

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA
CASE NO.: 20-CV-81205-RAR**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

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

Defendants.

**RECEIVER, RYAN K. STUMPHAUZER’S UNOPPOSED MOTION TO
EXPAND THE RECEIVERSHIP TO INCLUDE CASH SEIZED BY THE FBI
FROM THE PROPERTIES OF JOSEPH W. LAFORTE AND CBSG OFFICE**

Ryan K. Stumphauzer, Esq., Court-Appointed Receiver (“Receiver”) of the Receivership Entities,¹, by and through undersigned counsel, hereby files this Motion to Expand the Receivership

¹ The “Receivership Entities” are Complete Business Solutions Group, Inc. d/b/a Par Funding (“Par Funding”); Full Spectrum Processing, Inc.; ABetterFinancialPlan.com LLC d/b/a A Better Financial Plan; ABFP Management Company, LLC f/k/a Pillar Life Settlement Management Company, LLC; ABFP Income Fund, LLC; ABFP Income Fund 2, L.P.; United Fidelis Group Corp.; Fidelis Financial Planning LLC; Retirement Evolution Group, LLC; RE Income Fund LLC; RE Income Fund 2 LLC; ABFP Income Fund 3, LLC; ABFP Income Fund 4, LLC; ABFP Income Fund 6, LLC; ABFP Income Fund Parallel LLC; ABFP Income Fund 2 Parallel; ABFP Income Fund 3 Parallel; ABFP Income Fund 4 Parallel; and ABFP Income Fund 6 Parallel; ABFP Multi-Strategy Investment Fund LP; ABFP Multi-Strategy Fund 2 LP; MK Corporate Debt Investment Company LLC; Capital Source 2000, Inc.; Fast Advance Funding LLC; Beta Abigail, LLC; New Field Ventures, LLC; Heritage Business Consulting, Inc.; Eagle Six Consulting, Inc.; 20 N. 3rd St. Ltd.; 118 Olive PA LLC; 135-137 N. 3rd St. LLC; 205 B Arch St Management LLC; 242 S. 21st St. LLC; 300 Market St. LLC; 627-629 E. Girard LLC; 715 Sansom St. LLC; 803 S. 4th St. LLC; 861 N. 3rd St. LLC; 915-917 S. 11th LLC; 1250 N. 25th St. LLC; 1427 Melon St. LLC; 1530 Christian St. LLC; 1635 East Passyunk LLC; 1932 Spruce St. LLC; 4633 Walnut St. LLC; 1223 N. 25th St. LLC; 500 Fairmount Avenue, LLC; Liberty Eighth Avenue LLC; Blue Valley Holdings, LLC; LWP North LLC; The LME 2017 Family Trust; Recruiting and Marketing Resources, Inc.; Contract Financing Solutions, Inc.; Stone Harbor Processing LLC; and LM Property Management LLC, and the receivership also includes the properties located at 568 Ferndale Lane, Haverford PA 19041; 105 Rebecca Court, Paupack, PA 18451; 107 Quayside Dr., Jupiter FL 33477; and 2413 Roma Drive, Philadelphia, PA 19145.

to include \$2,532,885.00 in cash seized by the Federal Bureau of Investigation (“FBI”) in July 2020 from Joseph W. LaForte’s properties in Paupack, Pennsylvania, Haverford, Pennsylvania, and Jupiter, Florida, and the offices of Complete Business Solutions Group, Inc. (“CBSG”) in Philadelphia, Pennsylvania. As demonstrated below, the Receiver believes that the cash seized from these locations represents the proceeds of commingled investor funds. For the reasons set forth below, expansion of the Receivership Estate over this cash is “necessary and appropriate for the purpose of marshaling and preserving the assets of the Defendants . . . that . . . are attributable to funds derived from investors or clients of the Defendants” and/or “may otherwise be includable as assets of the estates of the Defendants.” Amended Order Appointing Receiver (the “Amended Order”) (ECF No. 141) ¶ 1.

FACTUAL BACKGROUND

1. In July 2020, in connection with a criminal investigation of Joseph W. LaForte, the FBI sought and obtained authorization to execute search warrants on LaForte’s residences at the following addresses: (1) 105 Rebecca Court, Paupack, Pennsylvania 18451 (“Paupack Residence”); (2) 568 Ferndale Lane, Haverford, Pennsylvania 19041 (“Haverford Residence”); and (3) 107 Quayside Drive, Jupiter, Florida 33477 (“Jupiter Residence”) (collectively, the “LaForte Residences”).

2. On July 28, 2020, FBI agents simultaneously executed all of the search warrants on the LaForte Residences and additionally searched the CBSG offices at 20-22 N. 3rd St, Philadelphia, PA 19106 (“CBSG Philadelphia Office”) (the LaForte Residences and the CBSG Philadelphia Office are collectively the “Search Locations”).

3. From the Search Locations, the agents seized the following sums of cash:
- a) \$592,847.00 from the Haverford Residence;
 - b) \$596,733.00 from the Jupiter Residence, including:

- i. \$94,133.00 in a brown suitcase;
 - ii. \$302,600.00 in a beige bag;
 - iii. \$200,000.00 in another beige bag.
 - c) \$67,440.00 from the CBSG Philadelphia Office; and
 - d) \$1,275,865.00 from the Paupack Residence, including:
 - i. \$395,180.00 in a safe;
 - ii. \$398,485.00 in a second safe;
 - iii. \$339,920.00 in a third safe; and
 - iv. \$232,280.00 in a fourth safe.
- 4. In total, the FBI seized \$2,532,885.00 in cash from the Search Locations.
- 5. The United States, which currently has control over the cash, has advised that if an Order is entered authorizing and directing the transfer of the funds to the Receiver, the United States will comply with the Order.

LEGAL ARGUMENT

6. For the sake of brevity, the Receiver will not repeat all of the case law and arguments summarized in his initial Motion to Expand the Receivership. Suffice it to say that Courts have broad discretion to expand receiverships to include assets funded with “scheme proceeds.” *SEC v. Nadel*, No. 8:09-cv-87-T-26TBM, 2013 WL 2291871, at *2 (M.D. Fla. May 24, 2013) (citing cases). Under such circumstances, expansion of a receivership is necessary so that ill-gotten assets will not “be subject to diversion and waste to the detriment of those who were induced to invest in the corporate scheme.” *SEC v. First Fin. Grp. of Tex.*, 645 F.2d 429, 438 (5th Cir. 1981).

7. In this Court’s Amended Order, it stated that “the appointment of a receiver in this action is necessary and appropriate for the purposes of marshaling and preserving all assets of the Defendants (“Receivership Assets”) and those assets of the Relief Defendant that: (a) are attributable to funds derived from investors or clients of the Defendants; (b) are held in constructive

trust for the Defendants; and/or (c) may otherwise be includable as assets of the estates of the Defendants (collectively, “Recoverable Assets”). Amended Order (ECF No. 141) ¶ 1

8. Here, the Receiver believes that the cash seized by the FBI from the Search Locations represents the proceeds of commingled investor funds and thus constitutes Recoverable Assets.

9. The Receiver believes it is necessary to include the cash recovered from the Search Locations within the Receivership to preserve these assets as part of the Receivership Estate and to preserve these assets as a source for any potential order of disgorgement.

10. The Receiver has consulted with the United States Attorney’s Office for the Eastern District of Pennsylvania about the relief sought in this Motion and it does not object to the Receiver expanding the Receivership to include the cash seized from the Search Locations.

11. A proposed Order granting this Motion is attached as Exhibit 1.

CERTIFICATION REGARDING PRE-FILING CONFERENCE

The undersigned counsel has conferred with the SEC and with counsel for Joseph LaForte regarding the relief sought through this Motion, as well as counsel for the other Defendants. The SEC agrees with the relief requested in the Motion. Counsel for LaForte advised the undersigned that LaForte objects to the allegation in paragraph 8 that the cash recovered from the Search Locations “represents the proceeds of commingled investor funds and thus constitutes Recoverable Assets,” but does not oppose the relief requested in this Motion. No other Defendant has stated a position on this Motion.

Dated: December 2, 2021

Respectfully Submitted,

**STUMPHAUZER FOSLID SLOMAN
ROSS & KOLAYA, PLLC**
Two South Biscayne Blvd., Suite 1600
Miami, FL 33131
Telephone: (305) 614-1400

By: /s/ Timothy A. Kolaya
TIMOTHY A. KOLAYA
Florida Bar No. 056140
tkolaya@sfsflaw.com

Co-Counsel for Receiver

**PIETRAGALLO GORDON ALFANO
BOSICK & RASPANTI, LLP**
1818 Market Street, Suite 3402
Philadelphia, PA 19103
Telephone: (215) 320-6200

By: /s/ Gaetan J. Alfano
GAETAN J. ALFANO
Pennsylvania Bar No. 32971
(Admitted Pro Hac Vice)
GJA@Pietragallo.com
DOUGLAS K. ROSENBLUM
Pennsylvania Bar No. 90989
(Admitted Pro Hac Vice)
DKR@Pietragallo.com

Co-Counsel for Receiver

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on December 2, 2021, I electronically filed the foregoing document with the clerk of the Court using CM/ECF. I also certify that the foregoing document is being served this day on counsel of record via transmission of Notices of Electronic Filing generated by CM/ECF.

/s/ Timothy A. Kolaya
Timothy A. Kolaya

Exhibit 1

**UNITED STATES DISTRICT COURT
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CASE NO.: 20-CV-81205-RAR**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

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

Defendants.

**PROPOSED ORDER GRANTING RECEIVER’S UNOPPOSED MOTION TO
EXPAND THE RECEIVERSHIP TO INCLUDE CASH SEIZED BY THE FBI
FROM THE PROPERTIES OF JOSEPH W. LAFORTE AND CBSG OFFICE**

THIS CAUSE comes before the Court upon the Receiver’s Unopposed Motion to Expand the Receivership to Include the Cash Seized by the FBI from the Properties of Joseph W. LaForte and CBSG Office (the “Motion to Expand”) [ECF No. ___], filed on December 2, 2021. In the Motion, the Receiver seeks to expand the scope of the Court’s Amended Order Appointing Receiver dated August 13, 2020 [ECF No. 141] (“Receivership Order”), to include \$2,532,885.00 in cash seized by the Federal Bureau of Investigation (“FBI”) in July 2020 from Joseph W. LaForte’s properties in Paupack, Pennsylvania, Haverford, Pennsylvania, and Jupiter, Florida, and the offices of Complete Business Solutions Group, Inc. (“CBSG”) in Philadelphia, Pennsylvania.

The Court finds that the Receiver has made a sufficient and proper showing in support of the relief requested. Accordingly, it is hereby

ORDERED AND ADJUDGED that the Receiver’s Motion to Expand is **GRANTED** as follows:

1. For the same reasons articulated in the Order on Motion to Expand [ECF No. 436], the scope of the Receivership created in this case is expanded to include the \$2,532,885.00 in cash seized by the FBI from the properties and business of Joseph W. LaForte.

2. The Court finds that based upon the Securities and Exchange Commission's previous filings and the information the Receiver has supplied in the Motion, the same findings and conclusions that led the Court to expand the Receivership to include the other Receivership Entities and Receivership Assets apply equally to the aforementioned \$2,532,885.00 in cash seized by the FBI. Ryan K. Stumphauzer's duties as Receiver are expanded to include the \$2,532,885.00 in cash seized by the FBI. The Receivership Order shall apply with equal force and effect to the \$2,532,885.00 in cash seized by the FBI as it applies to the other Receivership Entities and Receivership Assets. The terms and provisions of the operative Receivership Order are incorporated by reference herein.

DONE AND ORDERED Fort Lauderdale, Florida, this ___ day of _____, 2021.

RODOLFO A. RUIZ II
UNITED STATES DISTRICT JUDGE

Copies to: Counsel of Record