

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

CASE NO. 20-CIV-81205-RAR

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

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

Defendants.

STATUS REPORT BY FOX ROTHSCHILD LLP RE PENDING LITIGATION

Fox Rothschild LLP (“Fox”), by its undersigned counsel, provides this brief Status Report to the Court regarding its desire to be engaged by the Receiver or permitted to withdraw as counsel in pending litigation and states the following.

1. On August 20, 2020, Fox provided a Status Report to the Court explaining its pre-receivership services as counsel for Complete Business Solutions Group, Inc. d/b/a Par Funding and certain affiliated entities (collectively, “CBSG”). D.E. #178. In that prior Status Report, Fox reported on certain issues concerning documents and expressed its request either to be retained by the Receiver, to continue some or all of its pre-receivership litigation work, or to be allowed to withdraw as counsel in the pending cases.

2. At the Status Conference on August 21, 2020, Fox advised the Court of the problems it was facing by not being able to take any action on behalf of CBSG in the many cases in which Fox is counsel of record while at the same time facing demands and complaints by opposing parties and their counsel. Fox also expressed a concern about injury to its reputation. Fox expressed a willingness to continue as counsel and urged that the Receiver make a prompt

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decision concerning Fox's continuing role. The Court expressed its understanding of the dilemma faced by Fox.

3. More than two weeks now have passed, and Fox remains in the precarious position of being counsel of record in numerous state and federal cases while having no ability to take any action in those cases on behalf of the Receiver who stands in the shoes of CBSG. Fox continues to receive demands, notices and complaints from opposing parties and their counsel. It is time for the Receiver to make a decision. Fox is willing to serve as counsel or co-counsel. It is willing to serve for an interim period or for an indefinite period. But, a decision must be made.

4. To be clear, Fox and the Receiver have been cooperating on a number of fronts and have engaged in constructive dialog regarding documents and other matters. Several helpful conferences have taken place. Also, the Receiver's counsel jumped in expeditiously to resolve some imminent issues concerning garnishments and a request for sanctions against Fox for violating the automatic stay. Those very effective efforts by the Receiver and his counsel are greatly appreciated. Fox also understands that the Receiver and his counsel are facing myriad exigent matters and urgent issues. Fox is not casting blame on anyone or criticizing anyone. At the same time, Fox needs an immediate decision on this matter.

5. Before the commencement of the receivership, Fox was pursuing valid claims in various courts to collect monies due to CBSG. Its efforts were producing positive results. In addition, Fox was defending CBSG in cases filed by merchants. Fox appeared as counsel in numerous confession of judgment cases in Pennsylvania. Fox also appeared in numerous other federal and state cases and bankruptcy cases and in arbitration matters. These matters are pending in numerous jurisdictions.

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6. In addition to its concern about potential reputational damage, Fox also is concerned about complying with its ethical and professional obligations. Further, although recent effective actions by the Receiver have resolved several emergencies, Fox remains concerned about the possibility that claims may be asserted against it by opposing parties for not timely responding to urgent problems. Fox also is concerned that court deadlines may be missed, a result that, even if later cured, may lead to additional work, expense and complications.

7. Though the Receiver has appeared in, and filed requests for stay in, cases in the Court of Common Pleas for Philadelphia County and the U.S. District Court for the Eastern District of Pennsylvania, Fox is uncertain as to whether the Receiver has taken those actions in courts in other jurisdictions. Thus, it is possible that some courts and parties remain unaware of this proceeding and the litigation stay imposed by this Court. Even if the Receiver has appeared in a case through other counsel, Fox still needs to withdraw in order to be relieved of continuing duties and the continuing need to respond to inquiries and complaints.

8. While Fox understands that the Receiver and his counsel have been working extraordinarily hard on a variety of pressing matters, this matter needs to be resolved, one way or another, immediately. Once again, Fox is ready, willing and able to assist the Receiver as counsel. Fox is amenable to discussing a reasonable arrangement for its retention. But, if the Receiver does not wish Fox to continue in a litigation counsel role, then the Receiver's counsel should substitute immediately for Fox in all of the cases or agree that Fox may file motions to withdraw as counsel. Fox, of course, will cooperate fully with the Receiver in effectuating a smooth transition.¹

Dated: September 7, 2020

¹ In the event that the transition work involves substantial attorney time, Fox believes that it should be compensated fairly for its labor.

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Respectfully submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, on September 7, 2020, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system which will send a notice of electronic filing to all counsel of record.

/s/ Peter H. Levitt

Peter H. Levitt