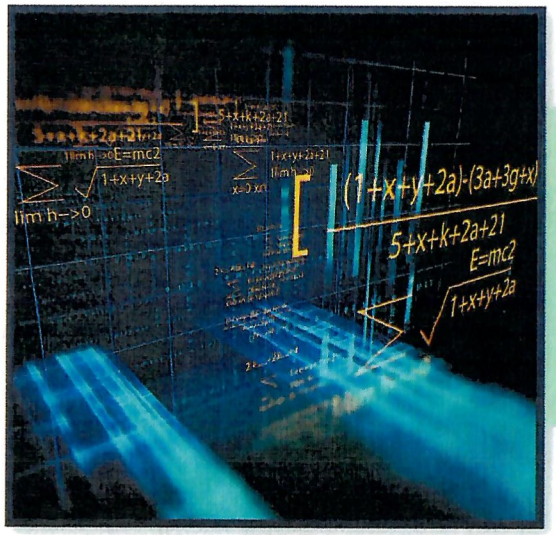
BROCHURES NO. 1

EXHIBIT 24

HOW OUR MODEL WORKS

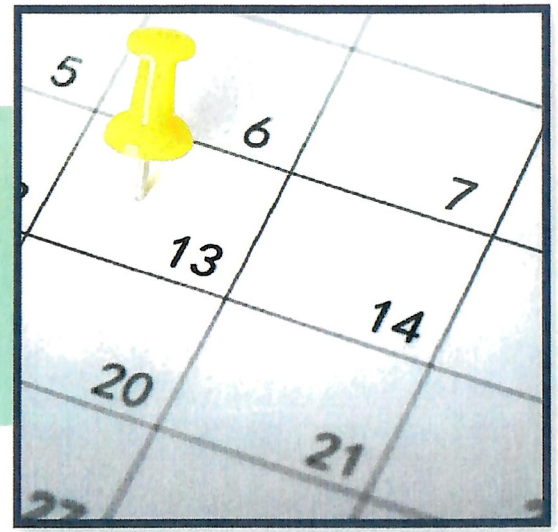
It all starts with underwriting.



Par Funding uses a financial matrix for our underwriting which evaluates clients with an emphasis based on cash flow rather than traditional credit metrics.

We investigate numerous sources in addition to credit scores to screen applicants including:

- MCA Industry databases
- Background checks
- On-Site inspections



We complete the underwriting process to reach a decision in 48-72 hours.

PAR FUNDING

OUR FUNDING PROCESS

- Sales reps contact clients & collect applications / bank statements
- Completed applications are sent to processor
- Underwriting collects & reviews client financials
- Approval is given based on underwriting review
- Funding agreement is sent to client
- Agreement is received from client & funds are sent
- ACH payments from client are collected

USING SOCIAL MEDIA TO EXPAND UNDERWRITING INTELLIGENCE

As much as business and financing have changed, basic tools for identifying default risks remain as they were for some time. Statistical algorithmic modeling technologies work by automating the collection of data relevant to the financial strength of a merchant: revenue, costs, credit history, cash flow, profitability. They work well. But they can't detect all the factors that can make or break a cash advance. Extra steps to achieve meaningful, personal and often intangible qualities of an applicant make all the difference.

Par Funding extends the value of underwriting algorithms using social media, a new force that promises to transform the MCA business.

HERE'S NO SUBSTITUTE FOR PERSONAL ON-SITE MERCHANT INSPECTION

The Par Funding emphasis on thorough underwriting is especially evident in details of our process, such as on-site inspection. Visual confirmation of a business's viability yields the highest levels of confidence in the future viability of merchant partners.

Social media, and the Par Funding force of underwriters skilled to use it, gives us access to an unprecedented range of added data for supporting decisions about credit worthiness. It's a window to the character of an applicant and other more tangible and measurable indices. Through their social networks, we gain insights into merchant spending habits, management philosophy, business vision and goals, education, work history, the profiles of others in the network and their credit indicators. We see the strength of the applicant's professional networks – and get a more in-depth

Our media-savvy underwriters also navigate social networks to see what others – customers, suppliers, competitors, and industry members – say about the applicant's character and day-to-day practices. Reputation can be created, shaped and amplified on social media.

This approach complements algorithms, which are by definition tied to looking at the past. They won't help you find a merchant's vision, ambition and drive for future expansion and growth.

EXCEPTIONAL UNDERWRITING RIGOR: BEYOND UNDERWRITING ALGORITHMS

Par Funding became very good at spotting potential defaults by applying a unique underwriting methodology. The care and discipline invested in approving a cash advance results in an especially selective approach to monetizing our service. That means typically funding no more than two of every 10 prospects we encounter. We learn more about our clients before doing business through a proven, multi-step underwriting process.

We locate and begin productive dialogue with prospects through a nationwide network of sales professionals.

The potential client takes the first step by providing important decision-support information in its funding application. The application gathers the basics: length of time in business, ownership details and planned use of capital. It requires evidence of credit worthiness, such as bank statements and personal credit.

We examine key indicators of business health, including average monthly banks deposits, other sources of funding, recurring overhead and other outstanding payment obligations.

A background check further confirms that the merchant we fund is likely to be reliable and trustworthy.

Personal interviews with the merchant provide the opportunity to build rapport, answer questions and prepare for our credit committee decision.

A credit profile shows credit history, credit worthiness score (FICO), outstanding liens, credit limits, risk scores tax debts and other information available through social media, clear, Thomson Reuters or Experian.

On-site inspections of the merchant's physical places of business provide us positive verification of the legitimacy of the business and accuracy of statements made on the application. The on-site inspection can be a labor-intensive extra step, but it has been proven to enhance the low default rate we experience.

The signed agreement, which includes a personal guarantee from each merchant and the means for fully transparent access to the merchant bank account for the term of the engagement, goes before the credit committee.

Business from applicants that aren't approved can be brokered to other MCA companies with less demanding underwriting standards. This helps to provide our sales professionals with the incentive to continue to pursue all feasible new opportunities.

These are breakthrough underwriting techniques that help spot risks early, identifying promising partners and laying the foundation for long-term, repeat business relationships.

BROCHURES NO. 2

PAR FUNDING

CORPORATE OVERVIEW

WHO WE ARE

Par Funding is a direct provider of merchant cash advances.

Par Funding was founded in 2012.

We provide cash management solutions to help companies grow

We have provided more than $600M in business funding since inception.

1.2 Billion

We service a niche market currently overlooked by conventional financing.

INDUSTRY OVERVIEW

Traditional small business lending has decreased dramatically since the collapse of the U.S. banking industry in 2008.

The number of small business advances peaked at 14 billion in 2007 and declined to less than 5 billion in 2010.[1]

While the TARP program sanctioned more than $30 billion to banks to provide small business advances, however, only about $4 billion was actually loaned.[2]

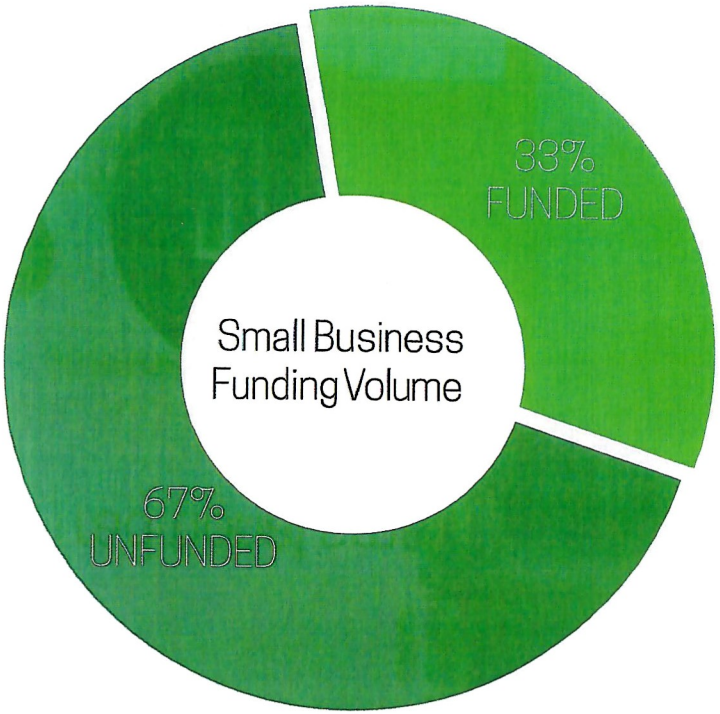
A recent survey conducted by Pepperdine University revealed that 67% of those who applied for a traditional business loan were unsuccessful.

Source: 1. Sourced from Federal Financial Institutions Examination Council data.
2. Sourced from U.S. Small Business Administration

PAR LENDING

INDUSTRY OVERVIEW

Why do billions of dollars in Small Business loan applications go unfunded each year?



Many banks have legacy portfolios of non-performing loans and higher reserve requirements making them reluctant to lend money in this category.

Additionally, traditional lending institutions have employed stricter underwriting guidelines further limiting the amount of small business funding.

INDUSTRY OVERVIEW

What is the alternative for many of these businesses left under serviced in a post-banking crises U.S.?

Merchant Cash Advance Programs

- MCA's provide a viable alternative to banks.[1]
- MCA's enable businesses to leverage cash flow when needed to uplift their business.[1]
- MCA payback systems based on a percentage of business receipts is a major advantage to the small business borrower.[1]

Source: 1. U.S. Small Business Administration

WHY PAR FUNDING?

Par Funding is uniquely positioned to capitalize in this multi-billion segment of small business funding through MCA's.

1

Our MCA's provide high rates of return and continuous daily cash flow beginning the day after initial funding.

2

Through our customer acquisition methods, we have a generated a diversified pool of qualified merchants seeking opportunistic capital.

3

We have provided over $600 million in MCA's and maintained a below industry bad debt funding.

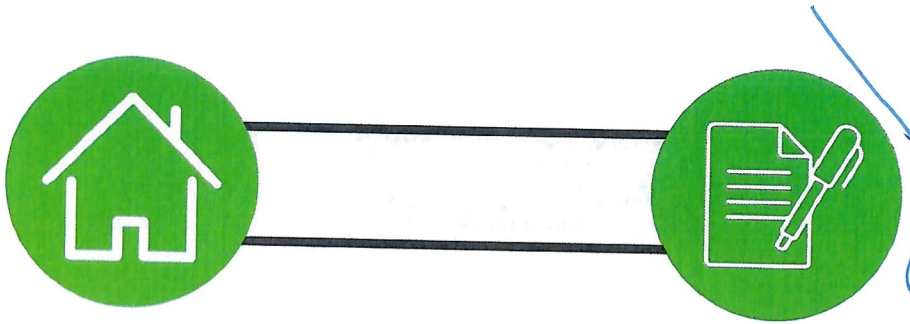
4

Our staff manages the business relationship from underwriting through repayment to reduce non-performance to the lowest possible levels.

COLLATERAL & INSURANCE

Par Funding now offers real estate collateral and insurance backed products

If a merchant has real estate collateral to provide additional support on an advance, we extend the duration of the terms while increasing the advance amount.

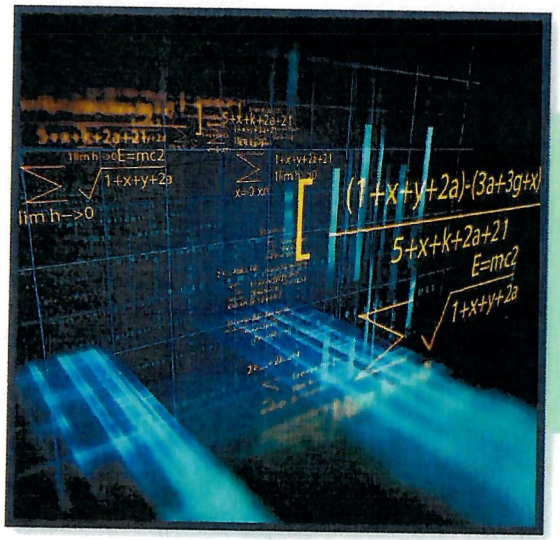


We offer insurance on all of our products up to $150,000. There is no deductible, just a small fee for the merchant. The insurance protects us in case of a default or non-payment.

PAR

HOW OUR MODEL WORKS

It all starts with underwriting.



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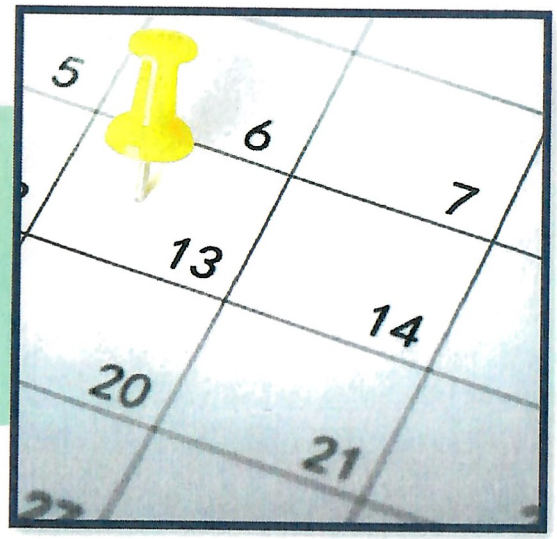

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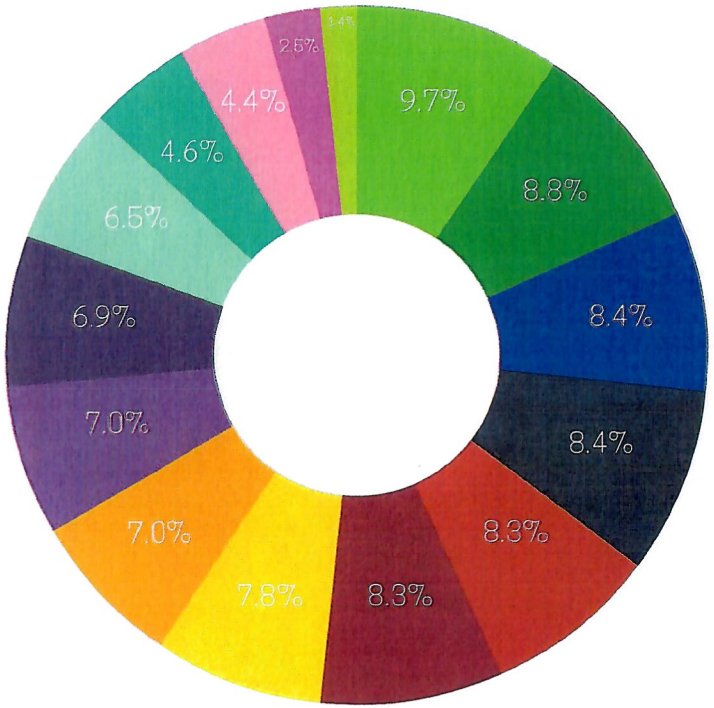
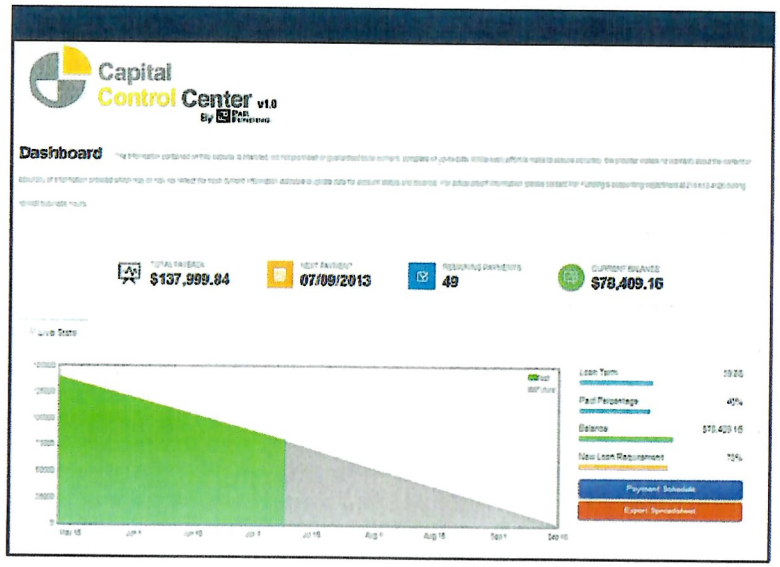
RISK MITIGATION THROUGH DIVERSIFICATION



- Technology – **9.7%**
- Retail – **8.8%**
- Construction – **8.4%**
- Finance – **8.4%**
- Automotive – **8.3%**
- Restaurant – **8.3%**
- Energy – **7.8%**
- Medical – **7.0%**
- Marketing – **7.0%**
- Manufacturing – **6.9%**
- Food Distribution – **6.5%**
- Gym / Salons – **4.6%**
- Home Services – **4.4%**
- Travel – **2.5%**
- Other Industries – **1.4%**

EXCEPTIONAL CLIENT SERVICE LEADS TO BETTER PERFORMANCE

In addition to quick funding decisions we offer additional services to help clients manage their cash.



24 / 7
CUSTOMER SUPPORT

Client web portal for account management and payment tracking

PAR

PARFUNDING SAMPLE ADVANCE

FUNDING AMOUNT	$50,000.00
FACTOR (PERCENT)	1.35
TERM (BUSINESS DAYS)	100
PAYBACK TOTAL	$67,500.00
ACH PAYMENT INCREMENT FEE PORTION PRINCIPAL PORTION	$675.00 $175.00 $500.00
REVENUE	$17,500.00

- **1-3 day** attainment of cash
- We provide cash advances that range from **$5,000 to $500,000,** with an average funding size of **$50,000**
- Funding terms are typically given for a period of **100 business days,** or **5 to 6 months,** based on a 22 business day cycle per month
- We collect remittances directly via automated clearing house (ACH) debits from client bank accounts
- The average payback is based on a **factor rate of 1.35-1.40**

REVENUE ACCELERATION THROUGH CASH FLOW REINVESTMENT

As our daily cash flow grows so does our rate of return.

	FIRST FUNDING	SECOND FUNDING	THIRD FUNDING
AMOUNT	$30,000.00	$42,000.00	$58,800.00
PAYBACK	$42,000.00	$58,800.00	$82,320.00
TERM	88	88	88
REVENUE	$12,000.00	$28,800.00	$52,320.00

Daily ACH payments collected from clients are pooled together and used to fund new clients to accelerate returns.

Compounding effect more than mitigates percentage of non-performance.

PAR FUNDING

PROJECTED GROWTH WITH $1 MILLION CASH INFUSION

	FIRST FUNDING	SECOND FUNDING	THIRD FUNDING
AMOUNT	$1,000,000	$1,400,000	$1,960,000
PAYBACK @ 1.4	$1,400,000	$1,960,000	$2,744,000
TERM	88	88	88
REVENUE	$400,000	$960,000	$1,744,000

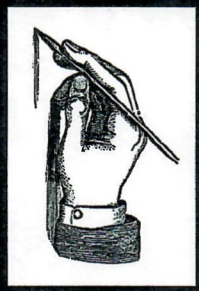
CONTINUING PERSONAL RELATIONSHIPS TO CULTIVATE FUTURE OPPORTUNITIES

Each merchant is assigned a Par Funding liaison to lay the groundwork for building profitable revenue for years to come.

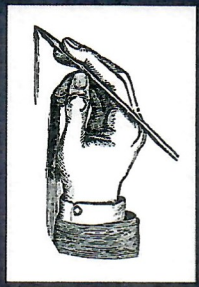
We want our merchants to succeed. We build our success when they do.

PAR FUNDING

NOTES



NOTES



PAR FUNDING

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA

----------x

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs. **CASE NO. 20-CV-81205-RAR**

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

Defendants.

----------x

DECLARATION OF ANTHONY BERNATO

1. Pursuant to 28 U.S.C. Section 1746, the undersigned states as follows:

2. My name is Anthony Bernato. I am over the age of 18 years and I make this declaration based upon my personal knowledge of the facts set forth herein.

3. I have been a licensed insurance broker and consultant for over 30 years. I am licensed in the states of New York, Pennsylvania, and Florida. The name and address of my company is Insurzoom.com Brokerage, Inc., 140 Broadway, 46th Floor, New York, NY 10005.

4. I submit this declaration at the request of counsel for the defendants in the above-captioned-matter. I have not received any compensation or the promise of any compensation in exchange for this declaration.

5. I have read the Securities and Exchange Commission's claim in its lawsuit that Par Funding and/or its agents falsely told investors that it had insurance to back up investor funds in the event of a default by a merchant. (Comp. ¶ 205-206)

6. In fact, I know Par Funding's assertions about its insurance coverage to be true since I was the insurance broker for Par Funding who secured insurance for the company in the event of a merchant default.

7. Sometime in 2018, after speaking with someone in the Merchant Cash Advance business

EXHIBIT 25

("MCA"), I concluded that there was a need for insurance in this area in the event that a merchant defaulted on his obligation to the MCA. Based on my experience, I was already aware that various insurance companies, such as Chubb and Euler Hermes, already offered insurance to their factoring clients. Euler Hermes is an $800 billion global credit default insurance company that had previously expressed an appetite for aggressive factoring. Given my previous dealings with Euler, I approached them with my idea.

8. Euler expressed clear interest in the area and suggested that I start small with a $5 million policy. I began to market the insurance on my website sometime in August or September of 2018. Daily, I began calling every CEO of every MCA. Not long thereafter, I was in contact with Anthony Zingarelli of Par Funding who asked if Par Funding's advances could be insured. I recall a meeting in Philadelphia at Par Funding's offices which was attended by about 20 MCA executives, including Mr. Zingarelli. There I was introduced to Joseph Cole. I have never previously heard the name Joe or Joseph Laforte, Joe Mack, or Joe Macki. My dealings were always with Mr. Zingarelli.

9. At his request, I provided Mr. Zingarelli with a sample policy to review. Thereafter, Mr. Zingarelli provided me with a list of the transactions he wanted insured. I took the list and entered the information into the carrier's portal and forwarded the list to Euler Hermes to conduct its own internal due diligence review. After Euler's underwriting was satisfied, (Par Funding conducted its own review), Euler extended coverage to the advances it decided met its criteria. Euler's insurance also covered pre-existing advances so long as the merchant remained credit worthy.

10. The insurance coverage protected Par Funding in the event of a merchant default, but the coverage did not extend to the merchant because such coverage would create an inherent conflict of interest giving the merchant an incentive to default.

11. Euler eventually extended coverage to Par Funding in the amount of $100 million and intended it to go as high as $150 million.

12. However, everything fell apart after Euler reneged and unjustifiably refused to pay Par Funding's first claim. Euler's explanations never made any sense to me. This was the first time in my career that a policy was sold, the premium was paid by the client, accepted by Euler, and then simply reneged on.

13. After Euler reneged, Mr. Zingarelli terminated my services.

14. I have never been contacted by any representative of the Securities and Exchange Commission about these issues (or any other), or by any party identifying themselves as working for the "Receiver."

15. I declare under penalty of perjury that the foregoing is true and correct, and made in good faith. Executed this 21th day of April 2021.

Anthony Bernato

Euler Hermes North America Internal Use Only
End ID: 045618826 Form Code: D E 12/26/2018 12:01 AM F 9/30/2019

Form 75300_Q
(Ed. 7/03)

Euler Hermes North America
(A Stock Company Established in 1893)
800 Red Brook Blvd
Owings Mills, MD 211171008
4107530753

Issuance Date: 11/21/2018 **Policy Number: 5109731**

DOMESTIC MARKETS POLICY DECLARATION

ITEM 1. INSURED: COMPLETE BUSINESS SOLUTIONS GROUP, INC.
ADDRESS: 85 BROAD ST FL 27
CITY,STATE: NEW YORK, NEW YORK
POSTAL CODE: 10004
COUNTRY: UNITED STATES

CONTACT: Anthony Bernato
TITLE: Insurance consultant
PHONE: (888) 305-7562
FAX: (000) 000-0000
EMAIL: abriskmgr@optonline.net

ITEM 2. POLICY AMOUNT: $75,000,000

ITEM 3. POLICY PERIOD: From: 10/1/2018 Through: 9/30/2019
CONTRACT PERIOD: From: 10/1/2018 Through: 9/30/2019
Beginning 12:01 AM standard time at the address of the Insured as stated herein.

ITEM 4. COVERED PRODUCTS:
Factor

ITEM 5. MAXIMUM TERMS OF SALE: 90 Days

ITEM 6. INSURED RISK RETENTION
Policy Deductible: $0

Per Buyer Deductible: Discretionary Credit Limit Buyers: None
Named Buyers: None
Per Buyer Coinsurance: Discretionary Credit Limit Buyers: 0%
Named Buyers: 10%

ITEM 7. NON QUALIFYING LOSS: $2,500

ITEM 8. PAST DUE REPORTING THRESHOLDS: $10,000
Days Past Due: 60

ITEM 9. POLICY PREMIUM:
TOTAL COST: $750,000
PREMIUM FACTOR: 0.5000%

ITEM 10. ESTIMATED SALES: $150,000,000

ITEM 11. POLICY CURRENCY: USD

EXHIBIT 26

EXHIBIT 159

ITEM 12. ENDORSEMENTS

19357 - Factoring
19357 - Change Endorsement - Credit Limit Fee
99357 - Evergreen Endorsement
75465 - Domestic Policy Amendment Endorsement
75438 - Minimum Premium
75331 - Maximum Extension Period Endorsement
75329 - Domestic Markets Maximum Claim Filing Period Endorsement

AUTHENTICATION:

John Reilly
Vice President-Director

COUNTERSIGNED:

Resident Agent

James Daly
President & CEO

Karl Coutet
Senior Vice President & Secretary

Form 75300_Q
(Ed. 7/03)

Euler Hermes North America Internal Use Only

End ID: 045618817 Form Code: D E 11/21/2018 12:01 AM F 9/30/2019

Form 19357
(Ed. 7/03)

Domestic Markets Factored Accounts Endorsement
(With or Without Recourse)

It is mutually agreed that this Endorsement is made part of Policy No. 5109731 issued by Euler Hermes North America to:

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
PHILADELPHIA, PENNSYLVANIA

It is understood and agreed:

1. This Policy shall cover, subject to its terms and conditions, losses on merchandise accounts receivables purchased by the Insured from a Client for **Shipments** made or services rendered by the Client to a covered **Buyer,** with recourse or without recourse.

2. For purposes of this Endorsement, a Client is: a) the entity from which the Insured has purchased or intends to purchase merchandise accounts receivables; and b) the entity that **Shipped** the **Covered Products** or rendered services to a covered **Buyer**.

3. Such merchandise accounts receivables shall be construed as **Shipments** made or services rendered by the Insured on the dates said merchandise accounts receivables are actually purchased by the Insured, and shall be covered for an amount not to exceed the Insured's actual purchase price. The construed date of **Shipment** specified above shall not alter the original terms of sale.

4. For merchandise accounts receivables purchased by the Insured which are covered under this Endorsement, the definition of **Gross Invoice Value** contained in *Section XI, DEFINITIONS,* is deleted in its entirety and the following is substituted in lieu thereof:

   "**Gross Invoice Value** means all amounts you are legally obligated to pay to the Client for **Shipments** of **Covered Products** made or services rendered by a Client. **Gross Invoice Value,** however, excludes any finance or interest charges, or any portion of the invoice amount, that you are not legally obligated to pay to said Client, as well as any tax or duty shown on the invoice which is recoverable from the State, province, or county of the Insured."

5. In no event shall any loss payment made by us pursuant to this Endorsement exceed the amount actually paid by the Insured or the amount the Insured is legally obligated to pay to the Client for said merchandise accounts receivables.

6. Such merchandise accounts receivables must have been purchased by the Insured both within thirty (30) calendar days from date of actual merchandise **Shipment** or the date of invoice for services rendered and before the account became past due under the original terms of sale.

7. In order for coverage to apply, this Policy must be in effect on the date of purchase of the merchandise accounts receivables by the Insured.

8. Merchandise accounts receivables purchased with recourse are subject to the following conditions:

   a) In order for a claim to be payable under the terms of this Policy, there must be a **Protracted Default** or **Insolvency** of the **Buyer** and the **Insolvency** of the Client.

   b) In order for a claim to be payable under the terms of this Policy, the claim must be filed no later than 60 days from the date that the invoice is returned to the Client; must comply with all Claim Filing and Loss Payments provisions contained in this Policy; and the Insured must have executed its right of recourse before filing a claim.

9. There is no coverage under this Endorsement for **Shipments** made by a Client to a **Buyer** that is a **Subsidiary** or an **Affiliate** of the Client.

Section XI. 1 and 33 of this Policy, *DEFINITIONS*, are deleted in their entirety and replaced with the following:

XI. DEFINITIONS

1. **Affiliate** means a **Buyer** which is either more that 20% owned by a common entity which also owns or controls the Insured, or where a common entity controls the day-to-day operations of both the Insured and the **Buyer**. **Affiliate** also means a **Buyer** which is either more that 20% owned by a common entity which also owns or controls the Client, or where a common entity controls the day-to-day operations of both the Client and the **Buyer**

33. **Subsidiary** means a **Buyer** which is either more than 20% owned by the Insured or for which the Insured controls the day-to-day operations or for which the Insured has effective management control. **Subsidiary** also means a **Buyer** which is either more than 20% owned by the Client or for which the Client controls the day-to-day operations or for which the Client has effective management control.

This Endorsement does not vary, alter, waive, or extend any of the terms and conditions of this Policy except as expressly stated in this Endorsement.

James Daly
President & CEO

Karl Coutet
Senior Vice President & Secretary

Form 19357
(Ed. 7/03)

Euler Hermes North America Internal Use Only

End ID: 045618818 Form Code: D E 11/21/2018 12:01 AM F 9/30/2019

Form 19357
(Ed. 7/03)

Change Endorsement - Credit Limit Fee
Credit Limit Fee

It is mutually agreed that this Endorsement is made part of Policy No. 5109731 issued by Euler Hermes North America to:

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
PHILADELPHIA, PENNSYLVANIA

Each request for coverage on an entity not currently approved for named coverage under this Policy shall result in a $55 **Credit Limit** Fee for entities located in the United States of America (including Puerto Rico) and Canada and a $125 **Credit Limit** Fee for entities located in all other countries.

For each existing **Buyer**, a **Credit Limit** decision which results in either an increased coverage amount or maintained at the current coverage amount shall result in a $55 **Credit Limit** Fee being charged for **Buyers** located in the United States of America (including Puerto Rico) and Canada and a $125 **Credit Limit** Fee for **Buyers** located in all other countries.

For each subsequent **Renewal Policy** or twelve (12) month period after the **Credit Limit** approval date, whichever is earlier, each **Buyer** rolled over from the prior Policy shall result in a $55 **Credit Limit** Fee being charged for **Buyers** located in the United States of America (including Puerto Rico) and Canada and a $125 **Credit Limit** Fee for **Buyers** located in all other countries.

No **Credit Limit** Fees shall be charged for **Buyers** rolled over into this Policy for which an initial **Credit Limit** was approved during the sixty (60) days prior to the expiration of the prior Policy.

You will receive invoices for all **Credit Limit** Fees from Euler Hermes ACI Services, LLC or Euler Hermes Canada Services, Inc.

This Endorsement does not vary, alter, waive or extend any of the terms and conditions of this Policy except as expressly stated in this Endorsement.

James Daly
President & CEO

Karl Coutet
Senior Vice President & Secretary

Form 19357
(Ed. 7/03)

Euler Hermes North America Internal Use Only

End ID: 045618819 Form Code: D E 11/21/2018 12:01 AM F 9/30/2019

Form 99357
(Ed. 7/03)

Evergreen Endorsement

It is mutually agreed that this Endorsement is made part of Policy No. 5109731 issued by Euler Hermes North America to:

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
PHILADELPHIA, PENNSYLVANIA

It is hereby agreed that Section I. E. AGREEMENT AND REPRESENTATIONS, is hereby deleted in its entirety.

This Endorsement does not vary, alter, waive or extend any of the terms and conditions of this Policy except as expressly stated in this Endorsement.

James Daly
President & CEO

Karl Coutet
Senior Vice President & Secretary

Form 99357
(Ed. 7/03)

Euler Hermes North America Internal Use Only
End ID: 045618820 Form Code: D E 11/21/2018 12:01 AM F 9/30/2019

Form 75465
(Ed. 7/03)

Domestic Policy Amendment Endorsement

It is mutually agreed that this Endorsement is made part of Policy No. 5109731 issued by Euler Hermes North America to:

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
PHILADELPHIA, PENNSYLVANIA

It is agreed that *Section IV.A.* of the Policy is hereby deleted and replaced by the following:

> You have coverage on any **Buyer** up to the **Credit Limit** either set opposite the Buyer's name listed in an Endorsement issued to this Policy or qualified under the terms of the **Discretionary Credit Limit** Endorsement. The **Credit Limit** applies to all **Shipments Dispatched** to the Buyer during the **Policy Period**, or such other time period specified in accordance with the terms of this Policy, for as long as the **Credit Limit** remains in force, unless specifically excluded by Section III., or by Endorsement. Upon approval and issuance of a **Credit Limit**, the **Credit Limit** will be effective on the first day of the month of the date of the request as stated in an Endorsement to this Policy but in no event shall it be effective prior to the first day of the **Policy Period.**

It is agreed that *Section IV.B* of the Policy is hereby deleted and replaced by the following:

> No more than one **Credit Limit** can be in effect for a **Buyer** and **Credit Limit(s)** on a **Buyer** are not cumulative, unless a **Temporary Increase** has been endorsed to this Policy, in which case the **Credit Limit** in effect for **Shipments** made during the **Temporary Increase** period shall be the sum of the **Credit Limit** and the **Temporary Increase.**

It is agreed that *Section IV.* of the Policy is hereby amended to include the following:

> *IV.E.*
> It is agreed that upon expiration of this Policy, all **Credit Limits** in effect will be transferred to and become effective in any **Renewal Policy** unless there is a gap between the date on which this Policy expires and a **Renewal Policy** goes into effect, in which case no limits from this Policy will be transferred to and become effective in any **Renewal Policy** and only **Credit Limit(s)** endorsed to such **Renewal Policy** will be in effect under such **Renewal Policy**.

It is agreed that *Section VI.* of the Policy is hereby amended to include the following:

> *VI.E.*
> Upon expiration of this Policy, we may issue Endorsements that apply to a **Renewal Policy**, whether or not such **Renewal Policy** has been issued by us and paid for by you. If the initial **Premium** is not paid for any such **Renewal Policy**, then the **Renewal Policy** does not become effective and no coverage exists under such **Renewal Policy**. Furthermore, no such Endorsements extend coverage under this Policy beyond the expiration of this Policy.

It is agreed that *Section XI.* of the Policy is hereby amended to include the following definitions:

> **Insured Percentage** as stated on the **Declaration** or in an Endorsement to this Policy, is the percentage amount of a covered loss not retained by you. (See **Per Buyer Coinsurance**)
>
> **Temporary Increase** is an additional **Credit Limit** for a **Buyer**, as stated in an Endorsement to this Policy, limited to shipments during a specific time period. During the time period of the **Temporary Increase**, the maximum coverage available for a **Buyer** shall be the sum of the **Credit Limit** and the **Temporary Increase** for

that **Buyer**. The amount of coverage you have for **Shipments** after the expiration of the **Temporary Increase** is the **Credit Limit** less any amounts outstanding as of the date of the expiration of the **Temporary Increase** on that **Buyer**. The **Temporary Increase** shall not apply as to future **Shipments** and the previously existing **Credit Limit** shall apply, unless it has been deleted or reduced.

It is agreed that *Section XI.3.* of the Policy is hereby deleted and replaced by the following:

Credit Limit means the maximum amount of coverage we will allow for each **Buyer** under this Policy, in addition to any **Temporary Increase** as stated in an Endorsement to this Policy. Each **Buyer** has its own **Credit Limit**, which is either assigned by us or qualified by the Insured under the **Discretionary Credit Limit**.

It is agreed that *Section XI.7* of the Policy is hereby deleted and replaced by the following:

Discretionary Credit Limit or "DCL" means the **Credit Limit(s)** shown in an Endorsement to this Policy which can be qualified on a **Buyer** by the Insured without submitting the **Buyer** to the Company for a specific **Credit Limit**.

It is agreed that *Section XI.21.* of the Policy is hereby deleted and replaced by the following:

Per Buyer Coinsurance as stated on the **Declaration** or in an Endorsement to this Policy is:

1. The percentage amount of a covered loss retained by the Insured; and
2. Is equal to the difference between 100% and the **Insured Percentage**.

The **Per Buyer Coinsurance** is applied against the smaller of the **Credit Limit** on the **Buyer** or the total amount owed by the **Buyer** to the Insured.

It is agreed that *Section XI.35.* of the Policy is hereby amended as follows:

Contract Period as stated on the **Declaration** is the period of time which **Shipments** of **Covered Products** can be **Dispatched** to covered **Buyers** recognizing multi-year **Policy Periods**. This period of time begins on the first day of the **Policy Period** and ends on the last day of the **Contract Period** with multi-year consecutive policy periods. If this **Contract Period** is for more than one year, each consecutive 12 month period shall be deemed to be a separate **Policy Period**. A separate **Policy Declaration** shall be issued for each **Policy Period**.

This Endorsement does not vary, alter, waive or extend any of the terms and conditions of this Policy except as expressly stated in this Endorsement.

James Daly
President & CEO

Karl Coutet
Senior Vice President & Secretary

Form 75465
(Ed. 7/03)

Euler Hermes North America Internal Use Only

End ID: 045618821 Form Code: D E 11/21/2018 12:01 AM F 9/30/2019

Form 75438
(Ed. 7/03)

Minimum Premium

It is mutually agreed that this Endorsement is made part of Policy No. 5109731 issued by Euler Hermes North America to:

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
PHILADELPHIA, PENNSYLVANIA

It is agreed that *Section VI.B.* of this Policy is hereby deleted and replaced by the following:

VI. PREMIUM

B. Within thirty (30) days after the end of the **Policy Period**, you will report to us, and provide us with appropriate supporting documentation of, your total sales of **Covered Products** to covered **Buyers** less returns, allowances and cash sales during the **Policy Period**. If your reported sales are greater than the **Estimated Sales**, you will pay us additional **Premium** in an amount equal to the difference between your actual sales and the **Estimated Sales** multiplied by the **Premium Factor.**

This Endorsement does not vary, alter, waive or extend any of the terms and conditions of this Policy except as expressly stated in this Endorsement.

James Daly
President & CEO

Karl Coutet
Senior Vice President & Secretary

Form 75438
(Ed. 7/03)

Euler Hermes North America Internal Use Only

End ID: 045618822 Form Code: D E 11/21/2018 12:01 AM F 9/30/2019

Form 75331
(Ed. 7/03)

Maximum Extension Period Endorsement

It is mutually agreed that this Endorsement is made part of Policy No. 5109731 issued by Euler Hermes North America to:

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
PHILADELPHIA, PENNSYLVANIA

For purposes of this Policy, you may extend the original due date to the **Buyer** for **Shipments Dispatched** up to 0 days without our prior written approval (the **"Maximum Extension Period"**) provided that this extension is made in writing prior to the original due date.

This Endorsement does not vary, alter, waive or extend any of the terms and conditions of this Policy except as expressly stated in this Endorsement.

James Daly
President & CEO

Karl Coutet
Senior Vice President & Secretary

Form 75331
(Ed. 7/03)

Euler Hermes North America Internal Use Only

End ID: 045618823 Form Code: D E 11/21/2018 12:01 AM F 9/30/2019

Form 75329
(Ed. 7/03)

Domestic Markets Maximum Claim Filing Period Endorsement

It is mutually agreed that this Endorsement is made part of Policy No. 5109731 issued by Euler Hermes North America to:

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
PHILADELPHIA, PENNSYLVANIA

For purposes of this Policy, the term **Maximum Claim Filing Period** shall mean the following:

1. In the event of **Protracted Default**, the date when amounts due from a **Buyer** become ***90*** days past due from the original or extended due date, or the date that is 180 days after the date of shipment, whichever is later.
2. In the event of **Insolvency**, (i) within ten (10) days of your learning, or being notified of the **Insolvency** or (ii) within the required bankruptcy proof of claim filing period specific to the **Buyer's** country, or (iii) within ninety (90) days of the **Insolvency**, whichever date is earlier.

Notwithstanding the above, in no case may you file a claim later than ***180 days*** after the end of the **Policy Period**.

This Endorsement does not vary, alter, waive or extend any of the terms and conditions of this Policy except as expressly stated in this Endorsement.

James Daly
President & CEO

Karl Coutet
Senior Vice President & Secretary

Form 75329
(Ed. 7/03)

EULER HERMES

800 Red Brook Blvd
Owings Mills, MD 211171008

YOUR DOMESTIC MARKETS BUSINESS CREDIT INSURANCE POLICY

I. AGREEMENT AND REPRESENTATIONS

A. We will provide you insurance against covered credit losses in this Policy, subject to the terms and conditions stated within, in return for the **Premium** and your compliance with the provisions of this Policy.

B. We have relied on the statements made by you in the Application in issuing this Policy.

C. By accepting this Policy you agree that:

1. Your Application for this Policy, the **Declaration** and the attached Endorsements are all part of this Policy.
2. The information you provided in the Application was accurate and complete.
3. If there are any material misrepresentations in the statements made by you to us or in the documents provided to us, we may cancel this Policy from inception upon fifteen (15) days written notice of cancellation delivered by mail or otherwise to you and you will forfeit any **Premium** paid. Any claims arising under such canceled Policy will not be payable.
4. You will take all reasonable measures, including any measure reasonably requested by us, to prevent the occurrence of a loss hereunder, and to minimize the amount of any loss that may occur.

D. Throughout this Policy, "you" and "your" refer to the Insured shown in the **Declaration**. The words "we", "us" and "our" refer to Euler Hermes North America, the Company providing this insurance. In addition, other terms and phrases that appear in boldface print have special meaning. Refer to *Section XI.* **- Definitions**.

E. It is agreed that this Policy shall continue for subsequent **Policy Periods** as follows. At the end of the first or any subsequent **Policy Period**, this Policy shall be automatically renewed for an additional like period of time unless this Policy is cancelled either by you or us, in writing, at least sixty (60) days prior to the renewal date. The **Premium** to be charged for any renewal **Policy Period** is subject to the terms of the Premium Adjustment Endorsement.

II. LOSSES COVERED

A. Subject to terms and conditions of this Policy, we will cover you against credit losses due to the non-payment of amounts due from a covered **Buyer** for **Shipments** of **Covered Products** made by you during the **Policy Period**, on terms no longer than the **Maximum Terms of Sale** and which were invoiced in U.S. or Canadian dollars. You must retain net, for your own account, any loss or part of a loss we do not cover due to coinsurance or deductible, or **Shipments** in excess of **Buyer Credit Limit**.

B. Credit losses covered under this Policy are:

1. The **Insolvency** of a covered **Buyer**, or
2. **Protracted Default** due to slow payment of a covered **Buyer**.

C. The date of loss for risks covered under this Policy shall be the date we have received your claim filing and all required supporting documentation.

D. The maximum amount of our indemnity under this Policy for covered credit losses is:

1. For each covered loss, the **Net Invoice Value** unpaid by the **Buyer** up to the **Credit Limit** assigned to each **Buyer**, less your applicable risk retention as described in *Section V.C.*

2. For all covered losses in the aggregate, the **Policy Amount** shown on the **Declaration**.

III. LOSS EXCLUSIONS

The following credit losses are not covered under this Policy unless specifically included by Endorsement:

A. Losses for amounts owed by **Buyers** where 10% or more of the undisputed amounts owed were sixty (60) days or more past due as of the date the Application was signed.

B. Losses that would otherwise qualify as covered losses hereunder which occur prior to the payment of any past due invoiced **Premium**.

C. Any **Disputed Invoice**; provided however, that at such time as the invoice is no longer a **Disputed Invoice**, it shall constitute a covered loss hereunder to the extent it otherwise qualifies as a covered loss.

D. Losses due to **Insolvency** where the amounts owed by the **Buyer** have not been scheduled by a **Buyer** or allowed pursuant to a court order in a bankruptcy or relief of debt proceedings.

E. Losses which are not filed within the **Maximum Claim Filing Period**.

F. Losses arising from **Shipments** made to **Subsidiary** or **Affiliate** entities.

G. Losses due to currency exchange rate fluctuations.

H. Losses arising from **Shipments** made after any of the following events occur:

1. You become **Insolvent**, go into liquidation or are dissolved;

2. You consolidate, merge with another company, or sell all or substantially all of your assets in one or more transactions.

If any of these events do occur, you must notify us immediately in writing.

I. Losses for amounts owed by **Buyers** where your invoices have been factored (whether factor risk or client risk), purchased, credit guaranteed or credit insured, other than under this Policy, either in full or in part.

J. Losses from **Shipments** made after a **Buyer** has become **Insolvent**.

IV. BUYER CREDIT LIMITS

A. You have coverage on any **Buyer** up to the **Credit Limit** either set opposite the **Buyer's** name listed in an Endorsement issued to this Policy or qualified by you under the terms of the **Discretionary Credit Limit** Endorsement. The **Credit Limit** applies to all **Shipments Dispatched** to the **Buyer** during the **Policy Period,** or such other time period specified in accordance with the terms of this Policy, for as long as the **Credit Limit** remains in force, unless specifically excluded by *Section III.*, or by Endorsement.

B. No more than one **Credit Limit** can be in effect for a **Buyer. Credit Limits** on a **Buyer** are not cumulative.

C. If this is a **Renewal Policy**, and:

1. The **Credit Limit** for a **Buyer** is increased or is unchanged in this Policy from the **Credit Limit** in the preceding Policy, the maximum we will pay you under both Policies combined for the **Buyer** will be the **Credit Limit** for the **Buyer** under this Policy; or
2. The **Credit Limit** for a **Buyer** is decreased in this Policy from the **Credit Limit** in the preceding Policy, the maximum we will pay you under both Policies combined for the **Buyer** will be the **Credit Limit** for the **Buyer** under the preceding Policy; and
3. Each **Shipment** will be attributed to the Policy under which it was made.

D. During the **Policy Period**, we have the right to reduce or cancel a **Credit Limit** on a **Buyer** for future **Shipments** by giving you written notice. If we reduce or cancel the **Credit Limit** on a **Buyer**:

1. The **Credit Limit** prior to reduction or cancellation applies to all **Shipments** made during the **Policy Period**, or otherwise specified time period, up to the date of our notice.
2. If a **Credit Limit** is reduced on a **Buyer**, the amounts outstanding for **Shipments** made to that **Buyer** prior to the date of our notice must be reduced below the new **Credit Limit**. The amount of coverage you have for **Shipments** made under the new reduced **Credit Limit** is the amount of the new reduced **Credit Limit** less any amounts outstanding as of the date of our reduction or cancellation on that **Buyer**.
3. If a **Credit Limit** is canceled or reduced on a **Buyer**, to the extent you receive any monies from such **Buyer** after cancellation or reduction and prior to claim filing, you shall apply all such monies to invoices owed by the **Buyer** in chronological order until all covered invoices have been paid in full even if the **Buyer** or someone else says that the monies are to be used differently, unless agreed to otherwise in writing by us.

V. CLAIM FILING AND LOSS PAYMENTS

A. Filing a Claim

In order to be entitled to receive a loss payment under this Policy you must comply with all of the following claim filing requirements:

1. File all claims for loss against **Buyers** on a form furnished by us within the required claim filing period:
   a) For claims due to a **Buyer Insolvency**, the earlier of ten (10) days of your learning, or being notified of, a **Buyer Insolvency** or the expiration of the required bankruptcy proof of claim filing period; but in no event to extend beyond the earlier of the **Maximum Claim Filing Period** or ninety (90) days after the date of the **Insolvency**.
   b) For all other claims, no later than the **Maximum Claim Filing Period**.
2. Provide us with an itemized statement showing all transactions and terms of sale for the **Buyer** dating as far back as the earliest unpaid item included in the claim you are filing against the **Buyer**.
3. File with us the entire amount owed to you by the **Buyer** with us, even if this amount is greater than the **Credit Limit** provided by us or qualified by you under the **Discretionary Credit Limit** Endorsement.
4. Provide us with proof that a covered loss has occurred:
   a) For claims due to **Insolvency**, provide us with evidence of the **Insolvency**.
   b) For claims due to **Protracted Default**, provide us with an itemized statement evidencing the **Buyer** is past due.
5. If a **Credit Limit** is cancelled on a **Buyer**, upon our written request and at our discretion, we may require you to file a claim for loss. Noncompliance with this request will result in the forfeiture of a

loss payment against that **Buyer**. However, if we require you to file a claim under this paragraph, we will not charge you any collection fees on any amounts collected.

B. Claim Filing General Conditions

1. The amount of the claim filed against the **Buyer** must be greater than the **Non-Qualifying Loss** amount.
2. Upon filing a claim against a **Buyer**, the **Credit Limit** for that **Buyer** for any future **Shipments** will automatically terminate as of the date of your filing.
3. The date of your filing will be the earlier of the date postmarked by a recognized postal carrier or the date your claim filing is otherwise received by us. We will acknowledge receipt of any claim you file with us and provide you with an estimate of the coverage amount available for that claim, within thirty (30) days of receipt of your claim and all supporting documentation. This acknowledgment does not constitute our acceptance of a claim as covered under this Policy or guaranty that we will make a loss payment to you, as described in *Section V.C.*
4. You must at all times:
   a) Promptly provide us with all supporting documentation that we may reasonably request.
   b) In consultation with us, take all reasonable actions to collect the debts of the **Buyer** owed to you and take all reasonable actions required to establish the debts of the **Buyer** owed to you as legal debts.
   c) If, on your request or after consultation with you and outside counsel, we determine that legal action is required to establish or defend the debts, or portions thereof, of the **Buyer** owed to you as legal debts, you must authorize suit or other proceedings and pay court costs, suit filing fees and non-contingent attorney fees within thirty (30) days after our request to you.
   d) Take all actions and sign all documents as we may reasonably request to allow us, at our option, to act directly in all matters and proceedings related to debts of the **Buyer** owed to you.

   If you do not comply with the above requirements we will deem your claim against a **Buyer** as withdrawn.
5. You may not make any agreement or accept any proposals from the **Buyer** that may affect our ability to collect the debts of that **Buyer** without our prior written consent, such consent not to be unreasonably withheld.
6. When you file a claim with us against a **Buyer**, we have the right to:
   a) On your behalf, place that **Buyer** for collection with an attorney or other third party and file suit against that **Buyer**; and
   b) b) Endorse, accept, and deposit payments payable to you in our account.
7. If you withdraw a claim upon a **Buyer** or if a claim is deemed withdrawn as provided above, you may not resubmit those debts of that **Buyer** for a loss payment on this Policy unless we agree to such a resubmission in writing.

C. Loss Payments

1. Loss payments for claims filed will be payable within sixty (60) days after the date of loss as defined in *Section II. C.*
2. Loss payments will be made to you, less any amount you owe us, as follows:
   a) We will pay you any loss payment amounts available once the sum of loss payment amounts available equals or exceeds $5,000.
   b) When loss payment amounts available are less than $5,000, you will be allowed to request up to three additional interim loss payments. An interim loss payment will be made to you within sixty (60) days of your request.

c) A final loss payment will be made within the earlier of sixty (60) days after the date of your final claim filing with us or sixty (60) days after the expiration of the **Maximum Claim Filing Period**.

d) However, if any invoice to a **Buyer** is a **Disputed Invoice**, no loss payment shall be due to you for that **Buyer** until such time as there are no **Disputed Invoices** to that **Buyer**.

3. To determine if a payment is due to you, we will deduct from the **Gross Invoice Value** the following:

   a) All amounts collected after the date of claim filing from the **Buyer** on account the unpaid obligation or otherwise, and all amounts obtained from any other source on account of the unpaid obligation;

   b) The invoice price of merchandise returned to or reclaimed by you;

   c) Any discounts or similar allowances to which the **Buyer** would be entitled at the time of loss payment; and

   d) Any legally sustainable set-off that the **Buyer** may have against you.

   The resulting amount after the above deductions have been applied is the **Net Invoice Value**.

4. If the **Gross Invoice Value** exceeds the **Credit Limit** for that **Buyer** under this Policy, the above deductions in *Section V.C.3.* above will be made from the **Credit Limit** pro-rata based on the ratio between the amount covered by us under this Policy and the **Gross Invoice Value**, the resulting amount being the **Net Invoice Value**.

5. From the **Net Invoice Value** the following amounts will be subtracted in the following order as applicable:

   a) All amounts excluded under *Section III.* or otherwise excluded under the terms of this Policy;

   b) **Per Buyer Deductible** and/or any remaining **Policy Deductible,** whichever is applicable; and then

   c) **Per Buyer Coinsurance**.

6. In the event a claim pertains to a **Buyer** approved for a **Credit Limit** under more than one Policy issued to you by us and where **Shipments** were made during more than one **Policy Period**, if there is coverage in force under both policies at the time of claim filing, the following rules shall apply:

   a) **Shipments** will be attributed to the **Credit Limit** and this Policy in force at the time they were **Dispatched**.

   b) The maximum amount that we will allow as a covered claim against the **Buyer** under all Policies is as provided for in *Section IV.C.*

   c) The claim will only be subject to one **Per Buyer Deductible.** If a **Per Buyer Deductible** is applicable under more than one policy, then the largest **Per Buyer Deductible** shall apply and will be apportioned pro-rata according to the portion of the claim attributable to each policy.

   d) The **Policy Deductible** in each policy will be applied to the portion of the claim attributable to that Policy.

7. Subject to an individual loss payment not exceeding the **Credit Limit** on a **Buyer**, and total loss payments under this Policy not exceeding the **Policy Amount**, we will pay the loss payment due you, less any amount you owe us under this Policy or otherwise.

8. In the event a loss payment is made to you for a claim (including any unpaid earned **Premium**) which we subsequently determine was not covered, for any reason, under this Policy, including without limitation any invalidity in the claim or Policy, you agree to reimburse us for all amounts paid by us with respect to such claim within ten (10) days of our written notice, such notice to include the reasons for our request for reimbursement.

D. Subrogation and Salvage

1. Once we pay a loss under this Policy, you will **Subrogate** to us all of your rights, claims, guaranties, security, collateral and defenses against any person or entity with respect to such loss.
2. You agree to sign all papers necessary for us to have such rights and agree to do nothing to prejudice such rights, whether before or after payment by us, and you agree to take all reasonable steps to assist us in collecting the loss.
3. Once we make any loss payment(s) under this Policy, any credit you allow or any amounts received from the **Buyer** against whom you have filed claims or from any other source on the **Buyer's** behalf towards payment of the amounts owed to you, will be shared pro-rata based on our respective interests in the total undisputed amount filed with us, until we are fully reimbursed for the total loss payment and all related costs incurred by us. In determining our respective pro-rata interests, amounts retained by you through the **Per Buyer Deductible** and/or **Coinsurance** shall be included in the calculation, but amounts retained by you through the **Policy Deductible** shall be excluded from the calculation.
4. You must pay the amounts described in *Section V.D.3.* above to us even if the **Buyer** or someone else says that they are to be used differently and even though you participated in the loss through any **Per Buyer** or **Policy Deductible** and/or **Per Buyer Coinsurance**.

E. Collection Fees

We will assess collection fees on the amounts collected from any source subject to the following conditions:

1. For claims filed with us where there is not a **Formal Insolvency** and for which we collect amounts due, either in cash, returned merchandise, future credits or other non-cash compensation, prior to making a loss payment to you;
2. For the uncovered portion of claims filed with us where there is a **Formal Insolvency** and for which we collect amounts due, either in cash, returned merchandise, future credits or other non-cash compensation, prior to making a loss payment to you; and
3. On the uncovered portion of all claims filed with us and for which we collect amounts due, either in cash, returned merchandise, future credits or other non-cash compensation, after making a loss payment to you.

Rates:

1. The rate that will be charged on all amounts collected is 15%.
2. For collected amounts of $100.00 or less, the collection charge is 50% of the amount collected.
3. Amounts collected by an attorney without suit:

   For amounts forwarded to an attorney, subsequently collected without filing suit, fees are set by the attorney engaged; the minimum fee will be equal to 15% of the amount collected and received. In addition to these fees, the Company charges a 5% fee on collected amounts, subject to a minimum charge of $25.00; and
4. Amounts collected by an attorney with suit:

   For amounts forwarded to an attorney where litigation is required, the following fees apply:

   a) A flat dollar fee to cover court costs and suit filing. The fee amount is dependent upon the jurisdiction in which the suit is filed.

   b) Upfront non-contingent attorney retain equal to 10% of the amount of the suit being filed.

   c) A contingency fee on amounts actually collected and received after suit has commenced. These fees are set by the attorney engaged; the minimum fee will be equal to 15% of the amount collected and received.

d) A 5% fee due to the Company on amounts actually collected and received after suit has commenced, subject to a minimum charge of $25.00.

F. Insured's Option to Handle Claims

You have the option of handling the collection, negotiation and litigation of claims filed under this Policy against **Buyers** where there is a **Formal Insolvency**, subject to the following conditions:

1. You must notify us of your intention to exercise this option at the time you submit your claim form, otherwise we will handle the claim as per the provisions of this Policy.
2. You must provide us with all forms and information as required in *Section V.A.* and comply with all requirements and conditions in *Section V.B.* and take all reasonable steps to maximize recovery on the claim.

Once you exercise this option, you may not at a later date return the claim to us to handle, unless we agree in writing to accept the claim.

G. Preferential Claims

In the event that you receive a request to return an alleged preferential payment(s), as defined under the United States Bankruptcy Code, involving a **Buyer** covered by an insurance policy of the Company, in effect on the date of the **Insolvency** and provided that a policy has continuously been maintained by you through us, you may file, during a current **Policy Period** a claim to be processed against this Policy in effect on the date of **Insolvency**, subject to the following provisions:

1. You must (a) immediately acknowledge receipt of the Trustees letter or other formal notice of alleged preferential payment by Certified Mail (Return Receipt Requested); (b) refer the matter to legal counsel for action; and (c) advise us immediately in writing of such notice.
2. Your legal counsel must assert and pursue with the Trustee, in a timely manner, all defenses allowed by the Bankruptcy Code and pursue any other legal remedies that may be applicable.
3. You must inform us of all actions taken to defend, or otherwise, regarding the alleged preferential payment(s) and secure our written approval of such action.
4. In the event that a judgment is rendered against you, other than due to a default by you, directing the return of the alleged preferential payment(s) or in the event your counsel recommends a negotiated settlement, with our written permission, payment may be made by you to the Bankruptcy Estate provided that the Court Order also permits the filing of an amended Proof of Claim, unless otherwise agreed to by you with our consent.
5. If additional monies are due you, you must file with us a Notification of Claim form along with supporting statements of account reflecting those **Shipment** and payment dates which are the subject of the preferential action along with any information surrounding the **Shipment** or payment with the **Buyer**.

In the event the foregoing provisions are satisfied, and provided you have not waived any subrogation rights due us without our consent, amount paid to the Bankruptcy Estate shall be considered a valid claim under this Policy in effect on the date of the **Insolvency** and a loss payment, if any, shall be processed within the provisions of this Policy then in effect.

VI. PREMIUM

A. In return for the **Premium** and your compliance with the provisions of this Policy, we will provide you insurance against covered credit losses described in this Policy, subject to the terms and conditions stated herein.

B. Within thirty (30) days after the end of the **Policy Period**, you will report to us, and provide us with appropriate supporting documentation, your total sales of **Covered Products** to covered **Buyers** less returns, allowances and cash sales during the **Policy Period**. If your reported sales are greater than the **Estimated Sales**, you will pay us additional **Premium** in an amount equal to the difference between your actual sales and the **Estimated Sales** multiplied by the **Premium Factor**. If your reported sales are less than the **Estimated Sales**, we will credit your renewal Policy with an amount equal to the difference between your actual sales and the **Estimated Sales** multiplied by the **Premium Factor**. This credit shall not exceed 10% of the estimated **Premium** at Policy inception.

C. We may cancel this Policy upon fifteen (15) days prior written notice of cancellation sent by mail or otherwise delivered to you if any **Premium** owed is more than thirty (30) days past due.

D. If you are otherwise entitled to receive a loss payment, but one or more installments of **Premium** are not yet due and paid, all **Premium** under this Policy will be deemed fully earned.

VII. POLICY CURRENCY AND CURRENCY CONVERSION

A. **Policy Currency**, stated on the **Declaration**, is used for **Premium**, **Credit Limits** and loss payments.

B. You may denominate your invoices in either U.S. or Canadian dollars. In the event of a loss, claim amounts not denominated in the **Policy Currency** will be converted at the exchange rate quoted in The Wall Street Journal, *"Currency Trading - Exchange Rates"* in effect on either (i) the last working day of the month in which the **Shipment** was **Dispatched** (calculated as the weighted average exchange rate for the entire amount owed to you by the **Buyer** filed with us), or (ii) the date of the loss payment, at our election.

C. Any **Salvage** received will be converted into the **Policy Currency** at the exchange rate quoted in The Wall Street Journal, *"Currency Trading - Exchange Rates"* in effect on the date of realization.

VIII. CHANGE OF PAYMENT TERMS

Without written permission from us, you may not extend the original due date beyond the **Maximum Extension Period** or, after **Covered Products** are **Dispatched**, materially change the terms of payment for a sale to a **Buyer**. Failure to obtain prior written permission may result in denial of any claim submitted by you against the **Buyer**.

IX. BUYER PAST DUE REPORTING

A. You are required to report to us monthly, in a format acceptable to us, on any covered **Buyer** account where the age of the oldest unpaid invoice, as determined from the number of days that have elapsed from the original or, if applicable, extended due date of the invoice, is greater than the **Past Due Reporting Days** and the total amount past due from that **Buyer** is more than the **Past Due Reporting Amount** as shown in the **Declaration**.

B. **Buyer** past due reports are to be delivered to us no later than 15 days after the end of the calendar month. If no **Buyers** are past due then the monthly report submitted must indicate that no **Buyers** are past due.

C. Any past due **Buyer** must be included in each monthly past due report until a claim is filed against the **Buyer** or the obligation is collected.

D. Failure to provide us with a complete and accurate past due report within the timeframe required results in coverage being automatically terminated on all **Shipments** made to the past due **Buyer** after the due date

of the first past due report to have included the **Buyer**. Failure to provide the past due report affects our ability to collect debt and may, therefore, jeopardize other coverage provided on the **Buyer** under this Policy.

E. Submission of **Buyer** past due reports does not constitute a claim filing as required in *Section V.* of this Policy.

X. GENERAL CONDITIONS

A. Examination of Books and Records

1. You will permit us, at any reasonable time, to examine and copy your books and records relating to any notice of **Insolvency**, any loss affidavit filed under this Policy, or any claim made either by you or by us on your behalf under this Policy, or any representation or agreement made by you in this Policy.
2. You agree to assist us in our examination, but no such examination will be an admission of liability by us or waiver by us of any of the terms or conditions of this Policy. We will not disclose to any third party the information provided to us or examined by us except as required by law.

B. Assignment

You may not assign or transfer this Policy without our prior written consent, such consent not to be unreasonably withheld.

C. Notices

All notices, submissions and filings provided for in this Policy shall be in writing and directed to the individual identified as the contact person for the Insured at the address stated in the **Declaration**, or to us at 800 Red Brook Boulevard, Owings Mills, Maryland 21117. Any notice required under this Policy may be delivered by hand, mail, facsimile machine or electronic mail. The date of receipt of any notice will be the earlier of the date postmarked or the date the notice is otherwise received.

D. Action Against Us

You may not bring a suit or action against us on this Policy until you comply fully with the terms and conditions of this Policy. You must commence your suit or action no later than twelve (12) months after the expiration of the **Maximum Claim Filing Period**.

E. Applicable Law and Conflict with Existing Statutes or Laws

This Policy and any dispute, suit or action on this Policy will be governed and construed according to the laws of the state or Canadian province or territory, named in the **Declaration** as your address. Any provision of this Policy which is in conflict with the statutes or laws of the state or Canadian province or territory, named in the **Declaration** as your address is hereby amended to conform to the minimum requirements of such statutes or laws.

F. Policy Authentication

This Policy will be binding on us only if both this Policy and the **Declaration** are signed by the President and the Secretary of the Company, each by either original signature or facsimile signature, and signed by an authorized Underwriting Officer or Assistant Underwriting Officer of the Company by original signature. No notice to, or anything known by, any Agent or other person will cause a waiver of any provision of this Policy. No Agent is authorized to change this Policy or to waive any of its provisions, either verbally or in writing. All changes to this Policy must be in writing and signed by the President and the Secretary of the Company, each by either original signature or facsimile signature.

G. Policy Acceptance

This Policy, including the **Declaration**, will be considered to have been issued upon mutually agreed upon terms once you pay the initial invoiced **Premium**.

XI. DEFINITIONS

1. **Affiliate** means a **Buyer** which is either more than 20% owned by a common entity which also owns or controls the Insured, or where a common entity controls the day-to-day operations of both the Insured and the **Buyer**.
2. **Buyer** means a legal entity and its branch offices, trade styles or divisions, if any, which is domiciled in the United States (including Puerto Rico) or Canada and is approved for coverage under this Policy. **Buyer** does not include subsidiaries or affiliated corporations which are separate legal entities.
3. **Credit Limit** means the maximum amount of coverage we will allow for each **Buyer** under this Policy. Each **Buyer** has its own **Credit Limit** which is either assigned by us or qualified by the Insured under the **Discretionary Credit Limit**.
4. **Covered Products** means the products and/or services, including associated labor and service costs, described on the **Declaration**.
5. **Declaration** means the Policy **Declaration** attached to and made a part of this Policy.
6. **Delivery** to the **Buyer** means the point in time when legal title to and the risk of loss of the **Covered Products** is transferred to the **Buyer** and the **Covered Products** have left your custody and physical control.
7. **Discretionary Credit Limit** means the **Credit Limit(s)** shown in an Endorsement to this Policy which can be qualified on a **Buyer** by the Insured without submitting the **Buyer** to the Company for a specific **Credit Limit**.
8. **Dispatched** to the **Buyer** means the point in time when **Covered Products** leave the Insured's control.
9. **Disputed Invoice** means an invoice that a **Buyer** has objected to paying either in whole or in part that has not been reduced to a final and enforceable judgment. Final judgments must be obtained in a jurisdiction in which the **Buyer** has assets. In addition, an invoice that is subject to the assertion of an offset or counterclaim is also a **Disputed Invoice**.
10. **Estimated Sales** means the amount shown on the **Declaration** which is used to determine the **Premium** for this Policy.
11. **Formal Insolvency** means those **Insolvency** events as defined in *Section XI.13.A,H,I,J, and K.*
12. **Gross Invoice Value** means all invoice amounts due for **Shipments** of **Covered Products**, including any freight, or other charges incurred by the Insured on the **Buyer's** behalf which are in support of, or in connection, with the sale of **Covered Products** and which amounts the **Buyer** is legally obligated to pay. **Gross Invoice Value**, however, excludes any finance and interest charges, and any tax or duty shown on the invoice which is recoverable from the state, province or country of the Insured.
13. **Insolvency/Insolvent**, for the purposes of this Policy occurs, for either a **Buyer** or an Insured ("an entity"), at the earliest date on which any one of the following events occurs:
    A. A voluntary or involuntary petition for relief under Title 11 (including Chapters 7, 11 and 13) of the United States Bankruptcy Code is filed by or against an entity;
    B. A receiver is appointed for all or any part, of the property of an entity;
    C. An entity, or a third party on behalf of an entity, makes a general offer of compromise, in writing, to all of its creditors for less than its indebtedness;
    D. Possession is taken of an entity's assets under an Assignment or Deed of Trust executed by the entity for the benefit of its creditors;
    E. A creditors' committee is formed for the sole purpose of liquidation;

F. Possession is taken of an entity's business assets under a chattel mortgage;

G. An entity's assets are sold under a writ of execution or attachment, or a writ of execution is returned unsatisfied;

H. An entity files an Assignment and/or makes a Proposal to creditors, under the Canadian Bankruptcy and Insolvency Act;

I. A voluntary or involuntary petition for relief under the Companies Creditors Arrangement Act in Canada is filed by or against an entity;

J. A Receiving Order is made against an entity under the Canadian Bankruptcy and Insolvency Act; or

K. An entity's assets are sold under the Canadian Bank Act; or a judgment ordering liquidation, or repossession of an entity assets due to a trust deed, commercial pledge or moveable hypotheque under the laws of each province or territory in Canada.

14. **Maximum Claim Filing Period** is the latest date as stated in the Endorsement issued to this Policy, by which the Insured may file a claim against a **Buyer** under this Policy.

15. **Maximum Extension Period** means the maximum amount of time, as stated in the Endorsement issued to this Policy, up to which the Insured may extend the due date for a sale to a **Buyer** without our prior written approval.

16. **Maximum Terms of Sale** means the number of days shown on the **Declaration** up to which the Insured is permitted to sell to its **Buyers** without obtaining the Company's written approval.

17. **Net Invoice Value** means the **Gross Invoice Value** less applicable deductions described in *Section V. C.*

18. **Non-Qualifying Loss** means the minimum amount, as shown on the **Declaration**, for which a claim against a **Buyer** can be filed.

19. **Past Due Reporting Amount**, as stated on the **Declaration**, is the dollar threshold amount for reporting past due **Buyers**.

20. **Past Due Reporting Days**, as stated on the **Declaration**, is the delinquency threshold for reporting past due **Buyers**.

21. **Per Buyer Coinsurance**, as stated on the **Declaration** or in an Endorsement to this Policy, is the percentage amount of a covered loss retained by the Insured. The **Per Buyer Coinsurance** is applied against the smaller of the **Credit Limit** on the **Buyer** or the total amount owed by the **Buyer** to the Insured.

22. **Per Buyer Deductible**, as stated on the **Declaration** or in an Endorsement to this Policy, is the amount of a covered loss retained by the Insured. This amount is deducted from the adjusted **Net Invoice Value** prior to the **Per Buyer Coinsurance** when calculating a loss payment due to the Insured.

23. **Policy Amount**, as stated on the **Declaration**, is the maximum total amount which we will pay to you under this Policy.

24. **Policy Currency**, as stated on the **Declaration**, is the currency used to denominate all **Buyer Credit Limits**, **Premium**, loss payments and **Salvage**.

25. **Policy Deductible**, as stated on the **Declaration**, is the amount the Insured must retain as an aggregate first loss for the Insured's own account. When calculating a loss payment due to the Insured, any remaining **Policy Deductible** amount is deducted from the adjusted **Net Invoice Value** before deducting the **Per Buyer Coinsurance**.

26. **Policy Period**, as stated on the **Declaration**, is the period of time during which **Shipments** of **Covered Products** can be **Dispatched** to covered **Buyers** in order to be covered under this Policy.

27. **Premium** is the total amount due to the Company from the Insured for the coverage provided under this Policy as shown on the **Declaration**.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v. CASE NO.: 20-cv-81205-RAR

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

Defendants.

_____/

EXHIBIT 27

DECLARATION OF ARIEL BENJAMIN (BEN) MANNES

Pursuant to 28 U.S.C. Section 1746, the undersigned states as follows:

1. My name is Ariel Benjamin Mannes. I am over twenty-one years of age and have personal knowledge of the matters set forth in this Declaration.

2. I began work at Full Spectrum Processing ("Full Spectrum") on June 10, 2019 and was the Chief Compliance Officer for all Full Spectrum accounts to include Complete Business Solutions Group ("CBSG") until the recent appointment of the Receiver.

3. As the Compliance Officer, I was assigned to review credit insurance problems for CBSG policies. Joseph Cole Barleta asked me to address issues with CBSG's insurance policies with Euler Hermes, as they would not process claims from the 2018 policies. In examining the policies, accounts identified for claims and in discussions with Euler Hermes staff, it was determined that CBSG's insurance policies were incorrectly purchased, as it does not provide coverage for CBSG's merchant cash advance business model; best defined as "Advance Factoring". Instead, the Euler Hermes insurance policies sold to CBSG from a broker named Anthony Bernato provides credit insurance coverage for other types of factoring transactions requiring a third-party invoice, which CBSG does not do.

4. Thus, no CBSG claims were ever processed by Euler Hermes, because the policies does not cover MCA transactions.

5. On numerous occasions, I made my manager Joseph Cole Barleta, his client Joseph LaForte, their investor relations consultant Perry Abbonizio and his PPMs Dean Vagnozzi, Vince Camarta and John Gissas aware that the policies bought by CBSG do not cover their MCA transactions and that the Euler Hermes policies does not cover the types of transactions

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performed by CBSG. They know this because I told them, verbally via telephone, in person at our offices and/or in writing, more than once in a span beginning in the Summer 2019 through Spring of 2020.

6. Attached as Exhibit A is a true and correct copy reflecting correspondence with Euler Herman about the lack of coverage in July 2019.

7. Attached as Exhibit B is a true and correct copy of one of the memoranda I sent about the lack of insurance coverage.

8. There is also an insurance policies concerning A Better Financial Plan that was included in the CBSG insurance policies. This policies does not provide coverage either. I advised Mr. Vagnozzi of that fact, and both he and Perry Abbonizio called me again in March and April of 2020 to confirm that our coverage was not valid for claims based on COVID-19 related defaults, and to ask what our current coverage status was.

9. The issue with the lack of insurance continued being discussed until the appointment of the Receiver. Joseph Cole Barleta, Joseph LaForte, Dean Vagnozzi, Perry Abbonizio, and others constantly asked me about the status of the insurance coverage, and I told them repeatedly, and recently, that nothing had changed. While we had paid premiums on a policies, we had no ability to file claims for CBSG accounts covered under that policies, as the policies does not cover the MCA type of factoring CBSG conducts, where no third party invoice exists.

10. CBSG continued paying for its insurance policies, and asked for a limited renewal for the policies where PPMs were named as beneficiaries even though its executives knew the policies did not cover MCA transactions.

11. In an attempt to rectify the loss of premiums faced by our clients, one of my jobs for CBSG was to locate an insurance provider that would insure MCA-type transactions. However, after numerous discussions with insurance carriers, I was unable to identify or locate any insurance provider that insures MCA transactions, which I reported that back to Joseph Cole Barleta and Joseph LaForte.

12. Finally, I was advised that Aida Lau had been transferred out of the accounting department at FSP's 205 Arch Street office supporting CBSG since late-2019. In 2019, after being counseled by her supervisor, she was moved to the 20 N. 3rd Street office, assigned to assist Joseph LaForte and continued working in that capacity until the Receiver was appointed in this case. I have personal knowledge of this through my employment at CBSG.

I declare under penalty of perjury that the foregoing is true, correct, and made in good faith.

Executed this 17 day of August 2020.

Ariel Benjamin Mannes, MA, CPP

Subject: RE: Insurance Claims Followup
From: Anthony Z
Date: 7/22/2019, 2:35 PM
To: Bret.Dunbar@eulerhermes.com, Alexis Houser
CC: Roohi.Kake@eulerhermes.com, Ben Mannes <bmannes@parfunding.com>

We sent these contracts in at the time of funding to and your firm approved them

We paid our insurance bill

You are required to either complete the claim or provide an official response as to why we are being denied the claim

We paid for the insurance – we deserve a more sincere effort on your part to satisfy the terms of agreement

Anthony Zingarelli

From: Bret.Dunbar@eulerhermes.com <Bret.Dunbar@eulerhermes.com>
Sent: Monday, July 22, 2019 2:02 PM
To: Alexis Houser <ahouser@parfunding.com>; Anthony Z <anthonyz@parfunding.com>
Cc: Roohi.Kake@eulerhermes.com
Subject: RE: Insurance Claims Followup

We do not provide loan guarantee insurance. We provide Accounts Receivable (invoice) insurance.

Bret Dunbar

Euler Hermes North America | One Penn Plaza, Suite 3325, New York, NY | USA - 10119
Phone: +1 212.502.0533 | Mobile: +1 732.778.3077 | Fax: +1 212.502.0508 | **bret.dunbar@eulerhermes.com**
eulerhermes.us

cid:image005.jpg@01D46D4B.515C

promo_with_CTA-trade-with-confidence

From: Alexis Houser [mailto:ahouser@parfunding.com]
Sent: Monday, July 22, 2019 1:40 PM
To: DUNBAR, Bret (EH:AMER); Anthony Z
Cc: KAKE, Roohi (EH:USA)
Subject: Re: Insurance Claims Followup

This is loan garuntee insurance, so why would there be an invoice instead of a contract?

On Mon, Jul 22, 2019 at 1:11 PM Bret.Dunbar@eulerhermes.com <Bret.Dunbar@eulerhermes.com> wrote:

> Hi Lexi,
>
> You have noted to our Claims Department that there were no invoices. If there are no invoices, there is no A/R, and therefore there is nothing we are covering.
>
> Regards,
>
> Bret
>
> **Bret Dunbar**
>
> **Euler Hermes North America** | One Penn Plaza, Suite 3325, New York, NY | USA - 10119
> Phone: +1 212.502.0533 | Mobile: +1 732.778.3077 | Fax: +1 212.502.0508 | **bret.dunbar@eulerhermes.com**
> **eulerhermes.us**
>
> cid:image005.jpg@01D46D4B.515C
>
> promo_with_CTA-trade-with-confidence
>
>

EXHIBIT
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From: Alexis Houser [mailto:ahouser@parfunding.com]
Sent: Monday, July 22, 2019 9:52 AM
To: KAKE, Roohi (EH:USA); DUNBAR, Bret (EH:AMER)
Subject: Insurance Claims Followup

Good Morning,

I'm reaching out because I haven't heard back about the insurance claims that I submitted. I just went through my email, and I submitted all of the necessary documentation for the following claims (listed below) at the end of march/early April. The supporting documentation was sent from the email insurance@parfunding.com, and was sent to Roohi's email as well as CCAdmin@eulerhermes.com. Can you please let me know the status of these ASAP?

[redacted]

--

Lexi Huff

Error! Filename not specified.
20 N. 3rd St
Philadelphia, PA 19106

Error! Filename not specified. Office: (267) 450-9367
Error! Filename not specified. Fax: (888) 305-7562

--

Lexi Huff

http://www.parfundin signature/par-
20 N. 3rd St
Philadelphia, PA 19106

Office: (267) 450-9367
Fax: (888) 305-7562

Subject: Update on Euler Hermes
From: Ben Mannes
Date: 8/7/2019, 11:19 AM
To: Joe Cole <joecole@parfunding.com>, Joe Mack <Joe@parfunding.com>
CC: "John P. Hartley" <jhartley@parfunding.com>

Gentlemen,
This morning, John and I had our 4th call with Euler regarding their honoring our claims from Mar/April. Below this email is a recap from their regional VP on this matter. To summarize, we are at a stalemate with Euler because:

- We signed a policy that described a business model we don't truly fit in, and
- They never read our MCA agreements and did due diligence upon underwriting our policy.

That said, they made it clear that all consumer-based claim that sells directly to consumers and doesn't invoice their 3rd party debtors (Chicago Pizza, El Bouza, Street Games, Happy Hands, etc) will not be honored. They will, however, process the B2B-type claims we can provide a statement of 3rd party accounts & invoices for; but made no promises (only that they will investigate further in claims).

Therefore, we recommend the following Plan of Action moving forward on the insurance issue:

1. Internally determine which claims we've submitted are able to have invoices reverse-engineered through ACH records to see if we can submit (50-60% of total), while;
2. Identify Insurance competitors that may be more suited for us, while still covered by Euler (shop around, but due more due diligence on the front end to see if our claims will be processed).
3. Do a cost vs. benefit analysis on taking legal action against Anthony Bernardo (insurance malpractice by selling us coverage that wasn't applicable to our business model) and Euler (to refund our premiums)

Once we weigh those, the following questions are presented for your decision(s):

1. Do we pursue the 50-60% of the claims they tacitly said they may process if we can get the info they need or cut bait and seek our premiums back and go with another carrier?
2. Do we file suit against Bernardo to cover us for losses and our promises to PPMs?

Thank you,

Ben Mannes

Chief Compliance Officer

Full Spectrum Processing

(215) 922-2636 x 118

bmannes@parfunding.com

---------- Forwarded message ---------
From: **Ryan.Wimberly@eulerhermes.com** <Ryan.Wimberly@eulerhermes.com>
Date: Wed, Aug 7, 2019 at 10:52 AM
Subject: RE: CBSG / Par Funding & Euler Hermes
To: Susan.Horn@eulerhermes.com <Susan.Horn@eulerhermes.com>, Dan Ring (dring@parfunding.com) <dring@parfunding.com>, Jasmine.Smith@eulerhermes.com <Jasmine.Smith@eulerhermes.com>, Lisa.Bond@eulerhermes.com <Lisa.Bond@eulerhermes.com>, Bret.Dunbar@eulerhermes.com <Bret.Dunbar@eulerhermes.com>, Joshua.Greaver@eulerhermes.com <Joshua.Greaver@eulerhermes.com>, Ben Mannes (bmannes@parfunding.com) <bmannes@parfunding.com>

All,

Thanks for your time, I found it very helpful. To recap our call:

Euler is on the risk when the risk commences. This is defined as the merchant you've funded raising an invoice to a debtor for services or product rendered in a B2B transaction. The debtor in this transaction is the party CBSG/Par should submit to Euler for underwriting of coverage. Once the A/R exists (services/product rendered, invoice raised, purchased by CBSG/Par), Euler covers the trade credit to the debtor up to the amount specifically approved by Euler underwriting at the time the underlying trade transaction occurred (i.e. merchant conducting business with the debtor).

The debtor in the transaction, not the merchant, is the party to default in order for a claim to be viable, at which point the debt must be assigned to Euler prior to any claim payment.

In terms of both existing and future claims, we will require the following documentation to review for coverage:

-Statement of Account
-Copies of invoices to the debtor that have been purchased from the merchant
-Documentation of amount advanced against these invoices.

Euler team – please feel free to weigh in with any clarifications.

Thanks,

EXHIBIT
B

Ryan Wimberly
Regional Vice President - Northeast

Euler Hermes North America | One Penn Plaza, Suite 3325 | New York, NY | 10119 | United States
Office: (617) 248.8857 | Mobile: (617) 599.6561

Ryan.Wimberly@eulerhermes.com | eulerhermes.us

Follow us:

-----Original Appointment-----
From: WIMBERLY, Ryan (EH:NORTH AMERICA)
Sent: Monday, August 05, 2019 9:45 AM
To: WIMBERLY, Ryan (EH:NORTH AMERICA); HORN, Susan (EH:Collections); Dan Ring (dring@parfunding.com); SMITH, Jasmine (EH:NORTH AMERICA); Bond, Lisa (EH:AMER); DUNBAR, Bret (EH:AMER); Greaver, Joshua (EH:NORTH AMERICA); Ben Mannes (bmannes@parfunding.com)
Subject: CBSG / Par Funding & Euler Hermes
When: Wednesday, August 07, 2019 9:00 AM-9:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: (866) 344-8970, passcode 89423167 then #

Sent: Tue, 23 Jul 2019 12:42:53 -0400
Subject: Re: Euler Hermes Letter
From: Joe Cole <joecole@parfunding.com>
To: Philip Rutledge <Rutledge@bybelrutledge.com>
image001.png
image002.png

He has a few funds, but the biggest ones we work with are listed as "ABFP Income Fund LLC" and there are additional subsequent ones named "ABFP Income Fund 2 LLC" and "ABFP Income Fund 3 LLC".
They should have filed what they needed to with the SEC though he has had issues recently with inquiries on how he made finder fees with us in 2016 / 2017, that same period we ended up paying a fee on last year.

Thanks.

Joe Cole

On Tue, Jul 23, 2019 at 10:55 AM Philip Rutledge <Rutledge@bybelrutledge.com> wrote:

Joe:

Do you have the name of, or could you send me a copy of, a PPM organized by Vagnozzi to which Complete Business Solutions sold Notes?

My query is whether a Form D was filed with the SEC and, if so, if he claimed the exemption whereby he could use general solicitation?

Thanks,

Phil

BYBEL RUTLEDGE LLP

G. Philip Rutledge

BYBEL RUTLEDGE LLP

1017 Mumma Road, Suite 302

Lemoyne, PA 17043

Tel. 717.731.1700

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[redacted]

rutledge@bybelrutledge.com

www.bybelrutledge.com

From: Joe Cole <joecole@parfunding.com>
Sent: Monday, July 22, 2019 6:43 PM
To: Philip Rutledge <Rutledge@bybelrutledge.com>
Subject: Euler Hermes Letter

Good afternoon Phil,

I wanted to run this letter by you that our accounts receivable insurance company sent to the PPM manager Dean Vagnozzi about using their company logo on marketing materials for the PPM. I do not have a copy of the marketing materials but worry about what he's soliciting.

We discussed that some of our AR is covered by a default policy that Euler Hermes under writes and it looks like he ran with this and may be telling his guys that our company has the entire portfolio insured. We're still working with them via the PPMs they set up but expressed concern about anything being conveyed since we were copied on the letter from our insurance company subsequently.

To my understanding, the PPM would bear any liability from any misrepresentations made form their PPM correct?

We want to make sure we have a good response in case we have any issues. Let me know if you have time to discuss this week.

I don't think this is a fire but I wanted to run this by you just in case. Thanks.

Joe Cole
CFO

PAR FUNDING

20 N 3rd St
Philadelphia, PA 19106

Office: (215) 613-4126
[redacted]
joecole@parfunding.com

CBSG
COMPLETE BUSINESS SOLUTIONS GROUP

20 N 3rd St
Philadelphia, PA 19106
(215) 922-2636
www.parfunding.com

Mr. Dean Vagnozzi
A Better Financial Plan
234 Mall Blvd, #270
King of Prussia, PA 19406

July 25, 2019

RE: Note Purchase Agreements with ABFP Income, LLC, ABFP Income Fund 2, L.P. and ABFP Income Fund 3, LLC

Dear Mr. Vagnozzi:

In conducting a periodic internal review of documentation relating to the sale of debt securities by Complete Business Solutions, Inc. ("CBSG"), it was noted that the above-referenced funds did not complete Section 4.05 of their respective Note Purchase Agreements dated October 15, 2018 and March 10, 2019 to indicate which paragraph of Rule 501(a) of SEC Regulation D each fund was relying upon to qualify as an accredited investor under that rule.

Therefore, I am requesting that you amend each Note Purchase Agreement by inserting the paragraph of Rule 501(a) of SEC Regulation D each fund was relying upon to qualify as an accredited investor, initial the change and return a copy of the amended agreement to the undersigned.

It also has come to my attention that you indicated in one of the videos which is available at www.abetterfinancialplan.com that two of the four investment opportunities you offer were backed by large international companies and that the investment opportunities you offered were "safe and secure." Since there are risks inherent in any investment and there is no large international company which backs the debt securities of CBSG purchased by each fund, would you please confirm in writing to the undersigned that you will not make such representations with respect to any debt securities issued by CBSG that have been or will be purchased by any of the above-referenced funds.

Please contact the undersigned if you have any questions.

Sincerely,

Joe Cole
Chief Financial Officer
Phone: (215) 922-2636
Fax: (888) 803-4886
joecole@parfunding.com

EXHIBIT 29

EXHIBIT 143

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF FLORIDA

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. COMPLETE BUSINESS SOLUTIONS GROUP, INC. d/b/a PAR FUNDING, et al., Defendants, and L.M.E. 2017 FAMILY TRUST, Relief Defendant.	Case No. 20-CV-81205-RAR

REMOTE VIDEOTAPED DEPOSITION OF

BRETT BERMAN, ESQUIRE,

called by the Plaintiffs for examination, taken by and before Ann Medis, Registered Professional Reporter and Notary Public in and for the Commonwealth of Pennsylvania, via Webex videoconference, on Tuesday, June 8, 2021, commencing at 10:08 a.m.

JOB No. 210608AME

EXHIBIT 30

because I didn't do a statistical analysis. But what I would say to answer your question is that the face of the paper typically had a multiple I think -- I haven't looked at the document in a year, but I think it was like 1.4 or 1.25 or 1.3, and I think that tied to your question because that, I think, is, you know, 25 to 40 percent returns or something like that.

I can't tell you I remember. I don't remember exactly, so I don't want to guess, but it was -- that's my answer. I don't think I could answer better than that.

Q. Were you ever asked for any legal opinion about whether or not the merchant cash advances were usurious?

A. We weren't asked for a legal opinion in the sense that you're asking, like a client asking can you give us a formal legal opinion. We didn't do that. I wasn't asked to. But we filed a lot of briefs in court addressing the legality of the merchant cash advance business and the fact that they were not usurious or loans or anything of the sort.

Q. Understood. I'm not asking about what was filed in court. I'm just asking you about legal

advice that was provided to Complete Business Solutions Group about the way they were operating and whether you were asked for that legal advice.

A. I was not.

Q. Okay. At any point did you advise anyone at Complete Business Solutions about whether or not it was legal for them to charge merchants the amount that was being charged under the merchant cash advances?

A. Did you say was I asked? I'm sorry.

Q. No. Did you provide legal advice about that?

A. No. The answer is no, other than defending against the lawsuits that were -- or the lawsuits or counterclaims or whatever they may be challenging that fact, because when we got involved in this part of it in February of 2020, obviously this company had been around for six years and the merchant cash advance business had been around for a very long time. So we were not asked, nor did I provide that.

Q. Okay. Now, you used -- earlier in your testimony you referred to default.

What do you mean by that? You testified about that you would have been advised if a merchant

MR. MILLER: I was just going to object on hearsay grounds. Thank you.

THE WITNESS: My apologies.

The answer is I don't recall having a discussion with Mr. Pauciulo after he got the documents, but what I would say is he was clearly satisfied with what he was given because the next thing I knew, his clients signed the exchange offer.

BY MR. MILLER:

Q. Thank you very much, Mr. Berman. I have no further questions.

MR. SOTO: Mr. Berman, this is Mr. Soto. I have just a couple of quick questions.

EXAMINATION

BY MR. SOTO:

Q. The first question relates to a series of questions and answers you gave earlier regarding whether you provided a legal opinion to CBSG regarding whether their advances were usurious.

Do you recall that line of questioning?

A. I do remember Ms. Berlin asking me those questions.

Q. Right. And do you recall saying that you don't recall providing CBSG specifically advice regarding whether the advances were usurious. Did I

hear you correctly?

A. I did not provide them with that advice, but they were given -- like Mr. Cole was given copies of our briefing along with the general counsel where we made substantial and significant arguments with respect to the legality of the entire portfolio of what they were doing as we understood it.

Q. Okay. And that's exactly what I wanted to clarify. You testified earlier that you had filed briefings with respect to whether the advances were usurious. Those are the briefings that you are now testifying you provided to Mr. Cole?

A. Of course, yeah.

Q. And I imagine in those briefings you argued that the advances were not usurious; correct?

A. 1,000 percent.

Q. So would it be fair to say that you provided an opinion at minimum through those briefings to Mr. Cole that the advances were not usurious?

A. You know, what I would say, Mr. Soto, and I said this to Mr. Kolaya and Mr. Alfano when they were asking these questions at the beginning of this case about opinions, I've been practicing for almost

15 years. I've never given a legal opinion on things. There's a very technical meaning to legal opinions that at Fox Rothschild involve audit committees and approvals. So I've never done what you're asking.

Did we file legal briefs in court? Yes. Did we take the position these are not usurious or illegal loans? Yes. Do I believe that sitting here today? Yes. And the reason I believe that are the court opinions around the country that have upheld the legality of this type of business.

But I'm not in the business, unless there's a specific request, which I never had in 15 years, to give legal opinions in the way you just framed it.

Q. Okay. And I didn't mean to ascribe any particular meaning to the phrase legal opinion.

My question is simply: Did Mr. Cole have an understanding with respect to your position on whether these advances were usurious based on the pleadings you provided to him?

MR. LEVITT: I'm going to object to form.

BY MS. BERLIN:

Q. Is it your understanding that he had an opinion with respect to whether these advances were

usurious based on the pleadings that you provided to him?

A. I think that Mr. Cole had an understanding that this was not illegal.

MS. BERLIN: Mr. Berman, I'm objecting on grounds that this calls for speculation about what you think Mr. Cole was thinking based on pleadings you filed.

THE WITNESS: What I was going to say was not only did I think Mr. Cole believed 100 percent that these were not illegal. I think he had been working with lawyers for many, many years before me. They were very well aware of cases all around the country involving MCA, the MCA business.

This was a hotly litigated topic in New York for a number of years and in Pennsylvania and in Texas and in California.

The answer was they were not -- to my knowledge other than, you know -- that this was legal. I mean, yeah, that was their -- of course, that was their opinion.

BY MS. BERLIN:

Q. Fair to say after he discussed the pleadings with you, that opinion hadn't changed?

MS. BERLIN: Objection. Again, calls for

speculation.
BY MR. SOTO:
Q. You can answer, Mr. Berman.
A. I don't think Mr. Cole's opinion changed after reading my briefing that supported the legality of the business.
Q. Did you have a conversation with Mr. Cole regarding the pleadings that were filed and the legality of the advances?
A. Again, I didn't give a legal opinion to him. But, I mean, remember, the prime thrust of my role in 2019 into '20 was defending the cases brought by who you said before, Mr. Heskin on behalf of his clients, where he was bringing criminal RICO allegations involving the alleged impropriety of this entire business.
And so, yeah, that was a topic of discussion because they were defending and spending a lot of money on legal fees defending that type of allegation, none of which were getting any traction from any courts, by the way.
Q. Okay. I want to turn to a different topic. You were asked during Ms. Berlin's questioning regarding whether you played any role you, Brett Berman, played any role in decisions made

From: Martin Hewitt <hewitt@mhewittlaw.com>
Sent: Wednesday, June 12, 2019 10:29 AM
To: Hewitt, Martin
Subject: Fwd: New Jersey Cease and Desist Order Dated December 27, 2018

Martin A. Hewitt
Attorney at Law
6306 Hammocks Lane
Canandaigua, NY 14424
hewitt@mhewittlaw.com
Phone: (646) 801-0669

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---------- Forwarded message ---------
From: **Martin Hewitt** <hewitt@mhewittlaw.com>
Date: Fri, Mar 1, 2019 at 11:59 AM
Subject: New Jersey Cease and Desist Order Dated December 27, 2018
To: Cynthia Clark <caclark@parfunding.com>
Cc: Joe Cole <joecole@parfunding.com>

Dear Ms. Clark:

As per our recent conversations please be advised that the issue relating to the above referenced Cease and Desist Order (the "Order') has been resolved. This was accomplished via correspondence and communication with the New Jersey Bureau of Securities. In such correspondence and communication it was determined that filing Form D, pursuant to Regulation D, Rule 506 of the Securities Act of 1934, as amended, would satisfy and resolve and the subject of the Order. This is because the securities sold in New Jersey had not been registered or the subject of a valid exemption. By filing Form D both federally and with the state of New Jersey, the securities are now exempt from registration and no further action is required except for annual updates in the ordinary course of business.

Should you have any questions, please do not hesitate to let me know.

Best regards,

Martin A. Hewitt, Esq.

6306 Hammocks Drive

Canandaigua, NY 14424

(732) 266-9336

hewitt@mhewittlaw.com