

**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 REPLY IN FURTHER SUPPORT
OF MOTION TO EXPAND THE RECEIVERSHIP ESTATE TO INCLUDE
A PORSCHE TURBO 911 AND TWO PATEK PHILIPPE WATCHES**

Ryan K. Stumphauzer, Esq., Court-Appointed Receiver (“Receiver”) of the Receivership Entities,¹ by and through his undersigned counsel, hereby files this Reply in Further Support of

¹ 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 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; MK Corporate Debt Investment Company LLC; Capital Source 2000, Inc.; Fast Advance Funding LLC; Beta Abigail, LLC; New Field Ventures, LLC; Heritage Business Consulting, Inc.; Eagle Six Consultants, Inc.; 20 N. 3rd St. Ltd.; 118 Olive PA LLC; 135-137 N. 3rd St. LLC; 205 B Arch St Management LLC; 242 S. 21st St. LLC; 300 Market St. LLC; 627-629 E. Girard LLC; 715 Sansom St. LLC; 803 S. 4th St. LLC; 861 N. 3rd St. LLC; 915-917 S. 11th LLC; 1250 N. 25th St. LLC; 1427 Melon St. LLC; 1530 Christian St. LLC; 1635 East Passyunk LLC; 1932 Spruce St. LLC; 4633 Walnut St. LLC; 1223 N. 25th St. LLC; 500 Fairmount Avenue, LLC; Liberty Eighth Avenue LLC; Blue Valley Holdings, LLC; LWP North LLC; The LME 2017 Family Trust; Recruiting and Marketing Resources, Inc.; Contract Financing Solutions, Inc.; Stone Harbor Processing LLC; and LM Property Management LLC, and the receivership also includes the properties located at 568 Ferndale Lane, Haverford PA 19041; 105 Rebecca Court, Paupack, PA 18451; 107 Quayside Dr., Jupiter FL 33477; and 2413 Roma Drive, Philadelphia, PA 19145.

his Motion to Expand the Receivership Estate to Include a Porsche Turbo 911 and Two Patek Philippe Watches [ECF No. 634] (the “Motion to Expand”), and states as follows:

I. The Receivership Order provides the Receiver with the right to sell the Porsche and Watches.

In his Response to the Motion [ECF No. 640], Defendant Joseph LaForte suggests that the Court should not authorize the expansion of the receivership over the Porsche and the watches that are the subject of the Motion to Expand, because the Receiver is likely to liquidate those assets, contrary to the terms of the Receivership Order. As explained in detail in the Receiver’s Response to LaForte’s Motion to Prevent Receiver from Selling Vehicles and Watercraft, the Receiver unquestionably has the authority to sell all Receivership Property, other than real estate, in the ordinary course of his administration of the Receivership Estate, without further Order of this Court. [ECF No. 647, pp. 2-5]. For the purpose of brevity and efficiency, the Receiver will not repeat those arguments, but incorporates them by reference as if fully set forth herein.

II. The real estate and other assets McElhone and LaForte purchased with commingled investor funds are valuable and their inclusion as part of the Receivership Estate are a substantial benefit to the receivership.

Although LaForte criticizes the Receiver for spending time and resources in recovering the real estate and other personal assets that LaForte and McElhone purchased with the money they took out of Par Funding, these are significant assets that are of substantial value to the Receivership Estate. The real estate alone is worth in excess of \$50 million. The additional assets that are the subject of this Motion—a Porsche that McElhone purchased for \$234,760.40, and two watches that LaForte purchased for a net purchase price of \$154,500.00—are also valuable.

LaForte compares this proposed expansion of the receivership to catching fish from a barrel. To be clear, the Receiver’s motivation behind this expansion is to ensure that these valuable assets are not dissipated and the proceeds from their potential future sale can be used to increase

the amount of funds that may be available to pay back the Par Funding investors who are owed, collectively, hundreds of millions of dollars. Additionally, despite LaForte's suggestion that the asset freeze already protects these assets from dissipation, the Receiver is uncomfortable leaving these assets in the control of McElhone and LaForte. As discussed in prior filings, the Receiver has expressed concerns about the actions of McElhone, LaForte, and others in selling off assets that are or otherwise should be included as part of the Receivership Estate. (*See, e.g.*, ECF No. 557 (describing Receiver's concerns involving sale of property located at 4309 Old Decatur Road, given that the Receiver placed the Defendants on notice of the Receiver's intention to expand the receivership over that property prior to the sale).)

III. The Court has already determined that RMR and Eagle Six received commingled investor funds.

LaForte acknowledges in his Response that at least \$2,864,839.82, which is nearly 50 percent of the total funds RMR received from 2013 through 2018, came directly from Par Funding to RMR. (Response, p. 6.) Moreover, LaForte does not dispute that Eagle Six received at least \$42,643,174.00 from Par Funding between July 2015 and July 2020. (*Id.*; ECF No. 357, p. 9). Rather, LaForte attempts to reargue that RMR, whose funds were used to purchase the Porsche, and Eagle Six, whose funds were used to purchase the watches, did not use investor funds to purchase these assets.

The Court has already considered and rejected these arguments. (*See* ECF No. 436 at 2-3 (“Here, having reviewed the Receiver's findings—as well as Defendants' overall conduct to date—the Court finds a clear necessity for expansion given that tainted funds, which could be the subject of disgorgement, may be found in the entities and properties identified herein. . . . Further, the Court does not find that the existing asset freeze will sufficiently safeguard the property at issue in this Motion, thereby necessitating the requested expansion.”); ECF No. 579 at 2 (“For the

same reasons articulated in the Order Granting Motion to Expand Receivership Estate [ECF No. 436], the scope of the receivership created in this case is expanded to include . . . Recruiting and Marketing Resources, Inc.”.) Thus, although RMR and Eagle Six may have “made money from sources other than CBSG,” Motion at 5, that does not change the fact that a substantial amount of the funds those entities received came directly from Par Funding. These are funds that could have otherwise been used to pay back the hundreds of millions of dollars Par Funding owed to investors.

IV. The \$234,000 Porsche that McElhone purchased with commingled investor funds is not the only vehicle that could be available for McElhone and LaForte to use.

In an effort to garner sympathy, LaForte suggests that the lease of his and McElhone’s \$180,000 Mercedes Benz AMG S 63 4Matic+ is due to expire in September 2021. LaForte suggests that if the Receiver were to take possession of McElhone’s \$234,000 Porsche, and McElhone and LaForte elect to turn in their \$180,000 Mercedes in September, they would be left without a vehicle. LaForte and McElhone have several months to resolve their transportation concerns by, for example, leasing or purchasing another vehicle. Thus, there is no compelling reason that LaForte and McElhone must maintain the \$234,000 Porsche that they purchased with commingled investor funds.

V. Conclusion.

WHEREFORE, for the reasons set forth in the Motion to Expand and herein, the Receiver requests the Court to expand the receivership to include the Porsche and the Patek Phillippe watches.

Dated: July 9, 2021

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on July 9, 2021, 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
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