

**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’S UNOPPOSED MOTION TO LIFT LITIGATION INJUNCTION
TO PERMIT THE RECEIVER TO VOLUNTARILY RELEASE PAR
FUNDING’S SUBORDINATE SECURITY INTEREST ALLOWING FOR
SALE OF 12405 EAST BRANDT ROAD, LOCKEFORD, CALIFORNIA**

Ryan K. Stumphauzer, Esq., Court-Appointed Receiver (“Receiver”) of the Receivership Entities,¹ by and through undersigned counsel, hereby files this Unopposed Motion to Lift Litigation Injunction to Permit the Receiver to Voluntarily Release Par Funding’s Subordinate Security Interest Allowing for the Sale of 12405 East Brandt Road, Lockeford, California (the “Motion”) and states as follows:

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; ABFP Multi-Strategy Investment Fund LP; ABFP Multi-Strategy Fund 2 LP; and MK Corporate Debt Investment Company LLC.

BACKGROUND

1. Between 2018 and September 24, 2019, there were 13 separate financial transactions between Par Funding and Woodside Investments Inc., a California Corporation (“Woodside”).

2. Many of the transactions between Par Funding and Woodside were agreements titled “Agreement for the Purchase and Sale of Future Receivable” (the “Purchase Agreements”).

3. The Purchase Agreements included the personal guarantees of both Dennis Wood and Susan Wood.

4. The Purchase Agreements included a Security Agreement granting Par Funding a security interest in “all accounts, chattel, paper, documents, equipment, general intangibles, receivables not previously sold by Merchant Seller to Purchaser, instruments, royalties, and inventory.”

5. On January 22, 2019, Par Funding recorded a Security Agreement, granting a mortgage on 12405 East Brandt Road, Lockeford, California (the “Brandt Road Property”).

6. Prior to the filing of the Security Agreement, the Brandt Road Property was security for two other liens. The first lien is held by Exchange Bank, and the second lien is held by Capital Access.

7. Prior to the filing of the Security Agreement, the Brandt Road Property was subject to real property tax arrears claims.

8. Par Funding’s lien on the Brandt Road Property is subordinate to priority liens in favor of Exchange Bank and Capital Access, as well as the property tax claim.

9. The total amount due and owing by Woodside to Exchange Bank is \$1,038,615, inclusive of principal, accrued interest, fees, and costs.

10. The total amount due and owing by Woodside to Capital Access is \$692,000, inclusive of principal, accrued interest, fees, and costs.

11. The Brandt Road Property is also subject to \$38,000 in unpaid real estate tax obligations.

12. On December 6, 2019, Par Funding obtained a confessed judgment against Woodside, Dennis Wood, and Susan Wood in the amount of \$3,811,097.89 in the Court of Common Pleas of Philadelphia County, Pennsylvania.

13. On December 11, 2019, Woodside, S&W Steel Fabricators, Inc., an affiliated company, Dennis Wood, and Susan Wood filed a Complaint against Par Funding, Joseph LaForte, and Fast Advance Funding, Inc. which is now pending in the United States District Court for the Eastern District of Pennsylvania at 2:20-cv-02131-JCJ, asserting claims for (a) rescission of contract; (b) RICO violations; (c) violations of UCC Section 2-302; (d) violations of California Financing Law Division 9.5; (e) violations of Business and Professions Code § 17200 et seq.; (f) fraud and misrepresentation; (g) breach of the covenant of good faith and fair dealing; (h) unjust enrichment; and (i) declaratory relief.

14. Dennis and Susan Wood filed a Chapter 7 Bankruptcy Petition on February 24, 2020.

15. The Brandt Road Property is titled to Woodside, which in turn is primarily owned by the Dennis Wood ROBS 401(k) retirement plan. Woodside and the Dennis Wood ROBS 401(k) retirement plan share the same Income Tax ID Number.

PROPOSED RELEASE OF LIEN

16. Exchange Bank and Woodside have proposed to the Receiver a sale of the Brandt Road Property.

17. Woodside has an opportunity to sell the Brandt Road Property for \$3,750,000.

18. If the Brandt Road Property is sold for \$3,750,000, after satisfaction of the priority liens, real property tax and utility obligations, a 5% commission on the purchase price, and customary escrow and title expenses, as much as \$1.8 million may remain to potentially satisfy any obligations owed to Par Funding after a determination of the claims between Par Funding and Woodside.

19. Exchange Bank has requested that Par Funding voluntarily release its subordinate security interest in the Brandt Road Property so that the property may be sold.

20. In return for Par Funding's voluntary release of its lien in the Brandt Road Property, Exchange Bank has agreed that, following the sale, it will place in escrow any and all proceeds above: (1) what is owed to Exchange Bank and Credit Access; (2) those owed for past due and accrued property taxes and past due utilities; and (3) those paid for commission and customary escrow and title expenses associated with the sale of the Brandt Road Property.

21. The proposal set forth by Exchange Bank is in the best interest of the Receivership Estate.

22. Specifically, the proposal set forth by Exchange Bank protects Par Funding's legal right to recover the funds above those necessary to satisfy the priority claims of Exchange Bank and Credit Access, as well as the taxing authorities. Exchange Bank will agree to place the excess funds in an escrow account without further action of the Receiver.

23. In sum, the proposal set forth by Exchange Bank protects Par Funding's right to distribution as a subordinate lienholder, while increasing the probability of a sales price high enough to allow Par Funding to receive a distribution.

24. "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.").

25. Lifting the stay to allow for the action identified in this Motion is proper as it presents the greatest opportunity for the Receivership Estate to capture value in the Brandt Road Property from the subordinate liens and to potentially bring assets into the Receivership Estate.

WHEREFORE, Ryan K. Stumphauzer, as Court-Appointed Receiver, by and through his undersigned counsel, respectfully requests this Honorable Court to grant the motion and lift the Litigation Injunction on a limited basis permit to Permit the Receiver, in his discretion, to take steps necessary to voluntarily release Par Funding's subordinate security interest allowing for the

sale of 12405 East Brandt Road, Lockeford, California. 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 for the Defendants have confirmed that their clients either do not oppose or take no position with respect to the relief sought. The SEC does not object to the Receiver's request to lift the Litigation Injunction. The SEC's position was not sought on the underlying litigation matter and the SEC provides no position on the underlying litigation matter.

Dated: October 14, 2020

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on October 14, 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
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v.

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

Defendants.

_____ /

**[PROPOSED] ORDER GRANTING THE RECEIVER’S UNOPPOSED MOTION TO
LIFT LITIGATION INJUNCTION TO PERMIT THE RECEIVER TO VOLUNTARILY
RELEASE PAR FUNDING’S SUBORDINATE SECURITY INTEREST ALLOWING
FOR SALE OF 12405 EAST BRANDT ROAD, LOCKEFORD, CALIFORNIA**

THIS CAUSE comes before the Court upon the Receiver’s Unopposed Motion to Authorize Receiver to Permit the Receiver to Voluntarily Release Par Funding’s Subordinate Security Interest Allowing for the Sale of 12405 East Brandt Road, Lockeford, California [ECF No. ____] (“Motion”), filed on October 14, 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 to permit the Receiver, in his discretion, to take steps necessary to voluntarily release Par Funding’s subordinate security interest allowing for the sale of 12405 East Brandt Road, Lockeford, California.

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 Motion to Authorize Receiver to Permit the Receiver to Voluntarily Release Par Funding’s Subordinate Security Interest Allowing for the

Sale of 12405 East Brandt Road, Lockeford, California [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 to Authorize the Receiver, in his discretion, to take steps necessary to voluntarily release Par Funding's subordinate security interest allowing for the sale of 12405 East Brandt Road, Lockeford, California.

IT IS FURTHER ORDERED AND ADJUDGED, on the close of escrow, the net proceeds of sale remaining after liens, encumbrances, and cost of sale, as authorized above, have been paid, shall be placed into an interest bearing segregated account to be held jointly in the names of Ryan K. Stumphauzer, as Receiver and The Dennis Wood ROBS 401(k) retirement plan, at an authorized facility. The net proceeds may be released only on further order of this Court or by a mutual written agreement, signed by Ryan K. Stumphauzer, as Receiver and Dennis Wood as the administrator of the Dennis Wood ROBS 401(k) retirement plan.

DONE AND ORDERED in Fort Lauderdale, Florida, this ____ day of October, 2020.

RODOLFO A. RUIZ II
UNITED STATES DISTRICT JUDGE

Copies to: Counsel of record