurance policies for which premium payments will soon be coming due. The Receiver also seeks to include MK Corporate Debt Investment Company LLC (“MK”), a separate entity controlled by Defendant Dean Vagnozzi, as one of the Receivership Entities. MK is an entity that Mr. Vagnozzi established for the purpose of returning Par Funding money to certain of his investors in the various ABFP funds. As explained more fully below, expanding the receivership to include the Multi-Strategy Entities and MK will allow the Receiver to exercise appropriate control and oversight over these entities and protect the funds of investors in Par Funding.

The Receiver also seeks an Order requiring Mr. Vagnozzi to return \$565,000.00 in funds that he transferred from the MK bank account to a bank account he owns jointly with his wife on July 28, 2020. The \$565,000.00 are funds Par Funding advanced to Mr. Vagnozzi for the purpose of resolving claims and settling promissory notes with investors whose funds were invested in Par Funding. There was no justification for Mr. Vagnozzi transferring these funds to this joint account, and the Court should require Mr. Vagnozzi to return those funds to MK, such that the funds will be under the control and oversight of the Receiver.

Mr. Vagnozzi does not object to the relief requested in this Motion.

### **FACTUAL BACKGROUND**

1. The Court entered an Order Granting the Security and Exchange Commission's Motion for Appointment of Receiver on July 27, 2020 [ECF No. 36] ("Order Appointing Receiver"), an Order granting Security and Exchange Commission's Urgent Motion to Amend Order Appointing Receiver to Include Litigation Injunction on July 31, 2020 [ECF No. 56] ("Amended Receivership Order"), and an Amended Order Appointing Receiver dated August 13, 2020 [ECF No. 141] (the "Operative Receivership Order").

2. Through these Orders, the Court has appointed the Receiver in that role over the Receivership Entities, including several funds established by ABFP and its principal, Dean Vagnozzi. All of the ABFP funds that are currently included within the scope of the Operative Receivership Order invested in promissory notes in Par Funding.

3. Two additional ABFP funds—the Multi-Strategy Entities—similarly invested in promissory notes in Par Funding, but also invested in life insurance policies. The Multi-Strategy Entities are not currently included as Receivership Entities under the Operative Receivership Order.

4. Because the Multi-Strategy Entities invested in promissory notes in Par Funding, the Receiver believes it would be appropriate to include those entities as additional Receivership Entities. This will allow the Receiver to safeguard the assets of these Multi-Strategy Entities and continue his efforts aimed at maximizing the funds available for distribution to investors. Mr. Vagnozzi has indicated that he does not oppose the inclusion of these Multi-Strategy Entities within the scope of the receivership.

5. In addition, Mr. Vagnozzi has agreed to cooperate with the Receiver in determining which life insurance policies owned by the Multi-Strategy Entities require payment of premiums,

the due dates, and the amounts. Mr. Vagnozzi has advised the Receiver that, although payments of premiums for policies owned by the Multi-Strategy Entities will be coming due soon, none of the policies are at immediate risk of default for non-payment. Mr. Vagnozzi has agreed to cooperate with the Receiver and provide the necessary information so that the parties may bring these issues before the Court, if necessary, for resolution sufficiently in advance of any deadlines related to the payment of these premiums.

6. In addition, MK is a different entity controlled by Mr. Vagnozzi. According to information provided by Mr. Vagnozzi and documents obtained by the Receiver, MK received a total of \$4,486,286.00 from Par Funding in June 2020. Par Funding provided these funds to MK so that Mr. Vagnozzi could resolve claims and pay settlements to investors in the various ABFP entities who did not agree to the “exchange note” offering that was presented in the spring of 2020.

7. According to the bank records and accounting register for MK, between June 23, 2020, and July 24, 2020, Mr. Vagnozzi authorized several payments from the MK account to various ABFP investors, totaling approximately \$4 million.<sup>2</sup>

8. As of July 24, 2020, following these transfers, there was a remaining balance in the MK account of \$565,673.66. On July 28, 2020, Mr. Vagnozzi transferred \$565,000.00 of the remaining funds in the MK account to a personal bank account that Mr. Vagnozzi owns jointly with his wife. This transfer left a balance of \$673.66 in the MK account.

9. Given the timing of this transfer—which occurred the day after the entry of the Order Appointing Receiver and the same day the Court entered the Order Granting *Ex Parte* Motion for Temporary Restraining Order and Other Relief (the “Temporary Restraining Order”)

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<sup>2</sup> One of these investors was David Jancarski, the noteholder the Receiver discussed in his response to Defendant Dean J. Vagnozzi’s Expedited Motion to Approve Payment of Insurance Premiums (ECF No. 208).

(ECF No. 42)<sup>3</sup>—the Receiver is concerned about the fact that Mr. Vagnozzi authorized this transfer of funds MK received from Par Funding to an account Mr. Vagnozzi owns jointly with his wife.

10. Given that MK was established for the purpose of settling claims and returning funds from Par Funding to various investors of the ABFP entities that invested in Par Funding, the Receiver believes that MK should be included as one of the Receivership Entities. Mr. Vagnozzi has indicated that he agrees to the inclusion of MK within the scope of the receivership.

11. It is also the Receiver's position that the \$565,000.00 Mr. Vagnozzi transferred from the MK account to a bank account Mr. Vagnozzio owns jointly with his wife should be returned to MK and included as an asset of the Receivership Estate. Mr. Vagnozzi has indicated that he does not oppose the transfer of these funds back to MK, given that it is directly traceable to Par Funding. Thus, the funds should be transferred to the Receiver, thereby becoming assets of the Receivership Estate, for which the Receiver will have all powers and rights granted to him under the Operative Receivership Order. Additionally, by virtue of this transfer, any right Mr. Vagnozzi may have to assert any personal claim to those funds should be waived and relinquished.

## **ARGUMENT**

### **I. Legal Standard**

This Court's equitable powers are broad and, as a result, the Court has "wide discretion to determine relief in an equity receivership." *SEC v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992) (citing *SEC v. Safety Finance Service, Inc.*, 674 F.2d 368, 372 (5th Cir. 1982)). A court-appointed receiver is a well-established equitable remedy available in SEC enforcement proceedings for

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<sup>3</sup> As the Court is aware, the Securities and Exchange Commission filed this action on July 24, 2020. (ECF No. 1). The sealed Complaint was inadvertently made public for a short period of time that day, and there was later a news article posted on Bloomberg Law about the lawsuit on July 27, 2020. The case was later unsealed, with limited exceptions for exhibits containing confidential material, in an Order dated July 31, 2020. (ECF No. 54.)

injunctive relief. *See, e.g., SEC v First Financial Group of Texas*, 654 F.2d 429, 438 (5th Cir. 1981). Indeed, the appointment of a receiver is particularly appropriate in cases where a defendant, through its management, is alleged to have defrauded investors. *Id.*

## **II. The Operative Receivership Order should be expanded to include the Multi-Strategy Entities and MK.**

The Multi-Strategy Entities are comprised of investor funds that were raised by ABFP and transferred to Par Funding. They are also comprised of life insurance policies these funds have purchased through life settlements, which require periodic payments of insurance premiums to avoid a default under the policies. Because a portion of these Multi-Strategy Entities include funds relating to investments in Par Funding, it is appropriate to include these funds as additional Receivership Entities.

On the other hand, Mr. Vagnozzi established MK as a fund to be used to settle and resolve claims with investors in the various ABFP entities that invested in Par Funding. The nearly \$4.5 million that Par Funding transferred into this account were intended for payment to and settlement of claims with people who invested in Par Funding. The documents reflect, and Mr. Vagnozzi has confirmed, that Mr. Vagnozzi transferred \$565,000.00 of these funds—which were intended to be paid to investors to satisfy claims—directly to a personal bank account he owns jointly with his wife. In light of these facts, it is appropriate to include MK as one of the additional Receivership Entities

Indeed, courts expand receiverships and authorize a receiver to take possession of other entities where there is a reasonable showing that those entities received proceeds from an unlawful scheme. *See Securities and Exchange Commission v. Nadel*, No. 8:09-cv-T-26TBM, 2013 WL 2291871, at \*2 (M.D. Fla. May 24, 2013) (citing *SEC v. Lauer*, No. 03-80612-Civ., 2009 WL 812719, at \*3 (S.D. Fla. Mar. 26, 2009); *In re Fin. Federated Title & Trust, Inc.*, 347 F.3d 880

(11th Cir. 2003); *SEC v. Kirkland*, No. 606-CV183-ORL-28KR5., 2006 WL 2639522, at \* 2-3 (M.D. Fla. Sept. 13, 2006)). The Court has already determined that the SEC made a sufficient and proper showing that the enumerated Receivership Entities have violated securities laws, and that there is a reasonable likelihood the Defendants will harm the investing public by continuing to violate the federal securities laws unless they are immediately restrained. (TRO Order, at p. 2; Receivership Order, at p. 2). As a result of these findings, the Court agreed to establish the receivership in this case. Given that the Multi-Strategy Funds and MK are entities comprised of funds that are directly traceable to Par Funding, the Court should expand the scope of the Operative Receivership Order to allow the Receiver to exercise his receivership powers over these entities.

**III. Mr. Vagnozzi should return the \$565,000.00 and the \$60,000.00 he transferred to himself so that the funds are under the Receiver's control.**

On July 28, 2020, after the Court entered the Order Appointing Receiver and the same day the Court entered the Temporary Restraining Order, Mr. Vagnozzi transferred \$565,000.00 of MK's funds to a personal bank account Mr. Vagnozzi owns jointly with his wife. Assuming the Court agrees with the Receiver's unopposed request to include MK as one of the Receivership Entities, the \$565,000.00 should be returned to MK and treated as an asset of the Receivership Estate. Indeed, according to Mr. Vagnozzi himself, Par Funding provided these funds for the purpose of resolving claims and settling with investors who purchased notes in Par Funding and, thus, the funds are directly traceable to Par Funding.

Upon the return of these funds to MK, they will be under the control of the Receiver, who will safeguard and use these funds for the benefit of the Receivership Estate, and with the goal of maximizing assets available for distribution to investors. Additionally, by virtue of the return of these funds, any right Mr. Vagnozzi may have to assert any personal claim to those funds should be waived and relinquished.

A proposed Order granting this Motion is attached as Exhibit 1. Counsel for Mr. Vagnozzi has reviewed the proposed Order and does not object to its entry.

### **CONCLUSION**

WHEREFORE, Ryan K. Stumphauzer, as Court-Appointed Receiver, by and through his undersigned counsel, respectfully requests the Court enter an Order: (1) expanding the Operative Receivership Order to include the Multi-Strategy Funds and MK as part of the Receivership Entities; (2) directing Dean Vagnozzi to transfer \$565,000.00 from the personal account he owns jointly with his wife to an account designated by the Receiver for the benefit of MK and the Receivership Estate; and (3) granting such other and further relief as the Court deems just and proper.

### **CERTIFICATION REGARDING PRE-FILING CONFERENCE**

Pursuant to Local Rule 7.1(a)(3), undersigned counsel for the Receiver certifies that he has conferred with counsel for Mr. Vagnozzi regarding the relief sought in this motion. Mr. Vagnozzi advises that he does not object to the relief requested in this Motion, expressly notes that the MK Corporate Debt money is directly traceable to PAR Funding and believes it should be transferred to the Receiver for that reason, and he expressly reserves all arguments regarding any other monies or assets in his possession or control. The SEC has confirmed that it agrees with the relief requested herein.



Dated: September 4, 2020

Respectfully Submitted,

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*Co-Counsel for Receiver*

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on September 4, 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  
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.

\_\_\_\_\_ /

**[PROPOSED] ORDER GRANTING THE RECEIVER’S EXPEDITED MOTION TO  
EXPAND SCOPE OF RECEIVERSHIP TO INCLUDE ADDITIONAL RECEIVERSHIP  
ENTITIES AND TO REQUIRE DEAN VAGNOZZI TO RETURN FUNDS**

**THIS CAUSE** comes before the Court upon the Receiver’s Expedited Motion to Expand Scope of Receivership to Include Additional Receivership Entities and to Require Dean Vagnozzi to Return Funds [ECF No. \_\_\_\_] (“Motion”), filed on September 4, 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 include ABFP Multi-Strategy Investment Fund LP; ABFP Multi-Strategy Fund 2 LP; and MK Corporate Debt Investment Company LLC (“MK”) as Receivership Entities. The Receiver also seeks an Order requiring Defendant Dean Vagnozzi to return to MK funds in the amount of \$565,000.00 that are currently being held in a personal account that Dean Vagnozzi jointly owns with his wife. Mr. Vagnozzi does not oppose the relief the Receiver has requested in this Motion.

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

**ORDERED AND ADJUDGED** that the Receiver's Expedited Motion to Expand Scope of Receivership to Include Additional Receivership Entities and to Require Dean Vagnozzi to Return Funds [ECF No. \_\_\_\_] is **GRANTED**.

1. The scope of the receivership created in this case is expanded to include ABFP Multi-Strategy Investment Fund LP; ABFP Multi-Strategy Fund 2 LP; and MK Corporate Debt Investment Company LLC. These entities are now specifically included within the list of "Receivership Entities," as provided for in the Court's previous Orders appointing Ryan K. Stumphauzer as the Receiver in this case (ECF Nos. 36, 56, 141). The Court finds that based on the Securities and Exchange Commission's previous filings and the information the Receiver has supplied in the Motion, the same findings and conclusions that led the Court to include the other ABFP Entities<sup>1</sup> as Receivership Entities apply equally to ABFP Multi-Strategy Investment Fund LP; ABFP Multi-Strategy Fund 2 LP; and MK Corporate Debt Investment Company LLC.

2. Ryan K. Stumphauzer is appointed as Receiver of ABFP Multi-Strategy Investment Fund LP; ABFP Multi-Strategy Fund 2 LP; and MK Corporate Debt Investment Company LLC, and all of the "Receivership Assets" of those entities, as that term is defined in the Amended Order Appointing Receiver (the "Receivership Order") (ECF No. 141). The Receivership Order shall apply with equal force and effect to ABFP Multi-Strategy Investment Fund LP; ABFP Multi-Strategy Fund 2 LP; and MK Corporate Debt Investment Company LLC as it applies to the other

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<sup>1</sup> The other ABFP Entities include ABetterFinancialPlan.com LLC d/b/a A Better Financial Plan ("ABFP"); ABFP Management Company, LLC f/k/a Pillar Life Settlement Management Company, LLC; ABFP Income Fund, LLC; ABFP Income Fund 2, L.P.; ABFP Income Fund 3, LLC; ABFP Income Fund 4, LLC; ABFP Income Fund 6, LLC; ABFP Income Fund Parallel LLC; ABFP Income Fund 2 Parallel; ABFP Income Fund 3 Parallel; ABFP Income Fund 4 Parallel; and ABFP Income Fund 6 Parallel.

Receivership Entities. The terms and provisions of the Operative Receivership Order are incorporated by reference herein.

3. Defendant Dean Vagnozzi shall transfer to the Receiver funds in the amount of \$565,000.00, which represent the amount Mr. Vagnozzi transferred on or about July 28, 2020, from the account of MK Corporate Debt Investment Company LLC to a personal account owned jointly by Mr. Vagnozzi and his wife. Specifically, within four (4) business days from the date of this Order, Mr. Vagnozzi shall either:

a. transfer the aforementioned funds to a bank account designated by the Receiver, provided Mr. Vagnozzi has sufficient funds to make this transfer that are not frozen; or

b. provide a copy of this Order to a financial institution at which Mr. Vagnozzi has sufficient funds to make this transfer, provided the funds necessary to make this transfer are frozen, together with written instructions for the financial institution to deliver the funds to the Receiver. Any financial institution receiving a copy of this Order that has funds that are frozen in an account belonging to Mr. Vagnozzi (either individually or as a co-owner) shall unfreeze amounts sufficient to satisfy the transfer provided for in this Order, and shall deliver those funds, either through wire transfer to an account designated by the Receiver, or by mailing a cashier's check made payable to MK Corporate Debt Investment Company LLC, Ryan K. Stumphauzer, Receiver, and delivering the check to: Ryan K. Stumphauzer, Receiver, c/o Stumphauzer Foslid Sloman Ross & Kolaya, PLLC, Two South Biscayne Boulevard, Suite 1600, Miami, Florida 33131.

4. Upon the transfer of the funds as required hereunder, the funds will become an asset of the Receivership Estate, for which the Receiver will have all powers and rights granted to

him under the Receivership Order, and Mr. Vagnozzi will be deemed to have waived and relinquished the right to assert any personal claim to these funds.

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

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

Copies to: Counsel of record