

**UNITED STATES DISTRICT COURT  
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.,**

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**JOINT PRE-TRIAL STIPULATION**

Pursuant to Southern District of Florida Local Rule 16.1(e) and this Court's Amended Order Setting Jury Trial, Schedule, Requiring Mediation, And Referring Certain Matters To Magistrate Judge of March 30, 2021 (DE 521), Plaintiff Securities and Exchange Commission and Defendant Michael C. Furman file the following joint pre-trial stipulation.

**1. A short concise statement of the case by each party in the action.**

(a) **Plaintiff.** The Amended Complaint alleges that Furman violated 7 provisions of the federal securities laws by committing manipulative or deceptive acts that are part of a fraudulent or deceptive course of conduct, or are in furtherance of a scheme to defraud (Counts I, III, IV, VI), making material misrepresentations and omissions in connection with the offer or sale of securities (Counts II & V), and participating in unregistered securities offerings (Count VII).

Beginning in late 2017, Furman was a necessary participant or substantial factor in the ABFP and Par Funding unregistered offerings in that he drew prospective investors in to invest for the ultimate purpose of raising money for Par Funding in its unregistered offering and solicited investors to purchase ABFP notes in the unregistered ABFP offering for that same purpose. Starting in 2018, Furman created a company, Fidelis Financial Planning, to continue these efforts.

Acting as an “agent fund manager” for Par Funding, he drew numerous prospective investors in to invest in his company Fidelis Financial Planning for the ultimate purpose of raising money for Par Funding. Furman then used investors’ funds to purchase Par Funding notes in the unregistered Par Funding offering in a series of coordinated sales. Fidelis operated pursuant to a management agreement Furman executed with ABFP Management, a company owned and controlled by Dean Vagnozzi.

To fuel the Par Funding loans and enrich himself, Furman participated in a scheme to raise investor money for the unregistered securities offerings. The fraudulent scheme operated behind multiple veils of secrecy built of lies to conceal the true nature of Par Funding’s loans and the success and default rates thereof, the safety of investing in the loans, the fact that Par Funding was led by a convicted felon, three Cease-and-Desist Orders state securities regulators had entered against Par Funding for violating state securities laws, the true result of the New Jersey Division of Securities’ investigation of Par Funding, a Cease-and Desist Order and sanctions issued against Dean Vagnozzi for violating state securities laws in connection with the Par Funding offering; and a Cease and-Desist Order and sanctions issued against Par Funding principal Perry Abbonizio for violating state securities laws in connection with the Par Funding offering. Furman made false and/or misleading statements and/or omissions in connection with the offer or sale of Par Funding, ABFP, and Fidelis Planning securities investments.

(b) **Defendant.** Furman disputes that any scheme ever existed. Contrary to Plaintiff’s assertion, Furman never sold any securities to Par Funding, or AFPB, which were involved in the business of lending money to struggling businesses that could not otherwise qualify for traditional loans, and as such were entitled to an interest rate that was associated with the risk profile of the buyer, and was not involved in the sale or efforts to sell securities to either of those entities,. Rather,

Furman was involved in the sale of notes in Fidelis, a fund that was created to invest money in a merchant cash advance vehicle, that was exempt from registration pursuant to Section 506(c) of the Securities and Exchange Act, and were made solely to accredited investors. Fidelis was a fund that was wholly independent from any and all of the other defendants. Because Fidelis was exempt from registration, Furman did not engage in the sale of unregistered securities.

In addition, Furman vehemently denies making any misrepresentations of material fact with respect to Par Funding. While the SEC claims that he lied about fines by the New Jersey Bureau of Securities, it misconstrues what Furman said. Similarly, Furman disclosed issues with the Pennsylvania regulators to investors, and, more importantly, the people he discussed the matter with were not investors with Par Funding.

. It is also Furman's position that even if he did not comply with the applicable regulations or otherwise made a misstatement, that he did so based on advice of counsel, and such representations would not be relied on by a reasonable investor, and that he lacked the requisite scienter to do so. Furman also denies having knowledge of any of the other alleged misstatements, as he had no way of knowing or understanding what Par Funding or AFPB's internal business practices and procedures were.

**2. The basis of federal jurisdiction.** The Court has jurisdiction over this action pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77t(b), 77t(d), and 77v(a); and Sections 21(d), 21(e), and 27 of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78u(d), 78u(e), and 78aa.

**3. The pleadings raising the issues.** The pleadings raising the issues are: (1) the Amended Complaint for Injunctive and Other Relief (DE 119); and (2) Defendant Michael Furman's Answer and Affirmative Defenses (DE 617).

**4. A list of all undisposed of motions or other matters requiring action by the Court.**

None.

**5. A concise statement of uncontested facts which will require no proof at trial, with reservations, if any.**

The Par Funding, Fidelis, and ABFP notes are securities.

Par Funding was started by Lisa McElhone and Josep LaForte in about 2011, and Par Funding offered promissory notes from 2012 to July 2020.

Par Funding was registered to do business in Florida, represented it was headquartered in Florida, and operated out of offices in Philadelphia.

The LME 2017 Family Trust was Par Funding's sole owner, and McElhone was one of Par Funding's officers and the only employee. Ms. McElhone was the grantor of the LME Trust, and Ms. McElhone and Mr. LaForte were its trustees.

On October 4, 2006, LaForte was convicted of state felony charges in New York for grand larceny and money laundering. In 2009, LaForte pled guilty to criminal charges in the U.S. District Court for the District of New Jersey for conspiracy to operate an illegal gambling business.

Joseph Cole is a resident of Philadelphia who served as the CFO for Par Funding from 2016 until July 2020.

During the relevant time period, Par Funding raised money through the offer and sale of promissory notes. Par Funding issued 12-month promissory notes stating the note holder would receive various annual interest rates.

Dean Vagnozzi was also the owner of A Better Financial Plan and ABFP Management.

From 2016 until July 2020, Perry Abbonizio was the investor relations liaison for Par Funding.

Furman is a resident of Florida who through his company United Fidelis Group Corp., operated and managed Fidelis Financial Planning LLC, which offered, sold, and issued promissory notes to investors.

At all times, Fidelis Financial Planning operated out of West Palm Beach, Florida.

No registration statement was filed or in effect with the Commission with respect to the offer and sale of Par Funding's promissory notes, ABFP's promissory notes, or Fidelis promissory notes at any time.

**6. A statement in reasonable detail of issues of fact which remain to be litigated at trial.**

(a) Whether Furman was a "necessary participant or substantial factor" in the offer or sale of securities in transactions that were not registered with the Commission;<sup>1</sup>

(b) Whether Furman made misrepresentations or omissions to investors and/or participated in a scheme or engaged in deceptive course of conduct in furtherance of a scheme to defraud investors about:

- (1) The default rate of the MCA loans and true nature of the MCA loans in default;
- (2) the safety of investing in Par Funding's MCA loans;
- (3) LaForte's criminal record;
- (4) the Pennsylvania State Securities regulator's Order against Par Funding for violating securities laws in connection with the Par Funding promissory note offering;
- (5) the New Jersey Division of Securities' Order against Par Funding for violating

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<sup>1</sup> While the Parties do not dispute the foregoing statement of law, they dispute the definition of Necessary Participant and Substantial Factor.

securities laws in connection with the Par Funding promissory note offering;

(6) the Texas Securities Board's Cease and Desist Order against Dean Vagnozi/ABFP, Perry Abbonizio, and others for violating securities laws and engaging in fraud in connection with the Par Funding promissory note offering;

(7) the true result of the New Jersey Division of Securities' investigation of and findings concerning Par Funding; or

(8) a Cease-and-Desist Order and sanctions issued against Vagnozzi/ABFP for violating state securities laws in connection with the Par Funding offering.

(c) Whether any of Furman's misrepresentations or omissions were material;

(d) Whether Furman acted with scienter;

(e) Whether Furman acted negligently;

(f) Whether Furman used the mail, email, telephone, wires and other methods of interstate

commerce in their offer and sale of securities.

(g) Whether AFPB Fund, LLC and/or Par Funding are exempt from Registration.<sup>2</sup>

**7. A concise statement of issues of law on which there is agreement.**

(a) Section 5 of the Securities Act requires all offerings of securities to be registered with the Commission, unless the offering qualifies for an exemption to the registration requirement.

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<sup>2</sup> Defense counsel believes that whether Fidelis is exempt from registration should be added here. The SEC disagrees as this was not charged in the claim against Furman and is therefore not relevant to any claim .

(b) Individuals can be held liable under section 5 if they were a necessary participant or substantial factor in the illicit sale.

(c) Scierter is not required to establish a violation of Section 5. *See SEC v. Calvo*, 378 F.3d 1211; 1215 (11th Cir. 2004) (“Scierter is not a consideration.”).

(d) Section 17(a)(1) of the Securities Act prohibits persons from directly or indirectly in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or of the mails, knowingly or recklessly employing devices, schemes, or artifices to defraud.

(e) Section 17(a)(2) of the Securities Act prohibits persons from directly or indirectly in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or of the mails, negligently obtaining money or property by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

(f) Section 17(a)(3) of the Securities Act prohibits persons from directly or indirectly in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or of the mails, negligently engaging in transactions, practices, or courses of business which operate as a fraud or deceit on the purchasers.

(g) Section 10(b) and Rule 10b-5(a) of the Exchange Act prohibits persons from directly or indirectly in connection with the purchase or sale of securities, by use of the means or instrumentalities of interstate commerce, or of the mails, knowingly or recklessly employing devices, schemes, or artifices to defraud.

(h) Section 10(b) and Rule 10b-5(b) of the Exchange Act prohibits persons from directly or indirectly in connection with the purchase or sale of securities, by use of the means or instrumentalities of interstate commerce, or of the mails, knowingly or recklessly making untrue statements of material fact or omitting to state material facts in order to make the statements made, in light of the circumstances in which they were make, not misleading.

(i) Section 10(b) and Rule 10b-5(c) of the Exchange Act prohibits persons from directly or indirectly in connection with the purchase or sale of securities, by use of the means or instrumentalities of interstate commerce, or of the mails, knowingly or recklessly engaging in acts, practices, or courses of business which operate as a fraud on the purchasers of such securities.

(j) Rules 506(b) and 506(c) of Regulation D provide for exemptions from registration with the SEC if certain conditions are demonstrated.

**8. A concise statement of issues of law which remain for determination by the Court.**

The Court will have to determine all issues of law governing instructions to the jury and the verdict form.

**9. Each party's numbered list of trial exhibits, other than impeachment exhibits, with objections, if any, to each exhibit, including the basis of all objections to each document, electronically stored information and things.**

Previously filed.

**10. Each party's numbered list of trial witnesses, with their addresses, separately identifying those whom the party expects to present and those whom the party may call if the need arises. Witnesses whose testimony is expected to be presented by means of a deposition shall be so designated. Impeachment witnesses need not be listed. Expert witnesses shall be so designated.**



Previously filed.

**Estimated trial time.** The parties estimate trial in this matter will last one to two weeks.

Dated December 13, 2021.

Respectfully submitted,

By: s/ Amie Riggle Berlin

Amie Riggle Berlin  
Senior Trial Counsel  
Florida Bar No. 630020  
Direct Dial: (305) 982-6322  
Email: [berlina@sec.gov](mailto:berlina@sec.gov)

Alise Johnson, Esq.  
Senior Trial Counsel  
Florida Bar No. 0003270  
Direct Dial: (305) 982-6385  
Email: [johnsonali@sec.gov](mailto:johnsonali@sec.gov)  
Attorneys for Plaintiff

**SECURITIES AND EXCHANGE  
COMMISSION**

801 Brickell Avenue, Suite 1800  
Miami, Florida 33131  
Telephone: (305) 982-6300  
Facsimile: (305) 536-4154

By: s/ Zachary P. Hyman

Zachary P. Hyman  
Florida Bar No. 98581  
[zach@millenniallaw.com](mailto:zach@millenniallaw.com)  
[millenniallawforms@gmail.com](mailto:millenniallawforms@gmail.com)  
[jessica@millenniallaw.com](mailto:jessica@millenniallaw.com)

**MILLENNIAL LAW, INC.**  
Attorneys for Michael C. Furman  
501 E. Las Olas Blvd Ste 200/308  
Fort Lauderdale FL 33301  
Phone: 954-271-2719

and

**KNIGHT LAW, P.A.**  
4624 Hollywood Blvd., Ste. 203  
Hollywood, Florida 33021  
Telephone: 786.480.0045

Elroy M. John, Esq.  
Florida State Bar No.: 1002480  
Email: [Elroy@KnightLawFL.com](mailto:Elroy@KnightLawFL.com)  
*Attorneys for Defendant, Michael C.  
Furman*