

**IN THE 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.

**RECEIVER RYAN K. STUMPHAUZER'S NOTICE OF FILING
REPORT ON OPERATIONS IN CONNECTION WITH STATUS
CONFERENCE TO BE CONDUCTED ON SEPTEMBER 8, 2020**

Ryan K. Stumphauzer, Esq., Court-Appointed Receiver (“Receiver”) of the Receivership Entities,¹ by and through undersigned counsel, provides notice of filing a report from its consultant, Development Specialists, Inc., on operations of the Receivership Entities, a copy of which is attached as Exhibit 1, in connection with the status conference scheduled for today, September 8, 2020. *See* Paperless Orders dated September 1, 2020 (ECF No. 216) and September 2, 2020 (ECF No. 228).

¹ The “Receivership Entities” are Complete Business Solutions Group, Inc. d/b/a Par Funding (“Par Funding”); Full Spectrum Processing, Inc. (“Full Spectrum”); 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; 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.

Dated: September 8, 2020

Respectfully Submitted,

**STUMPHAUZER FOSLID SLOMAN
ROSS & KOLAYA, PLLC**
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Co-Counsel for Receiver

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on September 8, 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



VIA EMAIL (rstumphauzer@sflslaw.com)

September 8, 2020

Mr. Ryan Stumphauzer
Receiver
c/o Stumphauzer, Foslid, Sloman, Ross & Kolaya PLLC
2 South Biscayne Boulevard
Suite 1600
Miami, Florida 33131

Dear Ryan:

I would like to update you on the operations of Complete Business Solutions Group, Inc. ("CBSG"), Full Spectrum Processing, Inc. ("FSP") and other Receivership Entities since our report to you dated August 31, 2020.

CBSG/FSP OPERATIONS

Accounting

We have rehired five accounting staff members who are responsible for general accounting, accounts receivable reporting and reconciliation, accounts payable, payroll, intercompany analysis and billing and taxes, among other activities.

Along with the help of the accounting team, we are working on the reconciliation of the pre and post-Receivership accounts payable. As previously reported, much of the operating expenses were automatically charged CBSG's and FSP's American Express card. This process cannot continue and we are working with vendors and creditors to reconcile the accounts and bring the payments up-to-date. Thus far, we have identified the following additional creditors whose accounts are being reconciled:

- ConvergeHub
- Elliott Davis/Right Networks (IT services)
- Five Components (MCA Suite)
- Key Business Solutions (equipment lease)
- Ring Central (telephone)
- Various utility companies

We continue to work with vendors and will update you on our findings.

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We have also restarted the payroll and have processed the first payroll for the returning employees. While this was a manual procedure, we believe that all returning employees will have the direct deposit completed by close of business on September 8, 2020. Going forward, the process will be much more seamless. Included with our work on payroll, we have identified the payroll amounts for the period between the last payroll issued prior to the cessation of business and August 13, 2020, the effective date of the Receivership. We understand that you are looking into employment law issues under Pennsylvania law and other considerations regarding the payment of this outstanding payroll.

We have worked to re-establish employee benefits and to terminate the retirement plan.

We expect to have an analysis of charges to other firms for which FSP ran the back office processing. As previously reported, there were a number of charges to these companies. We intend on updating the detail for the work done since the last billings and submit the charges to the companies. This includes, among others,

- Metro Physical Therapy
- Vision Solar
- Solar Xchange
- Capital Source 2000
- Fast Advance Funding
- CFS

We have also discussed the status of the tax returns with the accounting staff. We understand that the taxes are under extension. We expect to have an update this week and will report back to you.

As reported to you, the bank reconciliations for 2019 are not completely done and 2020 has not yet started. The accounting group will begin this process to get all of the bank reconciliations done in order to obtain accurate reporting.

MCA Portfolio, Accounts Receivable and Collections

We have been in constant contact with Actum Processing. Actum has agreed to continue to work with us to process the ACH and debit transactions. We are updating the schedule of transactions. Most daily ACH transactions have been ongoing. We will begin to schedule the weekly, bi-monthly and monthly transactions, pursuant to the MCA agreements, this week and commence collections of the outstanding balances.

We have updated all merchants' balances and these balances are reflected in MCA Suite, the system which allows merchants to view their balances.

We have been in initial contact with several merchants wishing to settle their accounts and are working with Receiver's counsel to identify various legal matters concerning collections.

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We are also reconciling the accounts with the prior collections firms used by CBSG including Stone Harbor and Federal Recovery Operations. As previous reported, Stone Harbor owes at least \$36,000 to CBSG.

We are bringing back collections staff beginning today, September 8, 2020. Three additional employees will restart.

We intend on having four to five additional collectors back to work by the end of the week. Each collector will be responsible for handling about 300 accounts of varying degrees of collectability. We will advise you of the progress during the week.

We have examined the MCA portfolio. As you will recall, we reported that the gross balance of the MCA portfolio is \$420,000,000 which includes the balance below for the top ten merchant groups. We identified the top ten merchants groups as follows:

Merchant Group	Approx. Balance
B&T Supply Inc.	\$91,344,000
National Brokers of America	35,294,000
Colorado Homes LLC	25,489,000
Kingdom Logistics	24,964,000
Big Red Express	18,952,000
Dual Diagnostics	8,893,000
JRC Painting	6,757,000
Health Acquisition Company	6,082,000
D19 Liquor	5,573,000
CKD Enterprises	5,443,000
Total	\$228,791,000

As you can see, approximately 54% of the gross MCA portfolio balanced is comprised of the top ten merchant groups.

Information Technology (“IT”)

During the past weeks, IT personnel has reconnected the servers taken by the FBI. In addition, we have backed-up the various systems. We have also ensured that accounts of terminated employees are inaccessible, restored accounts for returning employees, reestablished communications with IT service providers and is working with the accounting group to reconcile the amounts owed to the various service providers.

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Other

We are in the process of relocating from the Arch Street office to the 3rd Street office in order to have all staff working from the same location and reducing rent expense to the Receivership.

OTHER RECEIVERSHIP MATTERS

During the past week, we have identified additional assets belonging to the Receivership Entities. These assets include:

- Cash at Collections Firms – As noted above, we believe that there is significant cash being held by collections firms previously used by CBSG. We will reconcile the accounts and advise you of the balance. The accounting staff believes that the balance is approximately \$100,000.
- As you are aware, we are expecting \$565,000 from either Mr. Vagnozzi or his bank, Citizens Bank, pursuant to the order expanding the receivership.

We have opened a number of Receiver bank accounts at City National Bank in Miami, Florida in order to take possession of receivership funds. This includes accounts for CBSG, FSP, Fidelis and ABFP. One of the two CBSG accounts will be for collections and receive funds from Actum Processing.

We continue to work with the various banks of the Receivership Entities. Following is an update of the status:

- Atlantic Capital Bank (“ACB”) – We advised ACB of the receivership. We have not heard back to our note and are researching additional contacts for this bank. According to the SEC report, there are no frozen accounts and, therefore, we do not expect to have any recovery.
- Atlantic Community Bankers Bank (“ACBB”) – We advised ACBB of the receivership. We have not heard back to our note and are researching additional contacts for this bank. According to the SEC report, there are no frozen accounts and, therefore, we do not expect to have any recovery.
- The Bancorp Bank (“BB”) – We advised BB of the receivership. We have not heard back to our note and are researching additional contacts for this bank. According to the SEC report, there are no frozen accounts and, therefore, we do not expect to have any recovery.
- Bryn Mawr Trust Company (“BMTC”) – We advised BMTC of the receivership. We have not heard back from BMTC and are researching additional contacts for this bank. According to the SEC report, there are no frozen accounts and, therefore, we do not expect to have any recovery.

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- CamaPlan – We advised CamaPlan of the receivership. Counsel has approved us to speak with CamaPlan. According to the SEC report, there are no frozen accounts and, therefore, we do not expect to have any recovery.
- Charles Schwab & Co., Inc. (“Schwab”) – We advised Schwab of the receivership. Schwab has advised us that there are no accounts for the Receivership Entities.
- Chase Bank (“Chase”) – Chase had previously advised you that all accounts were closed. They transferred \$322,914.91 to the Receivership and the amount was deposited into a receivership account.
- Citizens Bank (“Citizens”) – We have had a number of conversations and e-mails with Citizens. We have formally requested the return of the funds held there for the following entities and Citizens is transferring the money today.
 - Full Spectrum Processing - #X3282, approximately \$21,815.
 - Full Spectrum Processing - #X3290, approximately \$10,135
 - Abetterfinancialplan.com, LLC - #X9567, approximately \$41,211
 - ABFP Management Company - #X9575, – approximately \$208,528
 - ABFP Income Fund - #X9737, approximately \$397
 - ABFP Income Fund 2- #X9745, approximately \$7,885
 - ABFP Multi-Strategy Investment Fund LP¹ – #9702, approximately \$668,000
 - ABFP Multi-Strategy Fund 2 LP² – #9729, approximately \$839,000
 - MK Corporate Debt Investment Company LLC³ – #0298, approximately \$700⁴
- Comerica Bank (“Comerica”) – We advised Comerica of the receivership. We have not heard back from Comerica and are researching additional contacts for this bank. According to the SEC report, there are no frozen accounts and, therefore, we do not expect to have any recovery.
- Empire State Bank (“Empire”) – We have corresponded several times with Empire and are waiting for them to close out the accounts. We have impressed upon Empire that they have not closed the accounts and transferred the funds to a Receiver account in violation of the Amended Order. We will advise you if we need legal counsel to intervene.
- ENT Credit Union (“ENT”) – We have advised ENT of the receivership. ENT has advised us that they do not have any accounts for the Receivership Entities.
- Fedchex - We advised Fedchex of the receivership. We have not heard back from Fedchex and have reached out to the contact there again. We will advise you if we need legal counsel to intervene.
- First Bank of New Jersey (“FBNJ”) – We have advised FBNJ of the receivership and have now followed up with the contact two additional times. While we received an automated out-of-office message from the contact, the dates were from May and June. We believe that this to be an error and hopeful that we will hear from FBNJ this week. We will advise you if we need legal counsel to intervene.

¹ Entity included in the 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 (DE #238).

² Ibid

³ Ibid

⁴ Balance excludes the \$565,000 moved out of the account and as noted in DE #238.

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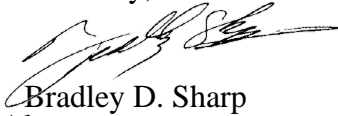
- Glacier Bank (“Glacier”) – We have advised Glacier of the receivership. I have been notified that Glacier is having their legal department review the data. Unfortunately, Glacier will not accept e-mails for these matters. We will be in contact with Glacier this week and provide an update.
- Kotapay – We have advised Kotapay of the receivership. Kotapay has advised us that all accounts were closed on April 30, 2020 and funds transferred in early May 2020.
- Liberty Bank (“Liberty”) – We advised Liberty of the receivership. We have not heard back from Liberty to our original request and have sent an additional e-mail. According to the SEC report, there are no frozen accounts and, therefore, we do not expect to have any recovery.
- Meridian Bank (“Meridian”) – We advised Meridian of the receivership. Meridian has advised us that they do not have any accounts for the Receivership Entities.
- NuView Trust Company (“NuView”) – We advised NuView of the receivership. NuView has asked for clarification of the Receivership Entities to which we provided the information. We are waiting for further response from NuView. However, according to the SEC report, no accounts were frozen and we do not expect a recovery.
- PNC Bank (“PNC”) – We have advised PNC of the receivership. We have not heard back from PNC to our original request and have sent an additional e-mail. According to the SEC report, there are no frozen accounts and, therefore, we do not expect to have any recovery.
- Priority Payment Systems (“Priority”) – We have advised Priority of the receivership and are waiting a reply.
- Republic Bank (“Republic”) – We have advised Republic of the receivership. We have not heard back from Republic to our original request and have sent an additional e-mail. According to the SEC report, there are no frozen accounts and, therefore, we do not expect to have any recovery.
- Santander Bank (“Santander”) – We have advised Santander of the receivership. We have not heard back from Santander to our original request and have sent an additional e-mail. According to the SEC report, there are no frozen accounts and, therefore, we do not expect to have any recovery.
- Synovus Bank (“Synovus”) – Synovus has liquidated the accounts and transferred the funds to the Receiver account as previously reported.
- TD Bank/TD Ameritrade (“TD”) – We have advised TD of the receivership. TD has responded that there is an investment account holding 63,508 shares of FS KKR Capital Corp common stock at an approximate value of \$1,017,000. We are deciding whether to take over the account or to liquidate the stock and transfer the cash to a Receiver account.
- Victory Bank (“Victory”) – Victory is prepared to send all funds on account to the Receiver, approximately \$8,000, pending the opening of the Receiver account pursuant to the Amended Order. We are waiting on City National Bank to approve the account opening.

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- Wells Fargo Bank (“WF”) – We had numerous correspondence with WF. We have been informed that WF has sent a certified check for \$1.2 million to our office in Fort Lauderdale for delivery on September 8th.

Ryan, we will provide you with further updates to the operations, assets and creditors as needed.

Sincerely,



Bradley D. Sharp
President & CEO

Copy to: Mr. Gaetan J. Alfano (GJA@Pietragallo.com)
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