UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA

Securities & Exchange Commission,

Plaintiff,

v.

Complete Business Solutions Group, Inc., *et al.*

Defendants.
_____/

Case No.: 9:20-cv-81205-RAR

MOTION TO LIFT LITIGATION STAY; INCORPORATED MEMORANDUM OF LAW

Non-parties Mark Nardelli, Francis Cassidy, David Gollner and Christopher McMorrow ("Movants") respectfully submit this motion, and incorporated memorandum of law, seeking an Order lifting the litigation stay entered in this action solely to permit Movants to proceed with litigation pending in the Pennsylvania Court of Common Pleas, Philadelphia County, against non-parties Eckert Seamans Cherin & Mellott ("Eckert") and John W. Pauciulo , Esquire ("Pauciulo"), and in support thereof, state as follows:

RELEVANT FACTS

Movants are, among others, plaintiffs in a legal malpractice action now pending in the Pennsylvania Court of Common Pleas, Philadelphia County, captioned *Parker, et al. v. Pauciulo, et al.,* December Term 2020 No. 00892 (the "Parker Action"). (A true and correct copy of the verified Complaint in the Parker Action is attached as Exhibit A).[1] Plaintiffs' claims in the Parker Action arise from legal advice provided to them by Pauciulo and Eckert related to the formation

[1] Plaintiff in the Parker Action initiated the action in December 2020, utilizing a Pennsylvania-specific process, by filing a Writ of Summons. Plaintiffs filed their Complaint in March 2021.

of limited liability companies created for the purpose of investing in Complete Business Solutions Group, Inc. d/b/a PAR Funding ("Par Funding"). As set forth in the Parker Action Complaint, plaintiffs' claims are not asserted against any officer, director, or principal of PAR Funding, nor is any claim made against PAR Funding or any of its affiliates. Indeed, the Complaint is solely focused on legal representation provided by a lawyer and a law firm -- Pauciulo and Eckert -- that are not parties to this action. It does not seek damages from any party to the instant action, nor will it generate any funds that would be subject to seizure by the receiver.

On July 31, 2020, this Court entered an Order Granting Plaintiff's Urgent Motion to Amend Order Appointing Receiver to Include Litigation Injunction (the "Order Staying Litigation") [ECF No. 56]. In the Order Staying Litigation, the Court stayed all civil legal proceedings involving the Receiver, the Receivership Entities, any of the Receivership Entities' property interests, and any of the Receivership Entities' past or present officers, directors, managers, agents or partners sued in connection with actions take in such capacity (the "Ancillary Proceedings"). (*Id.* at 4.) In doing so, this Court enjoined all Courts having any jurisdiction of Ancillary "from taking or permitting any action until further Order of this Court." (*Id.*) On August 13, 2020, the Court entered its Amended Order Appointing Receiver (the "Amended Order," and together with the Order Staying Litigation, the "Litigation Injunction") [ECF No. 141] wherein it repeated the terms of the Order Staying Litigation.

Thereafter, Pauciulo and Eckert filed a motion to stay the proceedings in the Parker Action, arguing that the Parker Action is an ancillary action to this one. (A true and correct copy of the motion is attached as Exhibit B). On May 27, 2021, the Honorable Leon Tucker entered an Order that acknowledged that plaintiffs' opposition to a stay of the Parker Action "clearly has merit," but nevertheless entered a stay of proceedings in deference to this Court. (A true and correct copy of

the Order is attached as Exhibit C). Accordingly, it is unlikely that the Pennsylvania court will lift the stay absent an Order from this Court clarifying that the Parker Action is not the type of action contemplated by this Court's Litigation Injunction, and/or lifting the Litigation Injunction as to the Parker Action.

To that end, plaintiffs in the Parker Action have asserted claims against defendants in their capacity as plaintiffs' attorneys, and such claims are independent of any investment made in PAR Funding or its affiliates. As such, plaintiffs' claims are unrelated to any actions defendants may have taken on behalf of PAR Funding, and plaintiffs do not seek any damages subject to, or recoverable by, the Receiver. Indeed, any recovery in the Parker Action will most likely be funded by insurance (or funds to be provided by Eckert's receipts) covering claims against attorneys for legal malpractice. The funds available to satisfy any judgment in the Parker Action may not be seized by the Receiver because there is no attorney-client relationship between Eckert/Pauciulo and investors whose position is represented by the receiver. And even if the subject funds were available to the Receiver (and they are not), the funds, when collected, can be held in an attorney trust account or other secured account pending resolution of that issue. In the interim, the proceeds of the litigation will have been obtained and will be more promptly distributed either to the parties to the Parker action, or otherwise (if the Receiver articulates a proper basis for including the funds in the receivership estate).

ARGUMENT

In determining whether to lift a litigation stay, a court should consider "(1) whether refusing to lift the stay genuinely preserves the status quo or whether the moving party will suffer substantial injury if not permitted to proceed; (2) the time in the course of the receivership at which the motion for relief from the stay is made; and (3) the merit of the moving party's underlying claim." *SEC v. Stanford Int'l Bank Ltd.*, 424 Fed. Appx 338, 341 (5th Cir. 2011) (quoting *SEC v.*

Wencke, 742 F. 2d 1230, 1231 (9th Cir. 1984)); see also *SEC v. Provident Royalties***,** Civ. A. No. 3:09-CV-1238-L, 2011 U.S. Dist. LEXIS 74304 at *6-14 (N.D. Tex. July 7, 2011) (when balancing the movant's interest in lifting a stay, the Court should consider "whether the moving party will suffer substantial injury if not allowed to proceed"). Each of these factors weigh heavily in favor of lifting the Litigation Injunction.

First, the stay is not necessary to preserve the *status quo* because no defendant in the Parker Action is a party in the instant matter. Nor do the claims at issue in the Parker Action or the relief sought affect the receivership estate in any way. The Receiver has not moved to intervene in the Parker Action and has no ability to seize or attach any recovery in that action. Thus, the Parker Action provides no benefit to the receivership estate, and there is no proper basis to prevent adjudication of a meritorious claim that cannot affect the outcome of this action. By contrast, Movants will suffer substantial prejudice if not permitted to proceed. Indeed, Movants have been unable to pursue their claims in the Parker Action since its initiation in December 2020, while memories fade and time passes since the incidents giving rise to the Parker Action occurred. *See United States v. JHW Greentree Capital LP*, Civ. Action No. 3:12-CV-00116, 2014 U.S. Dist. LEXIS 203206, at *13-14 (D. Conn. May 16, 2014) (lifting stay of litigation where movant was prejudiced by its inability to prosecute breach of contract and fraud claims against a small asset that was indirectly owned by receivership entity, and where neither the receiver nor the estate were or would be parties to the movant's action).

Second, even assuming the Receiver could attach the proceeds of this litigation (and he cannot), the Receiver has had more than ample time to investigate the claim and to intervene to assert an interest, but he has not done so. Indeed, the Parker Action was commenced over a year ago. Yet, the Receiver has not intervened in the Parker Action, nor set forth a basis for seizing the

proceeds of the Parker Action for the receivership estate. To that end, the Receiver never even requested a stay of the Parker Action; the stay was imposed at the request of Eckert and Pauciulo. Moreover, the Receiver was appointed nearly two years ago, and has had sufficient time to organize, understand, and marshal the entities under its control, and already has liquidated many of their assets. *See JHW supra* at *23 (litigation stay lifted where the receiver had been appointed 22 months before the motion to lift the stay was filed, and the receiver had progressed sufficiently in its duties to marshal the assets under his control).

Finally, Movant's claims in the Parker Action have overwhelming merit, and the Receiver has not asserted anything to the contrary; nor could he. *See JHW, supra* at *24. (in determining whether the underlying claims of a movant seeking to lift a stay have merit, a Court need only decide if the claims are "colorable"). In this regard, Movants are being prevented from seeking redress for the harm caused to them (and the other plaintiffs in the Parker Action) by their legal counsel, when such redress will not cause any harm to the receivership estate.

In fact, permitting the Parker Action to proceed may benefit the receivership estate to the extent any recovery in that action may compensate the Parker Action plaintiffs, in whole or in part, and thereby reduce any other claims they may have to be compensated through the receivership estate. Moreover, to the extent the Receiver could have an arguable interest in the recovery (and he does not), advancing the Parker Action toward the goal of recovery will more readily make those funds available. To that end, the proceeds of that litigation could be held in trust, or in some other protected account, while any dispute over the receivership estate's interest is adjudicated in this Court.

CONCLUSION

For the foregoing reasons, Movants respectfully request that the Court enter an Order (i) either clarifying that the Litigation Injunction does not contemplate a stay of litigation of the claims

in the Parker Action, or expressly lifting the Litigation Injunction to permit the Parker Action to proceed, and (ii) granting such further relief as the Court deems just and proper.

CERTIFICATION REGARDING PRE-FILING CONFERENCE

Pursuant to Local Rule 7.1(a)(3), the undersigned counsel has conferred with all counsel of record and unrepresented parties in this matter regarding the relief sought by this motion. Counsel certifies that the Receiver opposes the relief sought, and all other parties either do not oppose the motion, take no position, or have not responded with their position.

REQUEST FOR HEARING

The Movants hereby request oral argument on this motion.

Dated: February 15, 2022

Respectfully submitted,

MINSKER LAW, PLLC

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-and-

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Admitted Pro Hac Vice for Movants Mark Nardelli, Francis Cassidy, David Gollner and Christopher McMorrow

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served on February 15, 2022, via the Court's ECF Filing System, on all counsel in this matter.

/s/ Jonathan E. Minsker
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EXHIBIT A

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Attorneys for Plaintiffs

PHILADELPHIA COURT OF COMMON PLEAS
TRIAL DIVISION

Dean Parker,	:	December Term, 2020
Davis Parker,	:	
RAZR MCA Fund LLC, et al.,	:	No.: 00892
Plaintiffs,	:	
	:	
vs.	:	
	:	
John W. Pauciulo, Esquire, and	:	
Eckert Seamans Cherin & Mellott, LLC,	:	
Defendants.	:	

NOTICE TO DEFEND

NOTICE

You have been sued in court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this complaint and notice are served, by entering a written appearance personally or by attorney and filing in writing with the court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the court without further notice for any money claimed in the complaint or for any other claim or relief requested by the plaintiff. You may lose money or property or other rights important to you.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER OR CANNOT AFFORD ONE, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.

PHILADELPHIA BAR ASSOCIATION
LAWYER REFERRAL AND INFORMATION SERVICE
One Reading Center
Philadelphia, Pennsylvania 19107
Telephone: 215-238-1701

AVISO

Le han demandado a usted en la corte. Si usted quiere defenderse de estas demandas expuestas en las paginas siguientes, usted tiene veinte (20) dias, de plazo al partir de la fecha de la demanda y la notification. Hace falta asentar una comparencia escrita o en persona o con un abogado y entregar a la corte en forma escrita sus defensas o sus bjeciones a las demandas en contra de su persona. Sea avisado que si usted no se defiende, la corte tomara medidas y puede continuar la demanda en contra suya sin previo aviso o notificacion. Ademas, la corte puede dcidir a favor del demandante y requiere que uste cumplacon todas las provisiones de esta demanda. Usted puede perder dinero o sus propiedades u otros derechos importantes para usted.

LLEVE ESTA DEMANDA A UN ABOGADO IMMEDIATAMENTE. SI NO TIENE ABOGADO O SI NO TIENE EL DINERO SUFICIENTE DE PAGAR TAL SERVICIO, VAYA EN PERSONA O LLAME POR TELEFONO A LA OFICINA CUYA DIRECCION SE ENCUENTRA ESCRITA ABAJO PARA AVERIGUAR DONDE SE PUEDE CONSEGUIR ASISTENCIA LEGAL.

ASSOCIACION DE LICENDIADOS DE FILADELFIA
SERVICIO DE REFENCIA E INFORMACION LEGAL

COMPLAINT

Plaintiffs Joseph R. Cacchione, Francis Cassidy, Yajun Chu, Brian Drake, Joseph Gassman, David Gollner, Kurt Hemry, Sherri Marini, Andrew McKinley, Christopher McMorrow, Mark Nardelli, Paul Nick, Davis Parker, Dean Parker, Daniel Reisinger, Philip Sharpton, Michael Tierney, (collectively, "individual Plaintiffs"), Merchant Factoring Income, LLC, Victory Income Fund, LLC, Workwell Fund I, LLC, Cape Cod Income Fund, Wellen Fund 1, LLC, LLC, LWM Income Fund, 2, LLC, LWM Equity Fund, L.P., LWM Income Fund Parallel, LLC, Blue Stream Income Fund, LLC, Jade Funding, LLC, MK One Income Fund, LLC, GR8 Income Fund, LLC, STFG Income Fund, LLC, RAZR MCA Fund, LLC, Mariner MCA Income Fund, LLC, MCA Carolina Income Fund, LLC, and Merchant Services Income Fund, LLC (all collectively, "Agent Fund Plaintiffs") hereby file this Complaint against Defendants and in support thereof aver as follows:

INTRODUCTION

This is a legal malpractice action arising out of the representation of multiple individuals, by Defendants John Pauciulo, Esquire ("Pauciulo") and his law firm, Eckert Seamans Cherin & Mellott, LLC ("Eckert Seamans," "Eckert," or "firm") (collectively, "Defendants") in connection with the creation of various investment funds formed for the express purpose of investing in an entity commonly referred to as PAR Funding. As detailed more fully below, PAR Funding offered an investment opportunity for "agent funds" to purchase a unique special purpose security, for the purpose of investing in merchant loans. These merchant loans provided capital to small businesses willing to pay very high factoring rates for the funding. The loans were funded through the sale of special purpose securities to investor funds, including the Agent Funds. Here, certain Agent Funds, created, managed, or owned by the individual plaintiffs provided capital to PAR Funding

in exchange for promissory notes, constituting the special securities. Each individual plaintiff and each Agent Fund (collectively, "Plaintiffs") has been harmed by the Defendants' failure to properly form the Agent Fund, or to properly advise of the risks presented by creating such an Agent Fund for the sole purpose of investing in PAR Funding. At all relevant times, Pauciulo and the firm were aware of unique risks associated with these investments, nonetheless Pauciulo promoted the investments as both legal and relatively safe. He provided, at best, a false sense of security about the decision to invest, and at worst, outright misrepresentations about the risks, in order to either benefit from the increase in business for his legal services or from driving investment traffic into PAR Funding, or both.

In contrast to attracting individual investors into PAR Funding, the 'Agent Fund' concept involved the formation of an LLC meeting the criteria to hold certain securities. The Agent Fund concept was presented to potential investors through seminars and events, where Pauciulo, either in person or in a pre-recorded message, extolled the virtues of PAR's business model, successes, operations, and additionally vouched for the legality, both of the use of Agent Funds as sources of capital to fund the loans PAR issued to small businesses, and the purchase of such unregistered securities. Once individual investors expressed an interest in establishing an agent fund, Pauciulo would offer to represent the investor in performing the legal work necessary to form the fund. Pauciulo and Eckert, in written agreements with each client, agreed to represent each fund in preparing the documents necessary to make an investment in PAR Funding, including the preparation of a detailed Private Placement Memorandum ("PPM"). The PPM, among other things, was supposed to contain required disclosures about the risks of the investment in PAR Funding and was to be used when soliciting investors in the Agent Fund.

The PPM prepared by Pauciulo and Eckert for each Agent Fund, as described below, was incomplete and inaccurate. Salient information regarding the principals and agents of PAR Funding, including fines levied by several states against PAR and its principals, a Securities and Exchange Commission ("SEC") investigation into PAR's practices of using unlicensed brokers to sell securities, and the prior criminal history of PAR's principal Joseph LaForte, was kept from Plaintiffs and their investors. When asked by their clients, Pauciulo and Eckert denied the significance of any challenges to PAR's investment practices. Pauciulo also withheld important information regarding his professional relationship with PAR, its principals, and/or agents. The existence of a conflict of interest on the part of Pauciulo and Eckert was never disclosed, and no effort was made to obtain any conflict waiver from Plaintiffs.

In July 2020, all of PAR's assets were seized by the United States District Court for the Southern District of Florida, and PAR was enjoined from engaging in any further investment activities. Millions of dollars in Plaintiffs' principal investments were lost as a result of the Florida Federal Court's action. Plaintiffs' return on investment also ceased. The Florida Federal Court's intervention was in response to a lawsuit brought by the SEC against PAR, alleging fraud and misconduct. PAR's principals have since forfeited personal assets purchased with PAR's money, including airplanes and houses. The federal government investigation of PAR Funding continues, with several of the Plaintiffs having received subpoenas. Pauciulo and Eckert have abandoned Plaintiffs, their clients, with respect to the SEC litigation, and have provided Plaintiffs with no information, advice, or counsel regarding their losses, or the federal investigation.

As a result of Defendants' negligence, breach of contract, and breach of their fiduciary duty to Plaintiffs, each Plaintiff is seeking damages from Pauciulo and Eckert for their role in bringing about Plaintiffs' financial losses.

PARTIES

1. Plaintiff Joseph R. Cacchione ("Cacchione") is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times, had an address at 68 Woodland Road, Wyomissing, Pennsylvania 19610.

2. Plaintiff, Merchant Factoring Income Fund, LLC ("MFI") was at all relevant times a Delaware limited liability corporation with a principal place of business located at 1320 Monroe Avenue, Wyomissing, Pennsylvania 19610. Cacchione is the sole member of MFI.

3. Plaintiff Francis Cassidy ("Cassidy") is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times, maintained as address at 66 E. Golfview Road, Ardmore, PA 19003.

4. Plaintiff Victory Income Fund, LLC ("VIF"), is a Delaware limited liability corporation with a principal place of business located at 66 E. Golfview Road, Ardmore, Pennsylvania 19003. Cassidy is the managing member of VIF.

5. Plaintiff Yajun Chu ("Chu") is an individual and citizen of the Commonwealth of Virginia, who, at all relevant times, had an address at 831 S. Veitch Street, Arlington, Virginia 22204.

6. Plaintiff WorkWell Fund I, LLC ("WWF") is a Delaware limited liability corporation with a principal place of business located at 1701 Pennsylvania Avenue, NW, Suite 200, Washington, DC 20006. At all relevant times, Chu was the managing member of WWF.

7. Plaintiff Brian Drake ("Drake") is an individual and citizen of the Commonwealth of Massachusetts, who, at all relevant times, had an address at 59 Main Street, Unit 22-4, Dennis, Massachusetts 02683.

8. Plaintiff Cape Cod Income Fund, LLC ("CCF") is a Delaware limited liability company with a mailing address located at P.O. Box 2812, Orleans, MA 02653. Drake is a managing member of CCF.

9. Plaintiff Joseph Gassman ("Gassman") is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times, had an address at 248 Woodlyn Ave, Glenside, PA 19038.

10. Plaintiff Wellen Fund 1, LLC ("Wellen 1") is a Delaware limited liability company with a principal place of business located at 1657 The Fairway, #194, Jenkintown PA 19046. Gassman is the managing member of Wellen 1.

11. Plaintiff David Gollner ("Gollner") is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times, had an address at 3087 Innovation Way, Hermitage, PA 16148.

12. Plaintiff, Sherri Marini ("Marini"), is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times had a business address at 3087 Innovation Way, Hermitage, Pennsylvania 16148. Marini is Gollner's daughter and business partner.

13. Plaintiff LWM Income Fund 2, LLC ("LWM Income Fund 2") is a Delaware limited liability company with principal place of business located at 1209 Orange Street, Wilmington, Delaware 19801. Gollner and Marini are the managing members of LWM Income Fund 2.

14. Plaintiff LWM Equity Fund, LP ("LWM Equity"), by and through its general partner, LWM Equity Fund GP, LLC, is a Delaware limited partnership with a principal place of

business located at 1209 Orange Street, Wilmington, Delaware 19801. Gollner and Marini are members of LWM Equity Fund, GP, LLC.

15. Plaintiff LWM Income Fund Parallel, LLC ("LWM Income Parallel") is a Delaware limited liability company with a principal place of business located at 1209 Orange Street, Wilmington, Delaware 19801. Gollner and Marini are the managing member of LWM Income Parallel.

16. Plaintiff Kurt Hemry ("Hemry") is an individual and citizen of the State of Oregon, who, at all relevant times, had an address at 11791 SW Barber Street, Wilsonville, Oregon 97070.

17. Plaintiff Blue Stream Income Fund, LLC ("BSIF") is a Delaware limited liability company with a principal place of business located at 11535 SW 67th Avenue, Portland, OR 97223.

18. Plaintiff Andrew McKinley ("McKinley") is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times had an address at 1423 S. Howard Street, Philadelphia, Pennsylvania 19147.

19. Plaintiff Jade Funding, LLC ("JF") is a Delaware limited liability company with a place of business at 1423 S. Howard Street, Philadelphia, Pennsylvania 19147. McKinley is the managing member of JF.

20. Plaintiff Christopher McMorrow ("McMorrow") is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times had an address of 55 Brookview Lane, Pottstown, Pennsylvania 19464.

21. Plaintiff M.K. One Income Fund, LLC ("MKOIF") is a Delaware limited liability company with a place of business at 373 E. Main Street, #109, Collegeville, Pennsylvania 19426. McMorrow is the managing member of MKOIF.

22. Plaintiff Mark Nardelli ("Nardelli") is an individual and citizen of the State of North Carolina, who, at all relevant times had an address at 10030 Pineville Road, Unit 101, Raleigh, North Carolina 27617.

23. Plaintiff GR8 Income Fund, LLC ("GR8 Income Fund") is a Delaware limited liability company with a principal place of business at 2232 Page Road, Suite 204, Durham, North Carolina 27703. Nardelli is a managing member of GR8 Income Fund.

24. Plaintiff Paul Nick ("Nick") is an individual and citizen of the State of Texas, who, at all relevant times had an address at 1432 Waseca Street, Houston, Texas 77055.

25. Plaintiff STFG Income Fund, LLC ("STFG") is a Delaware limited liability corporation with a principal place of business at 1334 Brittmoore Road, Suite 1318, Houston, Texas 77043.

26. Plaintiff Davis Parker is an individual and citizen of the State of Texas, who, at all relevant times had a business address of 205 Heritage Trail, N. Bellville, Texas 77418.

27. Plaintiff Dean Parker is an individual and citizen of the State of Texas, who, at all relevant times had a business address of 205 Heritage Trail N, Bellville, Texas 77418. (Dean Parker and Davis Parker are collectively referred to as the "Parkers").

28. Plaintiff RAZR MCA Fund, LLC ("RAZR") is a Delaware limited liability company with a principal place of business at 205 Heritage Trial N., Bellville, Texas 77418. The Parkers are the managing members of RAZR.

29. Plaintiff Daniel Reisinger ("Reisinger") is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times had an address at 108 Forest Hill Drive, Blakeslee, Pennsylvania 18610.

30. Plaintiff Mariner MCA Income Fund, LLC ("Mariner") is a Delaware limited liability company with a place of business located at 3825 Lancaster Pike – Suite 3 – Wilmington DE 19805. Reisinger is the managing member of Mariner.

31. Plaintiff Philip Sharpton ("Sharpton") is an individual and citizen of the State of South Carolina, who, at all relevant times had an address at 323 Berkeley Road, Rock Hill, South Carolina 29732.

32. Plaintiff MCA Carolina Income Fund, LLC ("Carolina Income") is a Delaware limited liability company with a place of business at 323 Berkeley Road, Rock Hill, South Carolina 18954. Sharpton is the managing member of Carolina Income.

33. Plaintiff Michael Tierney ("Tierney") is an individual and citizen of the Commonwealth of Pennsylvania, who has an address at 1881 Whitebriar Road, Southampton, PA 18966.

34. Plaintiff Merchant Services Income Fund, LLC ("MSIF") is a Delaware limited liability company with a business address of 549 Golden Gate Drive, Richboro, Pennsylvania 18954. Tierney is the managing member of MSIF.

35. Defendant John Pauciulo, Esquire ("Pauciulo") is an individual and citizen of the Commonwealth of Pennsylvania, who is licensed to practice law in the Commonwealth of Pennsylvania and is a member of the law firm Eckert Seamans Cherin & Mellott, LLC ("Eckert Seamans," "Eckert," or "firm"), with offices located at 50 S. 16th Street, 22nd Floor, Philadelphia, PA 19102.

36. Defendant Eckert Seamans Cherin & Mellott, LLC ("Eckert Seamans," "Eckert," or "firm") is a limited liability corporation organized for the purpose of providing legal services to

the public including, but not limited to the afore mentioned Plaintiffs with offices located at 50 S. 16th Street, 22nd Floor, Philadelphia, PA 19102.

37. At all relevant times, Defendant Eckert acted by and through its authorized agents, servants, partners, members, associates, and employees, including John Pauciulo, all of whom were acting in the course and scope of their relationship with Eckert and the professional services it provides.

38. This Complaint states claims for legal malpractice, sounding both in tort and in contract, and breach of fiduciary duty.

JURISDICTION AND VENUE

39. Jurisdiction rests with this Court because the principal place of business of Pauciulo and Eckert (collectively, "Defendants") is located in Philadelphia County; venue is proper in this Court because all, or a substantial part of, the legal services provided to Plaintiffs was performed in Philadelphia County.

FACTS

A. Plaintiffs Are Introduced to Pauciulo, Eckert, and PAR Funding

40. At various times between 2017 and 2020, each individual Plaintiff, who is an investor or investment manager, was introduced to defendant John Pauciulo and through him, Eckert.

41. These introductions were made at various luncheons, dinners, and other investor relations events hosted by high profile investor, Dean Vagnozzi, in order to attract interest in investing in an entity called Complete Business Solutions Group, Inc., d/b/a PAR Funding ("PAR" or "PAR Funding").

42. PAR Funding was organized and created as a money lender for small and medium sized businesses that could not otherwise access traditional lenders like banks, private equity, and insurance companies as a source of funds to operate; or for those companies needing faster access to capital than traditional lenders will offer. PAR offers merchant loans.

43. Merchant loans are often short-term loans with high factoring rates. They can be risky for the lender.

44. Businesses like PAR Funding are ordinarily of limited interest to serious investors because of the risks typically involved in providing such loans to businesses that either cannot attract traditional funding sources or need access to capital more quickly than traditional lenders can provide funding.

45. To fund its merchant loans, PAR would solicit investments from high-net-worth individuals or investor groups interested in what PAR presented as a high-return investment opportunity with relatively low risk due to what was presented as a very low default rate on the merchant loans. The default rate that was presented was inaccurate.

46. PAR Funding was able to attract quality investors, like the individual Plaintiffs and the Agent Funds, by associating itself with Vagnozzi, who was, at the time, a very highly regarded professional investor and advocate of alternative investments.

47. Vagnozzi agreed, for a fee, to team up with the principals of PAR, Joseph LaForte ("LaForte") and Lisa McElhone ("McElhone"), in order to promote PAR Funding and attract investors.

48. Upon information and belief, Vagnozzi had a long-term attorney-client relationship with Pauciulo and Eckert. At a minimum, Vagnozzi was represented by Pauciulo before meeting Plaintiffs and introducing them to PAR Funding.

49. Vagnozzi recruited Pauciulo to assist with marketing investment in PAR to qualified, serious investors. In part, having an attorney, particularly one with Pauciulo's former SEC attorney background, assist with the pitch lent the operation an air of credibility and legitimacy.

50. In many instances, Pauciulo was present at these investor relations events, but if he was not there, a prerecorded promotional message would be shown to potential investors, in which Pauciulo spoke about the legality of both PAR's business and the special purpose security that was being offered for purchase.

51. For legal reasons having to do with the sale of securities, Pauciulo, Vagnozzi and others at PAR determined that individuals could not make an investment in PAR.

52. However, Pauciulo determined that it would be legal for potential investors to create an "agent fund." In essence, an agent fund would be formed to take in the investment dollars of a group of investors. The agent fund would then place an investment in PAR Funding in exchange for a certain type of promissory note. As presented, any such investment would constitute a special purpose security interest in a particular batch of merchant loans issued by PAR Funding.

53. At the time of these investor relations or marketing events, and/or through prerecorded messages, Vagnozzi and Pauciulo were touting an opportunity to create an agent fund to invest in PAR.

54. Vagnozzi and Pauciulo would extoll PAR's successes by, *inter alia*, touting PAR's low default rate among PAR's customers (borrowers), and suggesting that PAR's customers were looking for fast capital to fund creative, time-sensitive projects that could not be delayed by the endless "due diligence" required by more traditional lenders.

55. Among other things, Pauciulo and Vagnozzi made the following representations, all of which turned out to be false, and were false when made:

a) Fewer than 5% of PAR's customers (borrowers) had ever defaulted on a loan. (In truth, the default rate was higher than 35%);

b) The loans made by PAR were to a variety of small businesses. (In fact, 50% of the loans were made to 15 businesses);

c) The securities to be purchased in PAR by the Agent Funds were legally compliant with all SEC and/or banking regulations. (Indeed, they were not).

56. Pauciulo and Vagnozzi never mentioned that:

a) PAR was under investigation by state and federal banking authorities;

b) PAR Funding was under scrutiny by the Securities & Exchange Commission when Plaintiffs invested in PAR.

57. At the live investor-marketing events, and/ or in prerecorded messages, Pauciulo, in particular, stressed that investment in PAR was both relatively low-risk and legal.

58. Vagnozzi and Pauciulo promised that each agent fund would be entitled to a proportionate share of the factor being paid by PAR's borrowers on each merchant loan. The rate was, on average 1.3 times the principal amount of the merchant loan, but could be more or less than that factor rate.

59. Defendant Pauciulo explained the legal nuances of the investment opportunity, presented as a purchase of security, both in person or as part of his pre-recorded promotional message.

60. Pauciulo's presentations, both live and prerecorded, encouraged investment and were designed to explain why these investments in PAR Funding were legally sound, legitimate, and relatively safe—so much so, that they were vouched for by Pauciulo, an attorney who had spent decades before joining Eckert, as an attorney for the SEC.

61. The terms of each investment were the same. The agent fund would invest by purchasing a promissory note from PAR, which note provided for regular payment of interest and the return of the invested capital at the end of a fixed period of time.

62. Pauciulo represented that the security the investors were buying was exempt from SEC Regulation D, and that the investment opportunity was both legal and appropriate.

63. The potential investors, including the individual Plaintiffs, who were to set up the Agent Funds to carry out these investments, were informed that to be legally compliant, each fund could have a maximum of 99 investors and 35 non-accredited investors, with a six month wait period between consecutive funds.

B. The Individual Plaintiffs Hired Pauciulo and Eckert to Create the Agent Fund Plaintiffs in Order to Invest in PAR Funding.

64. As a part of promoting investment in PAR, the individual Plaintiffs, as interested potential investors, were directed to contact Pauciulo at Eckert in order to create Agent Funds to hold the securities, either for individual investors or investor groups.

65. Pauciulo also offered his services and the firm's in assisting any investor in filling out all necessary paperwork and creating all legal documents, in order to make an investment in PAR, including the preparation of required disclosure statements the newly formed Agent Fund would need to accept investments from the newly formed fund's investors in PAR.

66. Within an 18-month period beginning in 2017, each of the individual Plaintiffs agreed to engage Pauciulo and Eckert to organize an Agent Fund and produce a private placement memorandum ("PPM"), which would allow the Agent Fund to raise money to invest in PAR. Eckert and Pauciulo agreed to perform these and other services for each individual Plaintiff and

each Agent Fund, as set forth in an engagement letter. A true and correct copy of the engagement letter, for each client with access to the letter, is attached as Exhibit A.[1]

67. These "Agent Funds," created by Pauciulo and Eckert for each of the individual Plaintiffs, are the Agent Funds in this lawsuit. The Agent Funds sought individuals to invest in the purchase of a security that would be invested in PAR Funding.

68. Pauciulo and his colleagues at the firm, at his instruction, created the Agent Funds, all required formation documents, and, critically, prepared, a PPM that described, among other things, the known risks of these investments, and the way in which the investments worked.

C. Pauciulo and Eckert Failed to Make Required Disclosures about PAR.

69. Pauciulo and Eckert did not disclose at any investor recruitment or marketing event, in any promotional materials for PAR Funding, or in any PPM they prepared for any Plaintiff, that the Securities & Exchange Commission ("SEC") had taken action against Vagnozzi and PAR for utilizing brokers that were not registered to sell securities, and, once the SEC's actions were made public, would not respond to questions regarding necessary investor actions or notifications Plaintiffs learned about. Many, if not most, of the Plaintiffs reached out to Pauciulo when news of the SEC's actions became public knowledge with questions and requests for counsel. Pauciulo and the firm ignored questions, sloughed off questions or otherwise failed to respond.

70. Pauciulo and Eckert likewise failed to disclose that several states, including Pennsylvania, had levied heavy fines against PAR for promoting and selling unregistered securities.

[1] The engagement letters are submitted in the same order in which each Plaintiff is listed. If there is not an attached engagement letter, the reason for its omission is addressed in the specific Counts of the Complaint associated with that particular Plaintiff(s).

71. To the contrary, Pauciulo, or others at Eckert, advised each of the Plaintiffs that PAR was a legitimate, profitable operation that had a very solid, stable background and was a sound, prudent and legal investment. Indeed, in his live appearances and prerecorded messages, Pauciulo touted his years of experience as a lawyer for the SEC prior to joining Eckert as a reason why potential investors could trust his statements about the legal integrity of an investment in PAR.

72. Accordingly, in creating Agent Funds, seeking investors in those Funds, and placing investments in PAR through the Agent Funds, Plaintiffs relied on Pauciulo's assurances, unaware that PAR's owner and PAR itself was under investigation by the SEC for, among other things, selling unregistered securities.

73. The PPMs Eckert and Pauciulo prepared failed to disclose that PAR was under SEC investigation and/or action; therefore, the Agent Funds did not make these disclosures to their investors. In failing to make those disclosures, the PPMs were inadequate and deficient.

74. In his role as an attorney for Vagnozzi, Pauciulo was aware, or should have been aware, of the SEC's litigation or investigation, but intentionally failed to make disclosure to Plaintiffs both in order to protect the interests of his client, Vagnozzi, and, upon information and belief, to retain Pauciulo's own personal benefit from ongoing investments in PAR.

75. Upon information and belief, Pauciulo personally benefited from any investor or marketing event at which he made either a live presentation or by prerecorded message, through payment of fees for his time. This financial benefit was, upon information and belief, distinct from the legal fees generated by the Agent Fund formation work, which was performed at Plaintiffs' expense.

76. As a result of these investor-marketing presentations (both live and prerecorded) by Vagnozzi and Pauciulo, the individual Plaintiffs, and their subsequently formed agent funds, each hired Eckert and Pauciulo to represent them, in accordance with the terms set forth in an engagement letter. Exhibit A.

77. Pauciulo failed to disclose to any Plaintiff that his attorney-client relationship with Vagnozzi created a conflict of interest.

78. Neither Pauciulo nor Eckert obtained any conflict waiver from any Plaintiff. Likewise, neither Pauciulo nor the firm disclosed to any Plaintiff the material facts leading to the seizure of their investments, as described above, although those facts were known, at all relevant times, to Pauciulo and Eckert.

D. The Securities & Exchange Commission Litigation, the Potential Prosecution of La Forte, McElhone, and Vagnozzi, and the Seizure of PAR's Assets.

79. The SEC scrutiny of PAR Funding resulted in the filing of a declaratory judgment action, brought by the SEC on July 24, 2020 in the United States District Court for the Southern District of Florida, captioned, *Securities & Exchange Commission v. Complete Business Solutions Group, Inc et al.,* Civil Docket No. 9:20-cv-81205-RAR (the "SEC Florida Action"). The SEC Florida Action was brought against PAR Funding and its principals, Lisa McElhone and Joseph W. La Forte, as well as Dean Vagnozzi and others.

80. Within days of the initiation of the SEC Florida Action, the Honorable Rodolfo A. Ruiz, II appointed a receiver to oversee PAR.

81. The following day, the Florida District Court entered an order restraining any further activities by PAR and freezing all of PAR's assets.

82. According to accountants, fraud examiners, and other professionals, the evidence indicates that PAR Funding was paying its investors money generated from investment funds from

subsequent investors, and not by recovery of the loan repayments from PAR's customers (borrowers).

83. Upon information and belief, PAR's principals, McElhone and LaForte, diverted millions of investment dollars to themselves, Vagnozzi, and others, including Pauciulo.

84. In addition, Plaintiffs learned that Pauciulo and others from PAR had not been honest about PAR's business successes. At the investor recruitment-marketing meetings, they had represented that PAR enjoyed a very low default rate on its merchant loans. In reality, a far higher percentage of merchant loans were in default.

85. It is unlikely that Plaintiffs will be able to recover their investments from PAR Funding.

86. Since the filing of the SEC Florida Action, Pauciulo and Eckert have abandoned Plaintiffs and have refused them any legal assistance, despite requests from many, if not most, of the individual Plaintiffs to update the PPM risks and to advise investors in the Agent Funds of new, significant investment risks.

87. Plaintiffs have since learned many of these facts concerning the risky nature of investing in PAR Funding, which were unknown to them before the SEC Florida Action and which were not disclosed to them as part of Pauciulo's representation of each Plaintiff. Pauciulo and Eckert, however, at all relevant times, knew of these risks and did not include or disclose them in the PPMs prepared for each Agent Fund.

88. Indeed, many of the facts that have been uncovered through the SEC Florida Action, at hearings, through discovery, and through activities by the receiver are contrary to information provided to Plaintiffs by Pauciulo.

89. Pauciulo failed to disclose such facts, of which he was aware, thereby depriving Plaintiffs of the ability to make informed investment decisions and causing them harm, when the individual Plaintiffs each engaged Pauciulo and his firm to provide protection and guidance in forming the Plaintiff Agent Funds, to enable investment in PAR Funding.

90. Had the individual Plaintiffs been properly advised about the risks of investing in PAR, as well as PAR's poor performance and lack of business integrity, they would not have formed Agent Funds to invest in PAR, and would not have taken investment money into the Agent Funds to invest in PAR.

91. Information material to Plaintiffs' investment that was withheld includes, but is not limited to:

a) LaForte's criminal past;

b) the actions against PAR by State Authorities to include Pennsylvania, New Jersey, and Texas; and

c) the pending investigation of PAR by the Securities & Exchange Commission.

92. As a result of the actions and inactions of John Pauciulo and Eckert, Plaintiffs have lost millions of dollars invested in PAR Funding that have been seized by the government or simply lost.

93. The negligence, carelessness, and reckless of Defendants is a proximate cause of injuries suffered by each Plaintiff, as detailed below.

94. Defendants also violated their ethical and legal responsibility to advise Plaintiffs of the conflict of interest inherent in their representation of Vagnozzi at the same time as they sought to, and did, engage in providing legal services to Plaintiffs. This conflict of interest also contributed to Plaintiffs' financial losses.

95. Moreover, Defendants abandoned most, if not all, Plaintiffs, their clients, when the consequences of the latter conflict of interest came to pass, leaving Plaintiffs without adequate counsel at a tumultuous time. This too, caused Plaintiffs' financial loss.

COUNT I – LEGAL MALPRACTICE (TORT)
Plaintiffs Joseph Cacchione and Merchant Factoring Income, LLC v. Defendants

96. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

97. In or around the summer 2018, Cacchione retained the legal services of Pauciulo and Eckert to represent him in the creation of an Agent Fund to operate as an investment vehicle and hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. For reasons outside of his control, Cacchione cannot access a copy of his engagement letter with Eckert.

98. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

99. In or around July 10, 2018, Cacchione, through the legal assistance of the Eckert Firm and Pauciulo (or other Eckert attorneys, under Pauciulo's direction and supervision), formed MFI.

100. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Cacchione, that the Agent Fund was being formed specifically to invest in PAR Funding.

101. Pauciulo, and others working with him at the Eckert Firm, formed Merchant Factoring Income, LLC, and prepared a PPM that did not make necessary disclosures. At no time

did Pauciulo, or any other Eckert attorney, advise MFI or Cacchione that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

102. Accordingly, Cacchione and MIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in MIF, which, in turn, invested in PAR Funding.

103. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, John LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

104. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $786,0000, the amount of money MFI invested in PAR, excluding interest and counsel fees paid to Eckert.

105. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from their investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, Joseph Cacchione and Merchant Factoring Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT II - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Joseph Cacchione and Merchant Factoring Income, LLC v. Defendants

106. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

107. In or around the Summer 2018, Cacchione retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. For reasons outside of his control, Cacchione cannot access a copy of his engagement letter with Eckert. Upon information and belief, the written contract is substantially similar to the other engagement letters attached as Exhibit A.

108. As part of that representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

109. In or around July 10, 2018, Cacchione, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed MFI.

110. In the engagement agreement, to the best of Cacchione's recollection, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D" and "counseling with respect to the offering."

111. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

112. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

113. Pauciulo, and others working with him at the Eckert Firm, formed the Merchant Factoring Income, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise MFI or Cacchione that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

114. Accordingly, Cacchione and MIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in MIF which, in turn, invested in PAR Funding.

115. Defendants failed to prepare necessary documentation to ensure that MIF would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, John LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

116. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $786,000, the amount of money MFI invested in PAR, excluding interest and fees paid to Eckert.

117. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Joseph Cacchione and Merchant Factoring Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT III – LEGAL MALPRACTICE (TORT)
Plaintiffs Francis Cassidy and Victory Income Fund, LLC v. Defendants

118. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

119. On or about, April 17, 2019, Cassidy retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle

and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

120. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

121. In or around June 1, 2019, Cassidy, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed VIF.

122. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Cassidy, that the Agent Fund was being formed specifically to invest in PAR Funding.

123. Pauciulo, and others working with him at the Eckert Firm, formed VIF and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise VIF or Cassidy that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

124. Accordingly, Cassidy and VIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in VIF which, in turn, invested in PAR Funding.

125. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

126. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $639,000, the amount of money VIF invested in PAR, excluding interest, and $290,000, the amount of money Cassidy invested in VIF and fees paid to Eckert.

127. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from their investors, as well as the loss of use of their investment and earned interest on the investment.

WHEREFORE, Plaintiffs, Francis Cassidy and Victory Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT IV - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Francis Cassidy and Victory Income Fund, LLC v. Defendants

128. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

129. On or about, April 17, 2019, Cassidy retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

130. As part of that representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

131. In or around June 1, 2019, Cassidy, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed VIF.

132. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D" and "counseling with respect to the offering."

133. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

134. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

135. Pauciulo, and others working with him at the Eckert Firm, formed Victory Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise VIF or Cassidy that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

136. Accordingly, Cassidy and VIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in VIF which, in turn, invested in PAR Funding.

137. Defendants failed to prepare necessary documentation to ensure that MIF would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

138. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $639,000, the amount of money VIF invested in PAR, excluding interest, and $290,000, the amount of money Cassidy invested in VIF, all excluding interest and fees paid to Eckert.

139. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Francis Cassidy and Victory Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT V – LEGAL MALPRACTICE (TORT)
Plaintiffs Yajun Chu and WorkWell Fund I, LLC v. Defendants

140. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

141. On or about, March 11, 2019, Chu retained the legal services of Pauciulo and Eckert to represent him in the creation of an agent fund to operate as an investment vehicle and hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

142. As part of the representation, Eckert and Pauciulo were to form an agent fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary fund formation documents and the investor statements and other documents that would be legally required, including a PPM.

143. In or around April 29, 2019, Chu, through the legal assistance of Eckert and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed WWF.

144. At all relevant times, Pauciulo knew or should have known based on discussions or other communications from Chu, that WWF was being formed specifically to invest in PAR Funding.

145. Pauciulo, and others working with him at Eckert, formed WorkWell Fund I, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo or any other Eckert attorney advise WWF or Chu that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo and Eckert knew or should have known of those risks.

146. Defendants were reckless, careless, and negligent when representing Plaintiffs both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an agent fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations; and

(g) Failing to properly draft a PPM.

147. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $502,000, the amount of money WWF invested in PAR, excluding interest and loss of use of the money and fees paid to Eckert.

148. In addition, Plaintiffs' suffered additional losses including, but not limited to, counsel fees related to the SEC investigation, and the loss of use of their investment.

WHEREFORE, Plaintiffs, Yajun Chu and WorkWell Fund I, LLC, request a judgment in their favor and against Defendants John W. Pauciulo, Esquire and Eckert Seamans in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT VI - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Yajun Chu and WorkWell Fund I, LLC v. Defendants

149. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

150. On or about, March 11, 2019, Chu retained the legal services of Pauciulo and Eckert to represent him in the creation of an agent fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

151. As part of the representation, Eckert and Pauciulo were to form an agent fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary fund formation documents and the investor statements and other documents that would be legally required, including a PPM.

152. In or around April 19, 2019, Chu, through the legal assistance of Eckert and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed WorkWell Fund I, LLC.

153. In the engagement agreement, the firm and Pauciulo expressly agreed that the representation necessarily would include: "the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D" and "counseling with respect to the offering."

154. The firm and Pauciulo failed to discharge these express contractual obligations.

155. Moreover, the Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

156. Pauciulo, and others working with at Eckert, formed WorkWell Fund I, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other attorney at Eckert, advise WWF or Chu that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

157. Accordingly, Chu and WWF relied on this false and misleading legal work prepared by Pauciulo and Eckert Seamans, encouraging investors to invest in WWF, for the purpose of investing in PAR Funding.

158. Defendants failed to prepare necessary documentation to ensure that WWF would be compliant with all state and federal banking and securities laws, and did not provide appropriate counsel regarding the offering in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an agent fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations; and

(g) Failing to properly draft a PPM.

159. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $502,000, the amount of money excluding interest, the amount of money invested in WWF and WWF invested in PAR Funding, plus legal fees paid to Eckert.

160. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Yajun Chu and WorkWell Fund I, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT VII – LEGAL MALPRACTICE (TORT)
Plaintiffs Brian Drake and Cape Cod Income Fund, LLC v. Defendants

161. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

162. On or about, April 9, 2018, Drake retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

163. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

164. On or around April 23, 2018, Drake, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed CCF.

165. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Drake, that the Agent Fund was being formed specifically to invest in PAR Funding.

166. Pauciulo, and others working with him at the Eckert Firm, formed Cape Cod Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise CCF or Drake that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

167. Accordingly, Drake and CCF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in CCF, which, in turn, invested in PAR Funding.

168. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

169. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $1,401,200, the amount of money CCF invested in PAR, excluding interest and fees paid to Eckert.

170. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from their investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, Brian Drake and Cape Cod Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT VIII - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Brian Drake and Cape Cod Income Fund, LLC v. Defendants

171. Plaintiffs incorporate paragraphs 1 through 95, as though set forth at length in this Count.

172. On or about, April 9, 2018, Drake retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

173. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC

Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

174. On or around April 23, 2018, Drake, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed CCF.

175. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D" and "counseling with respect to the offering."

176. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

177. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

178. Pauciulo, and others working with him at the Eckert Firm, formed Cape Cod Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise CCF or Drake that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

179. Accordingly, Drake and CCF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in CCF which, in turn, invested in PAR Funding.

180. Defendants failed to prepare necessary documentation to ensure that CCF would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

181. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $1,401,200 the amount of money CCF invested in PAR, excluding interest and fees paid to Eckert.

182. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Brian Drake and Cape Cod Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT IX – LEGAL MALPRACTICE (TORT)
Plaintiffs Joseph Gassman and Wellen Fund 1, LLC v. Defendants

183. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

184. Plaintiffs incorporate paragraphs 1 through 94, as though set forth at length in this Count.

185. On or about March 2, 2018, Gassman retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

186. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

187. In or around March 23, 2018, Gassman, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Wellen 1.

188. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Gassman, that the Agent Fund was being formed specifically to invest in PAR Funding.

189. Pauciulo, and others working with him at the Eckert Firm, formed Wellen Fund 1, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise Wellen 1 or Gassman that it was necessary to amend the PPM to

make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

190. Accordingly, Gassman and Wellen 1 relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Wellen 1 which, in turn, invested in PAR Funding.

191. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

192. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of at least $2.32 million, the amount of money Wellen 1 invested in PAR, excluding interest, and $601,000, the amount of money Gassman invested in ABFP Income Fund, LLC, also excluding interest and both excluding fees paid to Eckert.

193. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, Joseph Gassman and Wellen Fund 1, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT X - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Joseph Gassman and Wellen Fund 1, LLC v. Defendants

194. Plaintiffs incorporate paragraphs 1 through 94, as though set forth at length in this Count.

195. On or about March 2, 2018, Gassman retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

196. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

197. In or around March 23, 2018, Gassman, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Wellen 1.

198. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D" and "counseling with respect to the offering."

199. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

200. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

201. Pauciulo, and others working with him at the Eckert Firm, formed Wellen Fund 1, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other attorney from the Eckert Firm, advise Wellen 1 or Gassman that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

202. Accordingly, Gassman and Wellen 1 relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Wellen 1 which, in turn, invested in PAR Funding.

203. Defendants failed to prepare necessary documentation to ensure that Wellen 1 would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

204. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of roughly $2.32 million, the amount of money Wellen 1 invested in PAR, excluding interest, and $601,000, the amount of money Gassman invested in ABFP Income Fund, LLC, also excluding interest and fees paid to Eckert.

205. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs Joseph Gassman and Wellen Fund 1, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire and Eckert Seamans in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XI – LEGAL MALPRACTICE (TORT)
Plaintiffs David Gollner, Sherri Marini, LWM Income Fund 2, LLC, LWM Equity Fund, LP, LWM Income Fund Parallel, LLC v. Defendants

206. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

207. On or about, February 27, 2017, Gollner and Marini retained the legal services of Pauciulo and the Eckert Firm to represent them in the creation of an Agency Fund to operate as an investment vehicle and hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

208. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM. Once formed, the Fund(s) would also be a client.

209. At or around February 27, 2017, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed LWM Income Fund, LLC, which was later converted to LWM Income Parallel Fund, LLC, on May 31, 2020. Pauciulo, or other attorneys at the Eckert Firm under his direction and supervision, also formed LWM Equity Fund, LP, on February 19, 2019 and LWM Income Fund 2, LLC, on February 6, 2020 (collectively, "the Three Funds").

210. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Gollner and/or Marini, that the Three Funds were being formed specifically to invest in PAR funding.

211. Pauciulo, and others working with him at the Eckert Firm, formed the Three Funds, and prepared a PPM for each that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise Gollner or Marini (or the Three Funds) that it was necessary to

amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

212. Accordingly, Gollner, Marini, and the Three Funds relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in the Three Funds which, in turn, invested in PAR Funding.

213. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming the Three Funds to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

214. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $6,533,059.80, of which LWM Income Fund Parallel, LLC, invested $4,683,473 in PAR; LWM Equity Fund, LP, invested $1,213,586.80 in PAR; and LWM Income

Fund 2, LLC, invested $636,000 in PAR, all excluding interest. Plaintiffs also expended approximately $30,000 in legal fees paid to the Eckert Firm.

215. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, David Gollner, Sherri Marini, LWM Income Fund Parallel, LLC, LWM Equity Fund, LP, and LWM Income Fund 2, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XII - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs David Gollner, Sherri Marini, LWM Income Fund 2, LLC, LWM Equity Fund, LP, LWM Income Fund Parallel, LLC v. Defendants

216. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

217. On or about, February 27, 2017, Gollner and Marini retained the legal services of Pauciulo and the Eckert Firm to represent them in the creation of Agent Funds to operate as investment vehicles and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

218. As part of the representation, the Eckert Firm and Pauciulo were to form at least one Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary fund formation documents, as well as

the investor statements and other documents that would be legally required, including a PPM. Once the Fund was formed, that Fund was also a client.

219. At or around February 27, 2017, Gollner and Marini, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed LWM Income Fund, LLC, which was later converted to LWM Income Parallel Fund, LLC, on May 31, 2020. Pauciulo, or other attorneys at the Eckert Firm under his direction and supervision, also formed LWM Equity Fund, LP, on February 19, 2019 and LWM Income Fund 2, LLC, on February 6, 2020 (collectively, "the Three Funds").

220. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D" and "counseling with respect to the offering."

221. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

222. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

223. Pauciulo, and others working with him at the Eckert Firm, formed the Three Funds, and prepared a PPM for each that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise Gollner, Marini, or the Three Funds that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

224. Accordingly, Gollner, Marini and the Three Funds relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in the Three Funds which, in turn, invested in PAR Funding.

225. Defendants failed to prepare necessary documentation to ensure that the Three Funds would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming the Three Funds to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

226. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $6,533,059.80, of which LWM Income Fund Parallel, LLC, invested $4,683,473 in PAR; LWM Equity Fund, LP, invested $1,213,586.80 in PAR; and LWM Income Fund 2, LLC, invested $636,000 in PAR, all excluding interest. Plaintiffs also expended approximately $30,000 in legal fees paid to the Eckert Firm.

227. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, David Gollner, Sherri Marini, LWM Income Fund Parallel, LLC, LWM Equity Fund, LP, and LWM Income Fund 2, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellot, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XIII – LEGAL MALPRACTICE (TORT)
Plaintiffs Kurt Hemry and Blue Stream Income Fund, LLC v. Defendants

228. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

229. On or about, July 3, 2018, Hemry retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

230. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

231. In or around July 16, 2018, Hemry, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed BSIF.

232. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Hemry, that the Agent Fund was being formed specifically to invest in PAR Funding.

233. Pauciulo, and others working with him at the Eckert Firm, formed Blue Stream Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise BSIF or Hemry that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

234. Accordingly, Hemry and BSIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in BSIF which, in turn, invested in PAR Funding.

235. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

236. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $1,899,950, the amount of money BSIF invested in PAR, excluding interest and fees paid to Eckert.

237. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, Kurt Hemry and Blue Stream Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XIV - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Kurt Hemry and Blue Stream Income Fund, LLC v. Defendants

238. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

239. On or about, July 3, 2018, Hemry retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

240. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

241. In or around July 16, 2018, Hemry, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed BSIF.

242. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D" and "counseling with respect to the offering."

243. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

244. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

245. Pauciulo, and others working with him at the Eckert Firm, formed Blue Stream Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise BSIF or Hemry that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

246. Accordingly, Hemry and BSIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in BSIF which, in turn, invested in PAR Funding.

247. Defendants failed to prepare necessary documentation to ensure that BSIF would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

248. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $1,899,950, the amount of money BSIF invested in PAR, excluding interest and fees paid to Eckert.

249. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Kurt Hemry and Blue Stream Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XV – LEGAL MALPRACTICE (TORT)
Plaintiffs Andrew McKinley and Jade Funding, LLC v. Defendants

250. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

251. On or about, August 5, 2019, McKinley retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts

section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

252. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

253. In or around August 19, 2019, McKinley, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Jade Funding.

254. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from McKinley, that the Agent Fund was being formed specifically to invest in PAR Funding.

255. Pauciulo, and others working with him at the Eckert Firm, formed Jade Funding, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise Jade Funding or McKinley that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

256. Accordingly, McKinley and Jade Funding relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Jade Funding which, in turn, invested in PAR Funding.

257. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

258. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of at least $201,000, the amount of money Jade Funding invested in PAR, excluding interest, and $15,000, the amount of money McKinley invested in Jade Funding, also excluding interest and both excluding fees paid to Eckert.

259. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, Andrew McKinley and Jade Funding, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XVI - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Andrew McKinley and Jade Funding, LLC v. Defendants

260. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

261. On or about, August 5, 2019, McKinley retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

262. As part of the representation, the Eckert Firm and Pauciulo were to form an Agency Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

263. In or around August 19, 2019, McKinley, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Jade Funding.

264. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D" and "counseling with respect to the offering."

265. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

266. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

267. Pauciulo, and others working with him at the Eckert Firm, formed Jade Funding, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise Jade Funding or McKinley that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

268. Accordingly, McKinley and Jade Funding relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Jade Funding which, in turn, invested in PAR Funding.

269. Defendants failed to prepare necessary documentation to ensure that MIF would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

270. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of at least $201,000, the amount of money Jade Funding invested in PAR, excluding interest, and $15,000, the amount of money McKinley invested in Jade Funding, also excluding interest and both excluding fees paid to Eckert.

271. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Andrew McKinley and Jade Funding, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XVII – LEGAL MALPRACTICE (TORT)
Plaintiffs Christopher McMorrow and M.K. One Income Fund, LLC v. Defendants

272. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

273. On or about, September 28, 2018, McMorrow retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

274. As part of the representation, the Eckert Firm and Pauciulo were to form an Agency Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

275. In or around November 2, 2018, McMorrow, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed MKOIF.

276. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from McMorrow, that the Agent Fund was being formed specifically to invest in PAR funding.

277. Pauciulo, and others working with him at the Eckert Firm, formed M.K. One Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise MKOIF or McMorrow that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

278. Accordingly, McMorrow and MKOIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in MKOIF which, in turn, invested in PAR Funding.

279. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

280. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of at least $1,343,544, the amount of money MKOIF invested in PAR, excluding interest, and $10,000, the amount of money McMorrow invested in MKOIF, excluding interest and fees paid to Eckert.

281. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment, and lost business referrals.

WHEREFORE, Plaintiffs, Christopher McMorrow and M.K. One Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XVIII - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Christopher McMorrow and M.K. One Income Fund, LLC v. Defendants

282. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

283. On or about, September 28, 2018, McMorrow retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described

in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

284. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

285. In or around November 2, 2018, McMorrow, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed MKOIF.

286. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D" and "counseling with respect to the offering."

287. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

288. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

289. Pauciulo, and others working with him at the Eckert Firm, formed the M.K. One Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise MKOIF or McMorrow that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

290. Accordingly, McMorrow and MKOIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in MKOIF which, in turn, invested in PAR Funding.

291. Defendants failed to prepare necessary documentation to ensure that MKOIF would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

292. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of at least $1,353,455, the amount of money MKOIF invested in PAR, excluding interest, and $10,000, the amount of money McMorrow invested in MKOIF, excluding interest and fees paid to Eckert.

293. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest, and loss of business referrals.

WHEREFORE, Plaintiffs, Christopher McMorrow and M.K. One Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XIX – LEGAL MALPRACTICE (TORT)
Plaintiffs Mark Nardelli and GR8 Income Fund, LLC v. Defendants

294. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

295. On or about, November 13, 2018, Nardelli retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

296. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

297. In or around February 25, 2019, Nardelli, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed GR8 Income Fund.

298. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Nardelli, that the Agent Fund was being formed specifically to invest in PAR Funding.

299. Pauciulo, and others working with him at the Eckert Firm, formed GR8 Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise GR8 Income Fund or Nardelli that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

300. Accordingly, Nardelli and GR8 Income Fund relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in GR8 Income Fund which, in turn, invested in PAR Funding.

301. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

302. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $1,380,000 the amount of money GR8 Income Fund invested in PAR, excluding interest and fees paid to Eckert.

303. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, Mark Nardelli and GR8 Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XX - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Mark Nardelli and GR8 Income Fund, LLC v. Defendants

304. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

305. On or about, November 13, 2018, Nardelli retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

306. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC

Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

307. In or around February 25, 2019, Nardelli, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed GR8 Income Fund.

308. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D" and "counseling with respect to the offering."

309. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

310. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

311. Pauciulo, and others working with him at the Eckert Firm, formed GR8 Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise GR8 Income Fund or Nardelli that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

312. Accordingly, Nardelli and GR8 Income Fund relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in GR8 Income Fund which, in turn, invested in PAR Funding.

313. Defendants failed to prepare necessary documentation to ensure that GR8 Income Fund would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

314. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $1,380,000 the amount of money GR8 Income Fund invested in PAR, excluding interest and fees paid to Eckert.

315. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Mark Nardelli and GR8 Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans

Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XXI – LEGAL MALPRACTICE (TORT)
Plaintiffs Paul Nick and STFG Income Fund, LLC v. Defendants

316. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

317. On or about, August 8, 2018, Nick retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

318. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

319. In or around September 6, 2018, Nick, through the legal assistance of the Eckert Firm and Pauciulo (or other Eckert attorneys under Pauciulo's direct and supervision), formed STFG Income Fund, LLC.

320. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Nick, that the Agent Fund was being formed specifically to invest in PAR Funding.

321. Pauciulo, and others working with him at the Eckert Firm, formed STFG Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise STFG or Nick that it was necessary to amend the PPM to

make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

322. Accordingly, Nick and STFG relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in STFG which, in turn, invested in PAR Funding.

323. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM;

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny;

(i) Failing to disclose that PAR Funding and Dean Vagnozzi were under investigation by Pennsylvania & New Jersey State Securities and Banking Authorities at the time the Eckert Firm and Pauciulo prepared STFG Income Fund, LLC PPM documents; and

(j) Expressly denying, when the media broke with stories of the regulatory fines for both Dean Vagnozzi and PAR Funding, that STFG needed to add

> disclosures, instead responding to Nick's questions on that subject, by stating, "it [the news] was not material to STFG and disclosures were not needed."

324. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $8,000,000, the amount of money STFG invested in PAR, excluding interest and fees paid to Eckert.

325. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, Paul Nick and STFG Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XXII - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Paul Nick and STFG Income Fund, LLC v. Defendants

326. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

327. On or about, August 8, 2018, Nick retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

328. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

329. In or around September 6, 2018, Nick, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed STFG.

330. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D" and "counseling with respect to the offering."

331. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

332. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

333. Pauciulo, and others working with him at the Eckert Firm, formed STFG Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise STFG or Nick that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

334. Accordingly, Nick and STFG relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in STFG which, in turn, invested in PAR Funding.

335. Defendants failed to prepare necessary documentation to ensure that STFG would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

336. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $8,000,000, the amount of money STFG invested in PAR, excluding interest and fees paid to Eckert.

337. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Paul Nick and STFG Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XXIII – LEGAL MALPRACTICE (TORT)
Plaintiffs Dean Parker, Davis Parker, and RAZR MCA Fund, LLC v. Defendants

338. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

339. On or about, August 22, 2018, Dean Parker and Davis Parker retained the legal services of Pauciulo and the Eckert Firm to represent them in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

340. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

341. In or around August 23, 2018, Dean Parker and Davis Parker, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed RAZR.

342. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from the Parkers, that the Agent Fund was being formed specifically to invest in PAR Funding.

343. Pauciulo, and others working with him at the Eckert Firm, formed RAZR MCA Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise RAZR or the Parkers that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

344. Accordingly, the Parkers and RAZR relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in RAZR which, in turn, invested in PAR Funding.

345. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding in live and pre-recorded messages from Pauciulo, and in written materials prepared by him and/or the Eckert Firm;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agency Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR by, among other ways, referring to Pauciulo's decades of experience as an attorney for the SEC before his time began at Eckert;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

346. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $987,300.32, the amount of money RAZR invested in PAR, excluding interest, and in excess of $2,100,000, the amount the Parkers directly invested into PAR or into PAR through another fund. Plaintiffs also paid the Eckert Firm $17,000 in legal fees.

347. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, Dean Parker, Davis Parker, and RAZR MCA Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XXIV- LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Dean Parker, Davis Parker, and RAZR MCA Fund, LLC v. Defendants

348. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

349. On or about, August 22, 2018, Dean Parker and Davis Parker retained the legal services of Pauciulo and the Eckert Firm to represent them in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

350. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

351. In or around August 23, 2018, the Parkers, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed RAZR MCA Fund, LLC.

352. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D" and "counseling with respect to the offering."

353. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

354. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

355. Pauciulo, and others working with him at the Eckert Firm, formed RAZR MCA Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise RAZR or the Parkers that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

356. Accordingly, the Parkers and RAZR relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in RAZR which, in turn, invested in PAR Funding.

357. Defendants failed to prepare necessary documentation to ensure that RAZR would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding in live and pre-recorded messages from Pauciulo, and in written materials prepared by him and/or the Eckert Firm;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agency Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR by, among other ways, referring to Pauciulo's decades of experience as an attorney for the SEC before his time began at Eckert;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

358. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $987,300.32, the amount of money RAZR invested in PAR, excluding interest, and the approximately $2,100,000 the Parkers invested in PAR directly or through other funds. Plaintiffs also paid the Eckert Firm $17,000 in legal fees.

359. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Dean Parker, Davis Parker, and RAZR MCA Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XXV – LEGAL MALPRACTICE (TORT)
Plaintiffs Daniel Reisinger and Mariner MCA Income Fund, LLC v. Defendants

360. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

361. On or about, March 1, 2018, Reisinger, at the direction of Vagnozzi, retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR

Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

362. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

363. In or around March 20, 2018, Reisinger, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Mariner.

364. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Reisinger, that the Agent Fund was being formed specifically to invest in PAR Funding.

365. Pauciulo, and others working with him at the Eckert Firm, formed Mariner MCA Investment Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise Mariner or Reisinger that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

366. Accordingly, Reisinger and Mariner relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Mariner which, in turn, invested in PAR Funding.

367. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agency Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

368. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $3,231,000, the amount of money Mariner invested in PAR, excluding interest and fees paid to Eckert.

369. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, Daniel Reisinger and Mariner MCA Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XXVI - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Daniel Reisinger and Mariner MCA Income Fund, LLC v. Defendants

370. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

371. On or about March 1, 2018, Reisinger, at the direction of Vagnozzi, retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agency Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

372. As part of the representation, the Eckert Firm and Pauciulo were to form an Agency Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation document, as well as the investor statements and other documents that would be legally required, including a PPM.

373. In or around March 20, 2018, Reisinger, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Mariner.

374. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D" and "counseling with respect to the offering."

375. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

376. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

377. Pauciulo. and others working with him at the Eckert Firm, formed the Mariner MCA Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise Mariner or Reisinger that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

378. Accordingly, Reisinger and Mariner relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Mariner which, in turn, invested in PAR Funding.

379. Defendants failed to prepare necessary documentation to ensure that Mariner would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

380. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $3,231,000, the amount of money Mariner invested in PAR, excluding interest and fees paid to Eckert.

381. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Daniel Reisinger and Mariner MCA Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XXVII – LEGAL MALPRACTICE (TORT)
Plaintiffs Philip Sharpton and MCA Carolina Income Fund, LLC v. Defendants

382. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

383. On or about May 16, 2019, Sharpton retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

384. As part of the representation, the Eckert Firm and Pauciulo were to form an Agency Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

385. In or around June 28, 2019, Sharpton, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Carolina Income.

386. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Sharpton, that the Agency Fund was being formed specifically to invest in PAR Funding.

387. Pauciulo, and others working with him at the Eckert Firm, formed MCA Carolina Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise Carolina Income or Sharpton that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

388. Accordingly, Sharpton and Carolina Income relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Carolina Income which, in turn, invested in PAR Funding.

389. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

390. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $215,000, the amount of money Carolina Income invested in PAR, excluding interest, and $15,000, the amount of money Sharpton invested in Carolina Income, also excluding interest and fees paid to Eckert.

391. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, Philip Sharpton and MCA Carolina Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XXVIII - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Philip Sharpton and MCA Carolina Income Fund, LLC v. Defendants

392. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

393. On or about May 16, 2019, Sharpton retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

394. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC

Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

395. In or around June 28, 2019, Sharpton, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Carolina Income.

396. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D" and "counseling with respect to the offering."

397. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

398. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

399. Pauciulo, and others working with him at the Eckert Firm, formed MCA Carolina Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise Carolina Income or Sharpton that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

400. Accordingly, Sharpton and Carolina Income relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Carolina Income which, in turn, invested in PAR Funding.

401. Defendants failed to prepare necessary documentation to ensure that Carolina Income would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

402. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $215,000, the amount of money Carolina Income invested in PAR, excluding interest, and $15,000, the amount of money Sharpton invested in Carolina Income, also excluding interest and fees paid to Eckert.

403. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Philip Sharpton and MCA Carolina Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert

Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XXIX – LEGAL MALPRACTICE (TORT)
Plaintiffs Michael Tierney and Merchant Services Income Fund, LLC v. Defendants

404. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

405. Tierney retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. For reasons outside of his control, Tierney cannot access a copy of his engagement letter with the Eckert Firm.

406. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

407. Tierney, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed MSIF.

408. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Tierney, that the Agency Fund was being formed specifically to invest in PAR Funding.

409. Pauciulo, and others working with him at the Eckert Firm, formed Merchant Services Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise MSIF or Tierney that it was necessary to

amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

410. Accordingly, Tierney and MSIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in MSIF which, in turn, invested in PAR Funding.

411. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

412. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of approximately $17 million, the amount of money MSIF invested in PAR, excluding interest and fees paid to Eckert. Plaintiff Tierney is unable to access the precise figure at this time.

413. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, Michael Tierney and Merchant Services Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XXX - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Michael Tierney and Merchant Services Income Fund, LLC v. Defendants

414. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

415. Tierney retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. For reasons outside of his control, Tierney is not able to access the written agreement with the Eckert Firm.

416. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

417. Tierney, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed MSIF.

418. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "the preparation and filing of such forms as may be

necessary to have the fund comply with applicable state and federal securities laws including Form D" and "counseling with respect to the offering."

419. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

420. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

421. Pauciulo, and others working with him at the Eckert Firm, formed Merchant Services Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise MSIF or Tierney that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

422. Accordingly, Tierney and MSIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in MSIF which, in turn, invested in PAR Funding.

423. Defendants failed to prepare necessary documentation to ensure that MSIF would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

424. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of approximately $17 million, the amount of money MSIF invested in PAR, excluding interest and fees paid to Eckert. Plaintiff Tierney is unable to access the precise figure at this time.

425. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Michael Tierney and Merchant Services Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XXXI: BREACH OF FIDUCIARY DUTY
All Plaintiffs v. Defendants

426. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

427. Pauciulo and Eckert, including all of its attorneys, had a fiduciary duty to act in accordance with good practice and render services to Plaintiffs commensurate with the standard of care for corporate lawyers, or lawyers engaging in fund formation.

428. More specifically, Defendants owed Plaintiffs a fiduciary duty of loyalty to act free from any conflict of interest in the representation.

429. Defendants breached this duty to Plaintiffs, by failing to disclose the conflict of interest that existed in Defendants' representation of both Plaintiffs and Vagnozzi and seek waiver of that conflict.

430. Defendants breached their fiduciary duty to Plaintiffs in placing their own financial interest in PAR's scheme above Plaintiffs' interests in conducting legitimate businesses and avoiding unnecessary investment risk.

431. Defendants failed to disclose information of which they were aware, that placed Plaintiffs at high risk of financial loss and at potential risk of liability to investors, and should have been disclosed. Indeed, such losses occurred or yet may occur under the circumstances.

432. Upon information and belief, Pauciulo and Eckert made money by (i) attracting investors in PAR through live appearances and promotional materials they were paid to prepare; and (ii) representing investors in creating agent funds and in placing the investments in PAR, without disclosing this "double dip."

433. In other words, Pauciulo and Eckert financially benefited from their duplicity.

434. Pauciulo and Eckert failed to advise any of the individual Plaintiffs to seek the advice of independent counsel, either when forming the agent funds, or after the funds were formed, to review the PPMs Eckert and Pauciulo prepared, knowing that representing Plaintiffs and Vagnozzi under the circumstances created a conflict of interest.

435. As a result of these breaches of fiduciary duty by the Defendants, Plaintiffs have suffered millions of dollars in monetary loss in the form of the amounts invested in PAR Funding, as well as fees paid (i) to Pauciulo and Eckert for their duplicitous work, and (ii) to other lawyers,

who have provided services relating to investigation by the SEC or the SEC Florida Action, (iii) and as may be required to defend against claims from investors in the agent funds.

436. Defendants' engagement in this egregious conflict of interest is so shocking to the conscience and is so outrageous that it warrants the imposition of punitive damages against Pauciulo and Eckert.

WHEREFORE, Plaintiffs Joseph R. Cacchione, Francis Cassidy, Yajun Chu, Brian Drake, Joseph Gassman, David Gollner, Kurt Hemry, Sherri Marini, Andrew McKinley, Christopher McMorrow, Mark Nardelli, Paul Nick, Davis Parker, Dean Parker, Daniel Reisinger, Philip Sharpton, Michael Tierney, Merchant Factoring Income, LLC, Victory Income Fund, LLC, Work Well Fund, LLC, Cape Cod Income Fund, LLC, Wellen Fund 1, LLC, LWM Income Fund, 2, LLC, LWM Equity Fund, L.P., LWM Income Fund Parallel, LLC, Blue Stream Income Fund, LLC, Jade Funding, LLC, MK One Income Fund, LLC, GR8 Income Fund, LLC, STFG Income Fund, LLC, RAZR MCA Fund, LLC, Mariner MCA Income Fund, LLC, MCA Carolina Income Fund, LLC, and Merchant Services Income Fund, LLC request judgment in their favor and against Joseph W. Pauciulo and Eckert Seamans Cherin and Mellott, LLC in an amount exceeding $50,000, together with interest, costs of suit, punitive damages, and all other damages the Court deems just and proper.

Respectfully submitted:

HAINES & ASSOCIATES

/s/ Clifford E. Haines
CLIFFORD E. HAINES
DANIELLE M. WEISS
Attorneys for Plaintiffs

Dated: March 16, 2021

CERTIFICATE OF SERVICE

I, Clifford E. Haines, Esquire, of Haines & Associates, hereby certify that, on or about this date, a true and correct copy of the foregoing Complaint was served upon the following via the Court's ECF System and/or email or First Class Mail:

John W. Pauciulo, Esquire
Eckert Seamans Cherin & Mellott, LLC
50 S. 16th Street
22nd Floor
Philadelphia, PA 19102

Dated: March 16, 2021

/s/ Clifford E. Haines
CLIFFORD E. HAINES

EXHIBIT A

ECKERT SEAMANS
ATTORNEYS AT LAW

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

April 17, 2019

Francis Cassidy
252 North Radnor-Chester Road
Wayne, PA 19087

Re: Legal Representation

Dear Fran:

I am pleased that you have asked Eckert Seamans Cherin & Mellott, LLC to represent you (the "Client") in connection with claims asserted against you by the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities and Compliance and Examinations and such related matters as you may request. The purpose of this engagement letter is to set forth our mutual understanding of the basis on which we have agreed to undertake such representation. Under the applicable Rules of Professional Conduct, we are required to inform you in writing of the basis of the fee and expense reimbursement arrangement that will be applicable to our representation of the Client.

The charges for our services will be based upon our regular hourly rates in effect at the time the services are rendered. My rate currently is $595 per hour. If other members in the firm provide services to the Client, their time will be billed on the basis of their regular hourly rate. If associate attorneys in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. Associate hourly rates currently range from $185.00 to $380.00 per hour depending on their experience. If firm paralegals work on the Project, their time will be billed on the basis of their hourly rate which is in the $190.00 to $250.00 range. All of our current rates will be in effect for the calendar year 2019, but are subject to change thereafter, usually on an annual basis. Unless otherwise specified, any additional services requested to be provided by our firm beyond the scope of the above matter also will be billed in accordance with our hourly rates in effect at the time those services are rendered.

Bills will be submitted on a monthly basis and will be itemized showing all time expended by each lawyer or paralegal involved as well as a description of all expenditures incurred on its behalf. We reserve the right to terminate our representation if such bills are not paid in a timely manner. Similarly, we will promptly respond to any questions which you may have concerning any item on a bill submitted to you. **Our invoices are payable upon delivery and we will charge you interest at the rate of 6% per year on any balance which remains unpaid for more than 30 days after the date of delivery.**

ECKERT SEAMANS
ATTORNEYS AT LAW

Some of our clients use electronic mail ("E-Mail") to conduct communications between them and the firm. During 1999 the ethics committee of the American Bar Association issued a Formal Opinion in which it concluded that an attorney could transmit information relating to the representation of a client by use of unencrypted E-Mail sent over the Internet without violating the attorney's responsibilities under the Rules of Professional Conduct because such a mode of information transmission afforded a reasonable expectation of privacy from a technological and legal standpoint. For greater protection of client information, our firm has the capability to encrypt E-Mail. If you would like to request the use of encrypted E-Mail, please contact me so I can notify the appropriate personnel in our Information Systems department. However, no system of encryption provides absolute protection of the confidentiality of information communicated by E-Mail. If you do not want the firm to use E-Mail for some, or all, of its communication with you, please advise us promptly to that effect. We will follow your instructions as to the manner in which you want to communicate with the firm.

Clients are entitled to request and receive client-owned files unless the firm asserts a legally cognizable right to retain all or a portion of the files. No client files can be removed from the firm and transmitted to any person or entity without the client's written authorization. After a legal representation has ended, client-owned files will either be returned to the client or kept in the possession of the firm in accordance with its client file retention policy. Under that policy, client files are retained by the firm for a fixed time period after which the files may be destroyed. No client files will be destroyed unless approved by the responsible firm attorney on that legal representation or by the firm's Executive Director. Files released to a client are no longer subject to the firm's client file retention policy.

While we will not disclose privileged or confidential information regarding our representation of your interests, you authorize us to disclose your identity or name to persons outside this firm and the fact that we represent you as legal counsel.

It is possible that other present or future clients of this firm will have matters adverse to you while we are representing you. We understand that you have no objection to our representations of parties with interests adverse to you and that you waive any actual or potential conflict of interest as long as those engagements are not substantially related to our representation of you. We agree that your consent shall not apply in any instance where, as a result of our representation of you, we have obtained confidential information that, if known to such other client, could be used to your material disadvantage.

ECKERT SEAMANS
ATTORNEYS AT LAW

If this engagement letter is consistent with your understanding of our fee and representation arrangement, please sign the enclosed copy where indicated and return it to me.

I appreciate the opportunity to be of service to you and look forward to working with you. If you have any questions concerning this letter, please let me know.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

By: John W. Pauciulo
John W. Pauciulo

JWP/mzg

Acknowledged, agreed to and accepted
this __ day of April, 2019

_____
Francis Cassidy

ECKERT SEAMANS
ATTORNEYS AT LAW

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

March 11, 2019

Via Email (michael52725@gmail.com)

Yajun Chu
831 S. Veitch St
Arlington, VA 22204.

Re: Legal Representation

Yajun:

We are pleased that you have asked our firm to represent you and, upon formation, a business entity in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D and (iv) counseling with respect to conducting the offering. The purpose of this engagement letter is to set forth our mutual understanding of the basis on which we have agreed to undertake such representation. Under the Pennsylvania Rules of Professional Conduct, we are required to inform you in writing of the basis of the fee and expense reimbursement arrangement that will be applicable to our representation.

The charges for our services will be based upon our regular hourly rates in effect at the time the services are rendered. My rate currently is $595 per hour. If other members in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. If associate attorneys in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. Associate hourly rates currently range from $185 to $380 per hour depending on their experience. If firm paralegals perform services on behalf of the Client, their time will be billed on the basis of their hourly rate which is in the $190 to $250 range. All of our current rates will be in effect for the calendar year 2019 but are subject to change thereafter. Unless otherwise specified, any additional services requested to be provided by our firm beyond the scope of the above matter also will be billed in accordance with our hourly rates in effect at the time those services are rendered.

We will require a retainer in the amount of $5,000. We will use the retainer to pay filing fees and third party costs and may apply any excess amount to our fees. Retainer may be paid by check or wire transfer (please see attached wire instructions). We will begin work upon receipt of the retainer.

ECKERT SEAMANS
ATTORNEYS AT LAW

Bills will be submitted on a monthly basis and will be itemized showing all time expended by each lawyer or paralegal involved as well as a description of all expenditures incurred on its behalf. We reserve the right to terminate our representation if such bills are not paid in a timely manner.

Except for the services described in this letter, we are not being engaged to represent you in connection with any matter. Any additional services requested to be provided by our firm beyond the scope of the above matter will be billed in accordance with our hourly rates in effect at the time those services are rendered. We retain all legal rights to the documents that we produce in the course of our representation. Any reproduction of our documents without our express consent is prohibited.

Some of our clients use electronic mail ("E-Mail") to conduct communications between them and the firm. During 1999 the ethics committee of the American Bar Association issued a Formal Opinion in which it concluded that an attorney could transmit information relating to the representation of a client by use of unencrypted E-Mail sent over the Internet without violating the attorney's responsibilities under the Rules of Professional Conduct because such a mode of information transmission afforded a reasonable expectation of privacy from a technological and legal standpoint. For greater protection of client information, our firm has the capability to encrypt E-Mail. If you would like to request the use of encrypted E-Mail, please contact me so I can notify the appropriate personnel in our Information Systems department. However, no system of encryption provides absolute protection of the confidentiality of information communicated by E-Mail. If you do not want the firm to use E-Mail for some, or all, of its communication with you, please advise us promptly to that effect. We will follow your instructions as to the manner in which you want to communicate with the firm.

Clients are entitled to request and receive client-owned files unless the firm asserts a legally cognizable right to retain all or a portion of the files. No client files can be removed from the firm and transmitted to any person or entity without the client's written authorization. After a legal representation has ended, client-owned files will either be returned to the client or kept in the possession of the firm in accordance with its client file retention policy. Under that policy, client files are retained by the firm for a fixed time period after which the files may be destroyed. No client files will be destroyed unless approved by the responsible firm attorney on that legal representation or by the firm's Executive Director. Files released to a client are no longer subject to the firm's client file retention policy.

While we will not disclose privileged or confidential information regarding our representation of your interests, you authorize us to disclose your identity or name to persons outside this firm and the fact that we represent you as legal counsel.

ECKERT SEAMANS
ATTORNEYS AT LAW

If this letter accurately sets forth our agreement, kindly execute a copy and return it to me at your earliest opportunity.

We appreciate the opportunity to be of service to you and look forward to working with you. If you have any questions concerning this letter, please do not hesitate to let me know.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

By: John W. Pauciulo
John W. Pauciulo

Acknowledged, agreed to and accepted
this 12 day of Mar., 2019:

Yajun Chu

Eckert Seamans Wire Instructions

First National Bank IOLTA Account – from within the U.S.

Please notify Carolyn Ley (412-566-2064 or cley@eckertseamans.com) with the client information and anticipated wire amount.

BANK: First National Bank of Pennsylvania
4140 East State Street
Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

First National Bank IOLTA Account – from outside the U.S.

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Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

ECKERT SEAMANS
ATTORNEYS AT LAW

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

April 9, 2018

Via Email (brian@retirementmoney.biz)

Brian N. Drake
Drake, Saunders & Diwinsky
104 Crowell Road
Chatham, MA 02633

Re: Legal Representation

Dear Brian:

We are pleased that you have asked our firm to represent you and, upon formation, a business entity in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D and (iv) counseling with respect to conducting the offering. The purpose of this engagement letter is to set forth our mutual understanding of the basis on which we have agreed to undertake such representation. Under the Pennsylvania Rules of Professional Conduct, we are required to inform you in writing of the basis of the fee and expense reimbursement arrangement that will be applicable to our representation.

The charges for our services will be based upon our regular hourly rates in effect at the time the services are rendered. My rate currently is $585 per hour. If other members in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. If associate attorneys in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. Associate hourly rates currently range from $180 to $360 per hour depending on their experience. If firm paralegals perform services on behalf of the Client, their time will be billed on the basis of their hourly rate which is in the $170 to $235 range. All of our current rates will be in effect for the calendar year 2018 but are subject to change thereafter. Unless otherwise specified, any additional services requested to be provided by our firm beyond the` scope of the above matter also will be billed in accordance with our hourly rates in effect at the time those services are rendered.

We will require a retainer in the amount of $5,000. We will use the retainer to pay filing fees and third party costs and may apply any excess amount to our fees. Retainer may be paid by

check or wire transfer (please see attached wire instructions). We will begin work upon receipt of the retainer.

Bills will be submitted on a monthly basis and will be itemized showing all time expended by each lawyer or paralegal involved as well as a description of all expenditures incurred on its behalf. We reserve the right to terminate our representation if such bills are not paid in a timely manner.

Except for the services described in this letter, we are not being engaged to represent you in connection with any matter. Any additional services requested to be provided by our firm beyond the scope of the above matter will be billed in accordance with our hourly rates in effect at the time those services are rendered. We retain all legal rights to the documents that we produce in the course of our representation. Any reproduction of our documents without our express consent is prohibited.

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ECKERT SEAMANS
ATTORNEYS AT LAW

While we will not disclose privileged or confidential information regarding our representation of your interests, you authorize us to disclose your identity or name to persons outside this firm and the fact that we represent you as legal counsel.

If this letter accurately sets forth our agreement, kindly execute a copy and return it to me at your earliest opportunity.

We appreciate the opportunity to be of service to you and look forward to working with you. If you have any questions concerning this letter, please do not hesitate to let me know.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

By:_____
John W. Pauciulo

Acknowledged, agreed to and accepted
this____ day of _____, 2018:

_____
Brian N. Drake

Eckert Seamans Wire Instructions

First National Bank IOLTA Account – from within the U.S.

Please notify Carolyn Ley (412-566-2064 or cley@eckertseamans.com) with the client information and anticipated wire amount.

BANK: First National Bank of Pennsylvania
4140 East State Street
Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

First National Bank IOLTA Account – from outside the U.S.

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BENEFICIARY ACCOUNT NUMBER: 95021481

ECKERT SEAMANS
ATTORNEYS AT LAW

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Patciulo
215-851-8480
jpatciulo@eckertseamans.com

February 28, 2018

Via Email (jgassman@me.com)

Joseph A. Gassman
248 Woodlyn Ave.
Glenside, PA 19038

Re: Legal Representation

Dear Joe:

We are pleased that you have asked our firm to represent you and, upon formation, a business entity in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D and (iv) counseling with respect to conducting the offering. The purpose of this engagement letter is to set forth our mutual understanding of the basis on which we have agreed to undertake such representation. Under the Pennsylvania Rules of Professional Conduct, we are required to inform you in writing of the basis of the fee and expense reimbursement arrangement that will be applicable to our representation.

The charges for our services will be based upon our regular hourly rates in effect at the time the services are rendered. My rate currently is $585 per hour. If other members in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. If associate attorneys in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. Associate hourly rates currently range from $180 to $360 per hour depending on their experience. If firm paralegals perform services on behalf of the Client, their time will be billed on the basis of their hourly rate which is in the $170 to $235 range. All of our current rates will be in effect for the calendar year 2018 but are subject to change thereafter. Unless otherwise specified, any additional services requested to be provided by our firm beyond the scope of the above matter also will be billed in accordance with our hourly rates in effect at the time those services are rendered.

We will require a retainer in the amount of $5,000. We will use the retainer to pay filing fees and third party costs and may apply any excess amount to our fees. Retainer may be paid by check or wire transfer (please see attached wire instructions). We will begin work upon receipt of the retainer.

ECKERT SEAMANS
ATTORNEYS AT LAW

Bills will be submitted on a monthly basis and will be itemized showing all time expended by each lawyer or paralegal involved as well as a description of all expenditures incurred on its behalf. We reserve the right to terminate our representation if such bills are not paid in a timely manner.

Except for the services described in this letter, we are not being engaged to represent you in connection with any matter. Any additional services requested to be provided by our firm beyond the scope of the above matter will be billed in accordance with our hourly rates in effect at the time those services are rendered. We retain all legal rights to the documents that we produce in the course of our representation. Any reproduction of our documents without our express consent is prohibited.

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While we will not disclose privileged or confidential information regarding our representation of your interests, you authorize us to disclose your identity or name to persons outside this firm and the fact that we represent you as legal counsel.

ECKERT SEAMANS
ATTORNEYS AT LAW

If this letter accurately sets forth our agreement, kindly execute a copy and return it to me at your earliest opportunity.

We appreciate the opportunity to be of service to you and look forward to working with you. If you have any questions concerning this letter, please do not hesitate to let me know.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

By: John W. Pauciulo
John W. Pauciulo

Acknowledged, agreed to and accepted
this 2 day of March, 2018:

Joseph Gassman

ECKERT SEAMANS
ATTORNEYS AT LAW

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

March 29, 2018

Via Email (david@leavealegacy.com)

David Gollner
Legacy Financial Strategies,
Inc. 3087 Innovation Way
Hermitage, PA 16148

Re: Legal Representation

David:

We are pleased that you have asked our firm to represent you and, upon formation, a business entity to be named "LWM INCOME FUND" in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D and (iv) counseling with respect to conducting the offering. The purpose of this engagement letter is to set forth our mutual understanding of the basis on which we have agreed to undertake such representation. Under the Pennsylvania Rules of Professional Conduct, we are required to inform you in writing of the basis of the fee and expense reimbursement arrangement that will be applicable to our representation.

The charges for our services will be based upon our regular hourly rates in effect at the time the services are rendered. My rate currently is $585 per hour. If other members in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. If associate attorneys in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. Associate hourly rates currently range from $180 to $360 per hour depending on their experience. If firm paralegals perform services on behalf of the Client, their time will be billed on the basis of their hourly rate which is in the $170 to $235 range. All of our current rates will be in effect for the calendar year 2018 but are subject to change thereafter. Unless otherwise specified, any additional services requested to be provided by our firm beyond the` scope of the above matter also will be billed in accordance with our hourly rates in effect at the time those services are rendered.

We acknowledge receipt of your retainer payment in the amount of $4,000. We will use the retainer to pay filing fees and third party costs and may apply any excess amount to our fees.

ECKERT SEAMANS
ATTORNEYS AT LAW

Retainer may be paid by check or wire transfer (please see attached wire instructions). We will begin work upon receipt of the retainer.

Bills will be submitted on a monthly basis and will be itemized showing all time expended by each lawyer or paralegal involved as well as a description of all expenditures incurred on its behalf. We reserve the right to terminate our representation if such bills are not paid in a timely manner.

Except for the services described in this letter, we are not being engaged to represent you in connection with any matter. Any additional services requested to be provided by our firm beyond the scope of the above matter will be billed in accordance with our hourly rates in effect at the time those services are rendered. We retain all legal rights to the documents that we produce in the course of our representation. Any reproduction of our documents without our express consent is prohibited.

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ECKERT SEAMANS
ATTORNEYS AT LAW

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If this letter accurately sets forth our agreement, kindly execute a copy and return it to me at your earliest opportunity.

We appreciate the opportunity to be of service to you and look forward to working with you. If you have any questions concerning this letter, please do not hesitate to let me know.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

By: John W. Pauciulo
John W. Pauciulo

Acknowledged, agreed to and accepted
this____ day of _____, 2018:

_____
David Gollner

Eckert Seamans Wire Instructions

First National Bank IOLTA Account – from within the U.S.

Please notify Carolyn Ley (412-566-2064 or cley@eckertseamans.com) with the client information and anticipated wire amount.

BANK: First National Bank of Pennsylvania
4140 East State Street
Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

First National Bank IOLTA Account – from outside the U.S.

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Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

ECKERT SEAMANS
ATTORNEYS AT LAW

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

July 3, 2018

Via Email (kurt@ironwoodwc.com)

Kurt Hemry
Ironwood Wealth Consultants
11535 SW 67th Avenue
Portland, OR 97223

Re: Legal Representation

Kurt:

We are pleased that you have asked our firm to represent you and, upon formation, a business entity to be named "BLUE STREAM INCOME FUND" in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D and (iv) counseling with respect to conducting the offering. The purpose of this engagement letter is to set forth our mutual understanding of the basis on which we have agreed to undertake such representation. Under the Pennsylvania Rules of Professional Conduct, we are required to inform you in writing of the basis of the fee and expense reimbursement arrangement that will be applicable to our representation.

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ECKERT SEAMANS
ATTORNEYS AT LAW

above matter also will be billed in accordance with our hourly rates in effect at the time those services are rendered.

We have been advised that Dean Vagnozzi and/or A Better Financial Plan will pay all fees in this matter. If they refuse or fail to pay our fees, you will be responsible for them.

Bills will be submitted on a monthly basis and will be itemized showing all time expended by each lawyer or paralegal involved as well as a description of all expenditures incurred on its behalf. We reserve the right to terminate our representation if such bills are not paid in a timely manner.

Except for the services described in this letter, we are not being engaged to represent you in connection with any matter. Any additional services requested to be provided by our firm beyond the scope of the above matter will be billed in accordance with our hourly rates in effect at the time those services are rendered. We retain all legal rights to the documents that we produce in the course of our representation. Any reproduction of our documents without our express consent is prohibited.

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ECKERT SEAMANS
ATTORNEYS AT LAW

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While we will not disclose privileged or confidential information regarding our representation of your interests, you authorize us to disclose your identity or name to persons outside this firm and the fact that we represent you as legal counsel.

If this letter accurately sets forth our agreement, kindly execute a copy and return it to me at your earliest opportunity.

We appreciate the opportunity to be of service to you and look forward to working with you. If you have any questions concerning this letter, please do not hesitate to let me know.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

By: John W. Pauciulo
John W. Pauciulo

Acknowledged, agreed to and accepted
this 3 day of July, 2018:

K Hemry
Kurt Hemry

ECKERT SEAMANS
ATTORNEYS AT LAW

Eckert Seamans Wire Instructions

First National Bank IOLTA Account – from within the U.S.

Please notify Carolyn Ley (412-566-2064 or cley@eckertseamans.com) with the client information and anticipated wire amount.

BANK: First National Bank of Pennsylvania
4140 East State Street
Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

First National Bank IOLTA Account – from outside the U.S.

Please notify Carolyn Ley (412-566-2064 or cley@eckertseamans.com) with the client information and anticipated wire amount.

BANK: First National Bank of Pennsylvania
4140 East State Street
Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

ECKERT SEAMANS
ATTORNEYS AT LAW

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

August 5, 2019

Via Email (andy.1423@comcast.net)

Andy McKinley
1423 S. Howard Street
Philadelphia, PA 19147

Re: Legal Representation

Andy:

We are pleased that you have asked our firm to represent you and, upon formation, a business entity in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D and (iv) counseling with respect to conducting the offering. The purpose of this engagement letter is to set forth our mutual understanding of the basis on which we have agreed to undertake such representation. Under the Pennsylvania Rules of Professional Conduct, we are required to inform you in writing of the basis of the fee and expense reimbursement arrangement that will be applicable to our representation.

The charges for our services will be based upon our regular hourly rates in effect at the time the services are rendered. My rate currently is $595 per hour. If other members in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. If associate attorneys in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. Associate hourly rates currently range from $185 to $380 per hour depending on their experience. If firm paralegals perform services on behalf of the Client, their time will be billed on the basis of their hourly rate which is in the $190 to $250 range. All of our current rates will be in effect for the calendar year 2019 but are subject to change thereafter. Unless otherwise specified, any additional services requested to be provided by our firm beyond the` scope of the above matter also will be billed in accordance with our hourly rates in effect at the time those services are rendered.

We will require a retainer in the amount of $5,000. We will use the retainer to pay filing fees and third party costs and may apply any excess amount to our fees. Retainer may be paid by check or wire transfer (please see attached wire instructions). We will begin work upon receipt of the retainer.

ECKERT SEAMANS
ATTORNEYS AT LAW

Bills will be submitted on a monthly basis and will be itemized showing all time expended by each lawyer or paralegal involved as well as a description of all expenditures incurred on its behalf. We reserve the right to terminate our representation if such bills are not paid in a timely manner.

Except for the services described in this letter, we are not being engaged to represent you in connection with any matter. Any additional services requested to be provided by our firm beyond the scope of the above matter will be billed in accordance with our hourly rates in effect at the time those services are rendered. We retain all legal rights to the documents that we produce in the course of our representation. Any reproduction of our documents without our express consent is prohibited.

Some of our clients use electronic mail ("E-Mail") to conduct communications between them and the firm. During 1999 the ethics committee of the American Bar Association issued a Formal Opinion in which it concluded that an attorney could transmit information relating to the representation of a client by use of unencrypted E-Mail sent over the Internet without violating the attorney's responsibilities under the Rules of Professional Conduct because such a mode of information transmission afforded a reasonable expectation of privacy from a technological and legal standpoint. For greater protection of client information, our firm has the capability to encrypt E-Mail. If you would like to request the use of encrypted E-Mail, please contact me so I can notify the appropriate personnel in our Information Systems department. However, no system of encryption provides absolute protection of the confidentiality of information communicated by E-Mail. If you do not want the firm to use E-Mail for some, or all, of its communication with you, please advise us promptly to that effect. We will follow your instructions as to the manner in which you want to communicate with the firm.

Clients are entitled to request and receive client-owned files unless the firm asserts a legally cognizable right to retain all or a portion of the files. No client files can be removed from the firm and transmitted to any person or entity without the client's written authorization. After a legal representation has ended, client-owned files will either be returned to the client or kept in the possession of the firm in accordance with its client file retention policy. Under that policy, client files are retained by the firm for a fixed time period after which the files may be destroyed. No client files will be destroyed unless approved by the responsible firm attorney on that legal representation or by the firm's Executive Director. Files released to a client are no longer subject to the firm's client file retention policy.

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ECKERT SEAMANS
ATTORNEYS AT LAW

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We appreciate the opportunity to be of service to you and look forward to working with you. If you have any questions concerning this letter, please do not hesitate to let me know.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

By: John W. Pauciulo
John W. Pauciulo

Acknowledged, agreed to and accepted
this 5th day of August, 2019:

Andy McKinley

ECKERT SEAMANS
ATTORNEYS AT LAW

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

September 28, 2018

Via Email (mcmorrowfinancial@gmail.com)

Christopher McMorrow
Joseph Kekoanui IV
373 E. Main Street, Suite 109
Collegeville, PA 19426

Re: Legal Representation

Chris and Joe:

We are pleased that you have asked our firm to represent each of you, and, upon formation, a business entity to be named "M.K. ONE INCOME FUND LLC" in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D and (iv) counseling with respect to conducting the offering. The purpose of this engagement letter is to set forth our mutual understanding of the basis on which we have agreed to undertake such representation. Under the Pennsylvania Rules of Professional Conduct, we are required to inform you in writing of the basis of the fee and expense reimbursement arrangement that will be applicable to our representation.

The charges for our services will be based upon our regular hourly rates in effect at the time the services are rendered. My rate currently is $585 per hour. If other members in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. If associate attorneys in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. Associate hourly rates currently range from $180 to $360 per hour depending on their experience. If firm paralegals perform services on behalf of the Client, their time will be billed on the basis of their hourly rate which is in the $170 to $235 range. All of our current rates will be in effect for the calendar year 2018 but are subject to change thereafter. Unless otherwise specified, any additional services requested to be provided by our firm beyond the scope of the above matter also will be billed in accordance with our hourly rates in effect at the time those services are rendered.

We will require a retainer in the amount of $5,000. We will use the retainer to pay filing fees and third party costs and may apply any excess amount to our fees. Retainer may be paid by

check or wire transfer (please see attached wire instructions). We will begin work upon receipt of the retainer.

Bills will be submitted on a monthly basis and will be itemized showing all time expended by each lawyer or paralegal involved as well as a description of all expenditures incurred on its behalf. We reserve the right to terminate our representation if such bills are not paid in a timely manner.

Except for the services described in this letter, we are not being engaged to represent you in connection with any matter. Any additional services requested to be provided by our firm beyond the scope of the above matter will be billed in accordance with our hourly rates in effect at the time those services are rendered. We retain all legal rights to the documents that we produce in the course of our representation. Any reproduction of our documents without our express consent is prohibited.

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ECKERT SEAMANS
ATTORNEYS AT LAW

While we will not disclose privileged or confidential information regarding our representation of your interests, you authorize us to disclose your identity or name to persons outside this firm and the fact that we represent you as legal counsel.

If this letter accurately sets forth our agreement, kindly execute a copy and return it to me at your earliest opportunity.

We appreciate the opportunity to be of service to you and look forward to working with you. If you have any questions concerning this letter, please do not hesitate to let me know.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

By: John W. Pauciulo
John W. Pauciulo

Acknowledged, agreed to and accepted
this____ day of _____, 2018:

_____
Christopher McMorrow

_____
Joseph Kekoanui IV

Eckert Seamans Wire Instructions

First National Bank IOLTA Account – from within the U.S.

Please notify Carolyn Ley (412-566-2064 or cley@eckertseamans.com) with the client information and anticipated wire amount.

BANK: First National Bank of Pennsylvania
4140 East State Street
Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

First National Bank IOLTA Account – from outside the U.S.

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Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

ECKERT SEAMANS
ATTORNEYS AT LAW

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

November 13, 2018

Via Email (mark@wealthcareadvantage.com)

Mark Nardelli
Wealthcare Advantage, LLC
2840 Plaza Place, Ste 210
Raleigh, NC 27612

Re: Legal Representation

Mark:

We are pleased that you have asked our firm to represent you and, upon formation, a business entity in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D and (iv) counseling with respect to conducting the offering. The purpose of this engagement letter is to set forth our mutual understanding of the basis on which we have agreed to undertake such representation. Under the Pennsylvania Rules of Professional Conduct, we are required to inform you in writing of the basis of the fee and expense reimbursement arrangement that will be applicable to our representation.

The charges for our services will be based upon our regular hourly rates in effect at the time the services are rendered. My rate currently is $585 per hour. If other members in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. If associate attorneys in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. Associate hourly rates currently range from $180 to $360 per hour depending on their experience. If firm paralegals perform services on behalf of the Client, their time will be billed on the basis of their hourly rate which is in the $170 to $235 range. All of our current rates will be in effect for the calendar year 2018 but are subject to change thereafter. Unless otherwise specified, any additional services requested to be provided by our firm beyond the scope of the above matter also will be billed in accordance with our hourly rates in effect at the time those services are rendered.

We will require a retainer in the amount of $5,000. We will use the retainer to pay filing fees and third party costs and may apply any excess amount to our fees. Retainer may be paid by

ECKERT SEAMANS
ATTORNEYS AT LAW

check or wire transfer (please see attached wire instructions). We will begin work upon receipt of the retainer.

Bills will be submitted on a monthly basis and will be itemized showing all time expended by each lawyer or paralegal involved as well as a description of all expenditures incurred on its behalf. We reserve the right to terminate our representation if such bills are not paid in a timely manner.

Except for the services described in this letter, we are not being engaged to represent you in connection with any matter. Any additional services requested to be provided by our firm beyond the scope of the above matter will be billed in accordance with our hourly rates in effect at the time those services are rendered. We retain all legal rights to the documents that we produce in the course of our representation. Any reproduction of our documents without our express consent is prohibited.

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ECKERT SEAMANS
ATTORNEYS AT LAW

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If this letter accurately sets forth our agreement, kindly execute a copy and return it to me at your earliest opportunity.

We appreciate the opportunity to be of service to you and look forward to working with you. If you have any questions concerning this letter, please do not hesitate to let me know.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

By: John W. Pauciulo
John W. Pauciulo

Acknowledged, agreed to and accepted
this 13 day of November, 2018:

Mark Nardelli

Eckert Seamans Wire Instructions

First National Bank IOLTA Account – from within the U.S.

Please notify Carolyn Ley (412-566-2064 or cley@eckertseamans.com) with the client information and anticipated wire amount.

BANK: First National Bank of Pennsylvania
4140 East State Street
Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

First National Bank IOLTA Account – from outside the U.S.

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4140 East State Street
Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

ECKERT SEAMANS
ATTORNEYS AT LAW

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

August 8, 2018

Via Email (pauljnick@gmail.com)

Paul Nick
1432 Waseca Street
Houston, TX 77055

Re: Legal Representation

Paul:

We are pleased that you have asked our firm to represent you and, upon formation, a business entity in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D and (iv) counseling with respect to conducting the offering. The purpose of this engagement letter is to set forth our mutual understanding of the basis on which we have agreed to undertake such representation. Under the Pennsylvania Rules of Professional Conduct, we are required to inform you in writing of the basis of the fee and expense reimbursement arrangement that will be applicable to our representation.

The charges for our services will be based upon our regular hourly rates in effect at the time the services are rendered. My rate currently is $585 per hour. If other members in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. If associate attorneys in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. Associate hourly rates currently range from $180 to $360 per hour depending on their experience. If firm paralegals perform services on behalf of the Client, their time will be billed on the basis of their hourly rate which is in the $170 to $235 range. All of our current rates will be in effect for the calendar year 2018 but are subject to change thereafter. Unless otherwise specified, any additional services requested to be provided by our firm beyond the scope of the above matter also will be billed in accordance with our hourly rates in effect at the time those services are rendered.

We will require a retainer in the amount of $5,000. We will use the retainer to pay filing fees and third party costs and may apply any excess amount to our fees. Retainer may be paid by check or wire transfer (please see attached wire instructions). We will begin work upon receipt of the retainer.

ECKERT SEAMANS
ATTORNEYS AT LAW

Bills will be submitted on a monthly basis and will be itemized showing all time expended by each lawyer or paralegal involved as well as a description of all expenditures incurred on its behalf. We reserve the right to terminate our representation if such bills are not paid in a timely manner.

Except for the services described in this letter, we are not being engaged to represent you in connection with any matter. Any additional services requested to be provided by our firm beyond the scope of the above matter will be billed in accordance with our hourly rates in effect at the time those services are rendered. We retain all legal rights to the documents that we produce in the course of our representation. Any reproduction of our documents without our express consent is prohibited.

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Clients are entitled to request and receive client-owned files unless the firm asserts a legally cognizable right to retain all or a portion of the files. No client files can be removed from the firm and transmitted to any person or entity without the client's written authorization. After a legal representation has ended, client-owned files will either be returned to the client or kept in the possession of the firm in accordance with its client file retention policy. Under that policy, client files are retained by the firm for a fixed time period after which the files may be destroyed. No client files will be destroyed unless approved by the responsible firm attorney on that legal representation or by the firm's Executive Director. Files released to a client are no longer subject to the firm's client file retention policy.

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ECKERT SEAMANS
ATTORNEYS AT LAW

If this letter accurately sets forth our agreement, kindly execute a copy and return it to me at your earliest opportunity.

We appreciate the opportunity to be of service to you and look forward to working with you. If you have any questions concerning this letter, please do not hesitate to let me know.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

By: John W. Pauciulo
John W. Pauciulo

Acknowledged, agreed to and accepted
this 14 day of August, 2018:

Paul Nick

ECKERT SEAMANS
ATTORNEYS AT LAW

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

August 22, 2018

Via Email (deanalanparker@gmail.com)(davisprkr@gmail.com)

Dean Parker
Davis Parker
205 Heritage Trail N
Bellville, Texas 77418

Re: Legal Representation

Dean and Davis:

We are pleased that you have asked our firm to represent each of you and, upon formation, a business entity in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D and (iv) counseling with respect to conducting the offering. The purpose of this engagement letter is to set forth our mutual understanding of the basis on which we have agreed to undertake such representation. Under the Pennsylvania Rules of Professional Conduct, we are required to inform you in writing of the basis of the fee and expense reimbursement arrangement that will be applicable to our representation.

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ECKERT SEAMANS
ATTORNEYS AT LAW

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ECKERT SEAMANS
ATTORNEYS AT LAW

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If this letter accurately sets forth our agreement, kindly execute a copy and return it to me at your earliest opportunity.

We appreciate the opportunity to be of service to you and look forward to working with you. If you have any questions concerning this letter, please do not hesitate to let me know.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

By: John W. Pauciulo
John W. Pauciulo

Acknowledged, agreed to and accepted
this 22 day of August, 2018:

Dean Parker

Davis Parker

Eckert Seamans Wire Instructions

First National Bank IOLTA Account – from within the U.S.

Please notify Carolyn Ley (412-566-2064 or cley@eckertseamans.com) with the client information and anticipated wire amount.

BANK: First National Bank of Pennsylvania
4140 East State Street
Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

First National Bank IOLTA Account – from outside the U.S.

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Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

ECKERT SEAMANS
ATTORNEYS AT LAW

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

March 1, 2018

Via Email (dan@safeinvestingservices.com)

Daniel Reisinger
1416 Flint Hill Road
Landenberg, PA 19350

Re: Legal Representation

Dear Dan:

We are pleased that you have asked our firm to represent you and, upon formation, a business entity in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D and (iv) counseling with respect to conducting the offering. The purpose of this engagement letter is to set forth our mutual understanding of the basis on which we have agreed to undertake such representation. Under the Pennsylvania Rules of Professional Conduct, we are required to inform you in writing of the basis of the fee and expense reimbursement arrangement that will be applicable to our representation.

The charges for our services will be based upon our regular hourly rates in effect at the time the services are rendered. My rate currently is $585 per hour. If other members in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. If associate attorneys in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. Associate hourly rates currently range from $180 to $360 per hour depending on their experience. If firm paralegals perform services on behalf of the Client, their time will be billed on the basis of their hourly rate which is in the $170 to $235 range. All of our current rates will be in effect for the calendar year 2018 but are subject to change thereafter. Unless otherwise specified, any additional services requested to be provided by our firm beyond the` scope of the above matter also will be billed in accordance with our hourly rates in effect at the time those services are rendered.

We will require a retainer in the amount of $5,000. We will use the retainer to pay filing fees and third party costs and may apply any excess amount to our fees. Retainer may be paid by

ECKERT SEAMANS
ATTORNEYS AT LAW

check or wire transfer (please see attached wire instructions). We will begin work upon receipt of the retainer.

Bills will be submitted on a monthly basis and will be itemized showing all time expended by each lawyer or paralegal involved as well as a description of all expenditures incurred on its behalf. We reserve the right to terminate our representation if such bills are not paid in a timely manner.

Except for the services described in this letter, we are not being engaged to represent you in connection with any matter. Any additional services requested to be provided by our firm beyond the scope of the above matter will be billed in accordance with our hourly rates in effect at the time those services are rendered. We retain all legal rights to the documents that we produce in the course of our representation. Any reproduction of our documents without our express consent is prohibited.

Some of our clients use electronic mail ("E-Mail") to conduct communications between them and the firm. During 1999 the ethics committee of the American Bar Association issued a Formal Opinion in which it concluded that an attorney could transmit information relating to the representation of a client by use of unencrypted E-Mail sent over the Internet without violating the attorney's responsibilities under the Rules of Professional Conduct because such a mode of information transmission afforded a reasonable expectation of privacy from a technological and legal standpoint. For greater protection of client information, our firm has the capability to encrypt E-Mail. If you would like to request the use of encrypted E-Mail, please contact me so I can notify the appropriate personnel in our Information Systems department. However, no system of encryption provides absolute protection of the confidentiality of information communicated by E-Mail. If you do not want the firm to use E-Mail for some, or all, of its communication with you, please advise us promptly to that effect. We will follow your instructions as to the manner in which you want to communicate with the firm.

Clients are entitled to request and receive client-owned files unless the firm asserts a legally cognizable right to retain all or a portion of the files. No client files can be removed from the firm and transmitted to any person or entity without the client's written authorization. After a legal representation has ended, client-owned files will either be returned to the client or kept in the possession of the firm in accordance with its client file retention policy. Under that policy, client files are retained by the firm for a fixed time period after which the files may be destroyed. No client files will be destroyed unless approved by the responsible firm attorney on that legal representation or by the firm's Executive Director. Files released to a client are no longer subject to the firm's client file retention policy.

ECKERT SEAMANS
ATTORNEYS AT LAW

While we will not disclose privileged or confidential information regarding our representation of your interests, you authorize us to disclose your identity or name to persons outside this firm and the fact that we represent you as legal counsel.

If this letter accurately sets forth our agreement, kindly execute a copy and return it to me at your earliest opportunity.

We appreciate the opportunity to be of service to you and look forward to working with you. If you have any questions concerning this letter, please do not hesitate to let me know.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

By: John W. Pauciulo
John W. Pauciulo

Acknowledged, agreed to and accepted
this____ day of _____, 2018:

_____
Daniel Reisinger

Eckert Seamans Wire Instructions

First National Bank IOLTA Account – from within the U.S.

Please notify Carolyn Ley (412-566-2064 or cley@eckertseamans.com) with the client information and anticipated wire amount.

BANK: First National Bank of Pennsylvania
4140 East State Street
Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

First National Bank IOLTA Account – from outside the U.S.

Please notify Carolyn Ley (412-566-2064 or cley@eckertseamans.com) with the client information and anticipated wire amount.

BANK: First National Bank of Pennsylvania
4140 East State Street
Hermitage, PA 16148
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BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
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ECKERT SEAMANS
ATTORNEYS AT LAW

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

May 16, 2019

Via Email (sbsphil@comporium.net)

Philip A. Sharpton
323 Berkeley Road
Rock Hill, South Carolina 29732

Re: Legal Representation

Philip:

We are pleased that you have asked our firm to represent you and, upon formation, a business entity in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D and (iv) counseling with respect to conducting the offering. The purpose of this engagement letter is to set forth our mutual understanding of the basis on which we have agreed to undertake such representation. Under the Pennsylvania Rules of Professional Conduct, we are required to inform you in writing of the basis of the fee and expense reimbursement arrangement that will be applicable to our representation.

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We will require a retainer in the amount of $5,000. We will use the retainer to pay filing fees and third party costs and may apply any excess amount to our fees. Retainer may be paid by check or wire transfer (please see attached wire instructions). We will begin work upon receipt of the retainer.

ECKERT SEAMANS
ATTORNEYS AT LAW

Bills will be submitted on a monthly basis and will be itemized showing all time expended by each lawyer or paralegal involved as well as a description of all expenditures incurred on its behalf. We reserve the right to terminate our representation if such bills are not paid in a timely manner.

Except for the services described in this letter, we are not being engaged to represent you in connection with any matter. Any additional services requested to be provided by our firm beyond the scope of the above matter will be billed in accordance with our hourly rates in effect at the time those services are rendered. We retain all legal rights to the documents that we produce in the course of our representation. Any reproduction of our documents without our express consent is prohibited.

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While we will not disclose privileged or confidential information regarding our representation of your interests, you authorize us to disclose your identity or name to persons outside this firm and the fact that we represent you as legal counsel.

ECKERT SEAMANS
ATTORNEYS AT LAW

If this letter accurately sets forth our agreement, kindly execute a copy and return it to me at your earliest opportunity.

We appreciate the opportunity to be of service to you and look forward to working with you. If you have any questions concerning this letter, please do not hesitate to let me know.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

By:_____
John W. Pauciulo

Acknowledged, agreed to and accepted
this____ day of _____, 2019:

_____
Philip A. Sharpton

Eckert Seamans Wire Instructions

First National Bank IOLTA Account – from within the U.S.

Please notify Carolyn Ley (412-566-2064 or cley@eckertseamans.com) with the client information and anticipated wire amount.

BANK: First National Bank of Pennsylvania
4140 East State Street
Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

First National Bank IOLTA Account – from outside the U.S.

Please notify Carolyn Ley (412-566-2064 or cley@eckertseamans.com) with the client information and anticipated wire amount.

BANK: First National Bank of Pennsylvania
4140 East State Street
Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

VERIFICATION

I, JOSEPH R. CACCHIONE, am a Plaintiff in this matter and am also authorized to sign for and on behalf of MERCHANT FACTORING INCOME FUND, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date:
3/12/2021

Individually and for the business(es) identified above

VERIFICATION

, FRANCIS C. CASSIDY, am a Plaintiff in this matter and hereby verif

al statements made in the foregoing Complaint are true and correct to the best of m

ge, information, and belief. I further understand that false statements herein are m

o the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to author

3-1-2021

Francis C. Cassidy
(Signature)

FRANCIS C. CASSIDY
(Print Name)

VERIFICATION

I, Yajun Chu, am a Plaintiff in this matter and am also authorized to sign for and on behalf of Workwell Fund I LLC, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date: 3.8.2021

Individually and for the business(es) identified above

VERIFICATION

I, BRIAN N. DRAKE, am a Plaintiff in this matter and am also authorized to sign for and on behalf of CAPE COD INCOME FUND, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date: 3/6/2021

Individually and for the business(es) identified above

VERIFICATION

I, Joseph A Gassman, am a Plaintiff in this matter and am also authorized to sign for and on behalf of Wellen Fund I, LLC, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date: March 6, 2021

Individually and for the business(es) identified above

VERIFICATION

I, David A. Goliner, am a Plaintiff in this matter and am also authorized to sign for and on behalf of LWM Income Parallel Fund 4C (formerly LWM Income Fund 4), LWM Income Fund 2, LLC, and LWM Equity Fund, LP also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date: 03/07/2024

David A. Goliner
Individually and for the business(es) identified above

VERIFICATION

I, Kurt Hemry, am a Plaintiff in this matter and am also authorized to sign for and on behalf of Blue Stream Income Fund LLC, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date: 03/05/2021

Kurt Hemry
Individually and for the business(es) identified above

VERIFICATION

I, Andrew McKinley, am a Plaintiff in this matter and am also authorized to sign for and on behalf of Jade Fund LLC, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date: 3/9/21

Individually and for the business(es) identified above

VERIFICATION

I, Christopher McMorrow am a Plaintiff in this matter and am also authorized to sign for and on behalf of M.K. One Income Fund LLC, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date: 3/5/2021

Individually and for the business(es) identified above

VERIFICATION

I, Mark Nardelli, am a Plaintiff in this matter and am also authorized to sign for and on behalf of GR8 Income Funds, LLC., also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date: March 10, 2021

Individually and for the business(es) identified above

VERIFICATION

I, Paul J. Nick, am a Plaintiff in this matter and am also authorized to sign for and on behalf of STFG Income Fund LLC, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date: 3-8-2021

Individually and for the business(es) identified above

GARRETT WADE CORLEY
Notary Public, State of Texas
Comm. Expires 09-18-2023
Notary ID 132177311

VERIFICATION

I, DAVIS PARKER, am a Plaintiff in this matter and am also authorized to sign for and on behalf of RAZR MCA FUND LLC, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date: 3/5/2021

D PARKER
Individually and for the business(es) identified above

VERIFICATION

I, DEAN PARKER, am a Plaintiff in this matter and am also authorized to sign for and on behalf of RAZR MCA FUND LLC, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date: 3/5/2021

Individually and for the business(es) identified above

VERIFICATION

I, DANIEL REISINGER, am a Plaintiff in this matter and am also authorized to sign for and on behalf of MARINER MCA INCOME FUND, LLC, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date: 3/6/21

Daniel Reisinger
Individually and for the business(es) identified above

VERIFICATION

I, Philip A Sharpton, am a Plaintiff in this matter and am also authorized to sign for and on behalf of MCA Carolina Income Fund, LLC, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date: 03-05-2021

Philip A. Sharpton
Individually and for the business(es) identified above

VERIFICATION

I, Michael Tierney, am a Plaintiff in this matter and am also authorized to sign for and on behalf of Merchant Services Income Fund LLC, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date:
3-12-2020

Individually and for the business(es) identified above

EXHIBIT B

PHILADELPHIA COURT OF COMMON PLEAS

PETITION/MOTION COVER SHEET

FOR COURT USE ONLY	
ASSIGNED TO JUDGE:	ANSWER/RESPONSE DATE: 05/20/2021
Do not send Judge courtesy copy of Petition/Motion/Answer/Response. Status may be obtained online at http://courts.phila.gov	

CONTROL NUMBER: 21046299

(RESPONDING PARTIES MUST INCLUDE THIS NUMBER ON ALL FILINGS)

December *Month* Term, 2020 *Year*

No. 00892

PARKER ETAL VS PAUICULO ETAL

Name of Filing Party:
ECKERT SEAMANS CHERIN MELLOTT LLC-JOHN W PAUICULO-DFT

INDICATE NATURE OF DOCUMENT FILED:
☐ Petition *(Attach Rule to Show Cause)* ☒ Motion
☐ Answer to Petition ☐ Response to Motion

Has another petition/motion been decided in this case? ☐ Yes ☒ No
Is another petition/motion pending? ☐ Yes ☒ No
If the answer to either question is yes, you must identify the judge(s):

TYPE OF PETITION/MOTION (see list on reverse side)	PETITION/MOTION CODE (see list on reverse side)
MOTION TO STAY PROCEEDINGS	MTSPR

ANSWER / RESPONSE FILED TO (Please insert the title of the corresponding petition/motion to which you are responding):

I. CASE PROGRAM

COMMERCE PROGRAM

Name of Judicial Team Leader: JUDGE LEON TUCKER
Applicable Petition/Motion Deadline: N/A
Has deadline been previously extended by the Court: N/A

II. PARTIES *(required for proof of service)*
(Name, address and **telephone number** of all counsel of record and unrepresented parties. Attach a stamped addressed envelope for each attorney of record and unrepresented party.)

CLIFFORD E HAINES
1339 CHESTNUT STREET WIDENER BLDG., 5TH FLOOR , PHILADELPHIA PA 19107

JAY A DUBOW
TROUTMAN PEPPER HAMILTON SANDE TWO LOGAN SQUARE 18TH AND ARCH STREETS , PHILADELPHIA PA 19103

III. OTHER

By filing this document and signing below, the moving party certifies that this motion, petition, answer or response along with all documents filed, will be served upon all counsel and unrepresented parties as required by rules of Court (see PA. R.C.P. 206.6, Note to 208.2(a), and 440). Furthermore, moving party verifies that the answers made herein are true and correct and understands that sanctions may be imposed for inaccurate or incomplete answers.

(Attorney Signature/Unrepresented Party)	April 30, 2021 *(Date)*	JAY A. DUBOW *(Print Name)*	*(Attorney I.D. No.)*

The Petition, Motion and Answer or Response, if any, will be forwarded to the Court after the Answer/Response Date.
No extension of the Answer/Response Date will be granted even if the parties so stipulate.

30-1061B E-File# 2104061649
30-APR-21 16:16:35

PHILADELPHIA COURT OF COMMON PLEAS
TRIAL DIVISION

Dean Parker, Davis Parker, RAZR MCA Fund LLC, *et al.*,	:	December Term, 2020
Plaintiffs,	:	No.: 00892
vs.	:	
John W. Pauciulo, Esquire and Eckert Seamans Cherin & Mellott, LLC,	:	
Defendants.	:	

ORDER

AND NOW, this ___ day of _____, 2021, upon consideration of Defendants' John W. Pauciulo and Eckert Seamans Cherin & Mellott, LLC Motion to Stay Proceedings, supporting memorandum of law, and any response thereto, it is hereby ORDERED that the proceedings are STAYED pending termination of the litigation stay in the SEC Action.

BY THE COURT:

_____
, J.

TROUTMAN PEPPER HAMILTON SANDERS LLP
Jay A. Dubow (PA Bar No. 41741)
Joanna J. Cline (PA Bar No. 83195)
Erica H. Dressler (PA Bar No. 319953)
Mia S. Rosati (PA Bar No. 321078)
3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, PA 19103-2799
215.981.4000

WELSH & RECKER, P.C.
Catherine M. Recker (PA Bar No. 56813)
Amy Carver (PA Bar No. 84819)
Richard D. Walk, III (PA Bar No. 329420)
306 Walnut St.
Philadelphia, PA 19106
215.972.6430

ATTORNEYS FOR DEFENDANTS JOHN W. PAUCIULO AND ECKERT SEAMANS CHERIN & MELLOTT, LLC

PHILADELPHIA COURT OF COMMON PLEAS
TRIAL DIVISION

Dean Parker, Davis Parker, RAZR MCA Fund LLC, *et al.*,	:	December Term, 2020
Plaintiffs,	:	No.: 00892
vs.	:	
John W. Pauciulo, Esquire and Eckert Seamans Cherin & Mellott, LLC,	:	
Defendants.	:	

DEFENDANTS' JOHN W. PAUCIULO AND ECKERT SEAMANS CHERIN & MELLOTT, LLC MOTION TO STAY PROCEEDINGS

Pursuant to Pennsylvania Rule of Civil Procedure 4012, Defendants John W. Pauciulo ("Pauciulo") and Eckert Seamans Cherin & Mellott, LLC ("Eckert Seamans") (collectively, "Defendants") move for a stay of proceedings until termination of the litigation stay entered by a federal court involving many of the same individuals and entities. In support of this Motion to Stay Proceedings, Defendants incorporate its accompanying Memorandum of Law as if it were set forth in full and aver as follows:

1. Plaintiffs have sued Pauciulo and Eckert Seamans for legal malpractice.

2. Defendants move to stay proceedings in order both to comply with a stay order that has been entered by a federal court involving many of the same individuals and entities and to prevent irreparable harm and prejudice to Pauciulo and Eckert Seamans.

3. In their Complaint, Plaintiffs make numerous allegations about the involvement of other individuals and entities such as Complete Business Solutions Group, Inc. d/b/a Par Funding ("PAR Funding"), Dean J. Vagnozzi ("Vagnozzi"), and the entities that Vagnozzi controlled.

4. On July 24, 2020, the SEC brought claims against, among others, Par Funding, its principals, Vagnozzi, and certain entities that Vagnozzi controlled for fraud in violation of the securities laws and for the sale of unregistered securities (the "SEC Action").

5. The court in the SEC Action entered a broad stay order of all legal proceedings involving Receivership Entities, including PAR Funding and Vagnozzi's entities.

6. Investors have filed three other actions against defendants including Vagnozzi, Eckert Seamans, and Pauciulo in federal district court.

7. All of these federal courts have also entered stay orders based on the stay entered in the SEC Action.

8. Similarly, here, the plain language of the stay order entered in the SEC Action requires this case to be stayed in its entirety.

9. If this action is permitted to move forward at this time, Pauciulo and Eckert Seamans will be unable to obtain discovery from key individuals and entities who are mentioned extensively throughout Plaintiffs' allegations but are subject to the broad stay entered in the SEC Action.

10. In addition, a stay will simplify the issues and promote judicial economy because according to Plaintiffs' own allegations, this legal malpractice action will require discovery from entities who are subject to the SEC stay.

11. Moreover, Defendants do not request a stay of indefinite duration, and a stay will not prejudice Plaintiffs.

For all of these reasons, and the reasons set forth in Defendants' Memorandum of Law, Eckert Seamans and Pauciulo respectfully request that this Court stay the proceedings pending termination of the litigation stay in the SEC Action.

Dated: April 30, 2021

Respectfully submitted,

/s/ Jay A. Dubow
Jay A. Dubow (PA Bar No. 41741)
Joanna J. Cline (PA Bar No. 83195)
Erica H. Dressler (PA Bar No. 319953)
Mia S. Rosati (PA Bar No. 321078)
TROUTMAN PEPPER HAMILTON SANDERS LLP
3000 Two Logan Square
18th & Arch Streets
Philadelphia, PA 19103
Telephone: (215) 981-4713
Fax: (215) 981-4750

/s/ Catherine M. Recker
Catherine M. Recker (PA Bar No. 56813)
Amy Carver (PA Bar No. 84819)
Richard D. Walk, III (PA Bar No. 329420)
WELSH & RECKER, P.C.
306 Walnut St.
Philadelphia, PA 19106

Attorneys for Defendants John W. Pauciulo and Eckert Seamans Cherin & Mellott, LLC

TROUTMAN PEPPER HAMILTON SANDERS LLP
Jay A. Dubow (PA Bar No. 41741)
Joanna J. Cline (PA Bar No. 83195)
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Philadelphia, PA 19106
215.972.6430

ATTORNEYS FOR DEFENDANTS JOHN W. PAUCIULO AND ECKERT SEAMANS CHERIN & MELLOTT, LLC

PHILADELPHIA COURT OF COMMON PLEAS
TRIAL DIVISION

Dean Parker, Davis Parker, RAZR MCA Fund LLC, *et al.*,	:	December Term, 2020
Plaintiffs,	:	No.: 00892
vs.	:	
John W. Pauciulo, Esquire and Eckert Seamans Cherin & Mellott, LLC,	:	
Defendants.	:	

DEFENDANTS' JOHN W. PAUCIULO AND ECKERT SEAMANS CHERIN & MELLOTT, LLC MEMORANDUM OF LAW IN SUPPORT OF MOTION TO STAY PROCEEDINGS

I. MATTER BEFORE THE COURT

Defendants John W. Pauciulo ("Pauciulo") and Eckert Seamans Cherin & Mellott, LLC ("Eckert Seamans") move to stay proceedings in order both to comply with a stay order that has been entered by a federal court involving many of the same individuals and entities and to prevent irreparable harm and prejudice to Pauciulo and Eckert Seamans. Specifically, if this

action is permitted to move forward at this time, Pauciulo and Eckert Seamans will be unable to obtain discovery from key individuals and entities who are mentioned extensively throughout Plaintiffs' allegations but are subject to a broad stay in the United States District Court for the Southern District of Florida. In the federal court action in which the stay order was entered, the U.S. Securities and Exchange Commission ("SEC") has asserted claims against Dean J. Vagnozzi ("Vagnozzi") and others, based on an alleged scheme operated by Joseph LaForte ("LaForte") and Lisa McElhone ("McElhone") involving merchant cash advance financings offered through their company, Complete Business Solutions Group, Inc. d/b/a Par Funding ("PAR Funding"). Plaintiffs here allege that to fund its cash advances, PAR Funding raised funds from other individuals and entities, such as Vagnozzi and entities that he controlled, and from Plaintiffs here who set up investment funds.

In the instant case, the individual Plaintiffs are investment managers to whom Pauciulo and Eckert Seamans provided legal services, including the preparation of private placement memoranda for investment funds that contemplated investments in merchant cash advance companies, including PAR Funding. However, even though Plaintiffs have asserted claims for legal malpractice against Pauciulo and Eckert Seamans, Plaintiffs focus extensively on Vagnozzi, also a former a client of Pauciulo and Eckert Seamans, and PAR Funding. In fact, PAR Funding is referenced over 100 times in the Complaint. Vagnozzi is referenced at least twenty-six times in the Complaint.

Both PAR Funding, Vagnozzi, and Vagnozzi's entities are subject to the broad stay that has been entered in the SEC's action and would be unable to participate in the discovery that is required by this action. Proceeding with this action is therefore improper and impractical – a conclusion that three other courts have reached in cases involving Eckert Seamans and Pauciulo.

To avoid violating the order entered in the SEC Action, to be consistent with the stay orders entered by the other thee courts, and to avoid prejudice to Eckert and Pauciulo, this action also should be stayed.

II. STATEMENT OF THE QUESTION INVOLVED

1. Should Pauciulo's and Eckert Seamans' Motion to Stay be granted because proceeding with this action will 1) violate the Stay Order entered in a related action brought by the SEC, 2) Eckert Seamans will be prejudiced without a stay, 3) the requested stay is for a limited duration, 4) a stay will simplify the issues and promote judicial economy, and 5) a stay will not prejudice Plaintiffs in this action?

Suggested Answer: Yes.

III. STATEMENT OF THE OPERATIVE FACTS

A. The Parties and Relevant Non-Parties

Plaintiffs are investment managers who engaged Eckert Seamans and Pacuiulo to provide legal services. At various times between 2017 and 2020, the individual Plaintiffs, who are investment managers, were introduced to Pauciulo and through him, Eckert. Eckert Seamans and Pauciulo's Answer to Complaint at ¶ 40. Some of these introductions were made by non-party, Vagnozzi. *Id*. at ¶ 41. According to Plaintiffs, "Vagnozzi agreed, for a fee, to team up with the principals of PAR, [LaForte] and [McElhone], in order to promote PAR Funding and attract investors." *Id*. at ¶ 47. Plaintiffs further allege that Vagnozzi relied on Pauciulo to create investment funds that would then place investments in PAR Funding in exchange for a promissory note. *Id*. at ¶ 52.

B. The SEC Action

On July 24, 2020, the SEC brought claims against, among others, Par Funding, its principals, Vagnozzi, and certain entities that Vagnozzi controlled, including,

ABetterFinancialPlan.com LLC d/b/a Better Financial Plan ("ABFP"), ABFP Management, and ABFP Income Funds for fraud in violation of the securities laws and for the sale of unregistered securities (the "SEC Action"). The SEC filed an Amended Complaint on August 10, 2020. Ex. A, ECF No. 119, No. 20-cv-81205 (S.D. Fla. Aug. 10, 2020) ("SEC Complaint"), alleging that PAR Funding issued merchant cash advances to businesses from funds raised in part by entities Vagnozzi controlled. SEC Compl. ¶¶ 4, 6.

On July 27, 2020, the court in the SEC Action appointed a receiver for several entities, including: PAR Funding, ABFP, ABFP Management Co., LLC, and ABFP-related income funds (the "Receivership Entities"). ECF No. 36, Case No. 20-cv-81205 (S.D. Fla. July 27, 2020). On August 13, 2020, the court in the SEC Action amended the order appointing the Receiver to include a broad stay, which stated:

> ***All civil legal proceedings of any nature***, including, but not limited to . . . actions of any nature ***involving . . . (c) any of the Receivership Entities***, including subsidiaries and partnerships; or, (d) any of the Receivership Entities' past or present officers, directors, managers, agents, or general or limited partners sued for, or in connection with, any action taken by them while acting in such capacity of any nature, whether as plaintiff, defendant, third-party plaintiff, third-party defendant, or otherwise (such proceedings are hereinafter referred to as 'Ancillary Proceedings').

Ex. B, ECF No. 141, Case No. 20-cv-81205 (S.D. Fla. Aug. 13, 2020) ("Receivership Order"), ¶ 32 (emphasis added). Pursuant to the Receivership Order, "[t]he parties to any and all Ancillary Proceedings are enjoined from commencing or continuing any such legal proceeding, or from taking any action, in connection with any such proceeding." *Id.* ¶ 33. In addition, "[a]ll Ancillary Proceedings are stayed in their entirety, and all Courts having any jurisdiction thereof are enjoined from taking or permitting any action until further Order of this Court." *Id.* ¶ 34.

Pauciulo and Eckert Seamans were deposed by the SEC in the SEC Action on April 9, 2021 and April 14, 2021, respectively. Plaintiffs' counsel in this action requested

permission to, and ultimately did, attend both remote depositions because the deposition testimony, in part, related to Plaintiffs in this action.

C. The Delaware Action

On August 5, 2020, investors filed a class action in the District of Delaware alleging the same conduct alleged in the SEC Action. ECF No. 1, No. 1:20-cv-01042 (D. Del. Aug. 5, 2020) ¶ 2 (alleging Vagnozzi, ABFP, Pauciulo, and Eckert "through the numerous pass-through shell companies that are dominated and controlled by Vagnozzi . . . have conspired to advertise, market and sell ABFP merchant cash advance investments"). On August 27, 2020, the Receiver filed a Notice of Stay and stated:

> Defendants A BETTER FINANCIAL PLAN, ABFP MANAGEMENT CO., LLC…are "Receivership Entities" as defined in…the [Receivership Order]. As set forth in… the Amended Complaint, Defendant Dean Vagnozzi is the principal of A BETTER FINANCIAL PLAN and manages, oversees, and coordinates ABFP MANAGEMENT COMPANY, LLC and the ABFP Income Funds. Ex. A ¶ 6, 7, 22-28. Thus, these entities and Mr. Vagnozzi are subject to the litigation stay entered by the…Southern District of Florida.

Ex. C, ECF No. 24, No. 1:20-cv-01042 (D. Del. Aug. 27, 2020) ("Delaware Notice of Stay"), p. 2. The court granted Receiver's Request for Stay on September 9, 2020. ECF No. 30, No. 1:20-cv-01042-CFC (D. Del. Sept. 9, 2020) ("Delaware Stay Order").

D. The Florida Action

On September 9, 2020, investors filed a class action against Vagnozzi, Pauciulo, Eckert, and others in the Southern District of Florida. *See* ECF No. 1, No. 1:20-cv-23750-DPG (S.D. Fla. Sept. 9, 2020), ("Florida Action"). Plaintiffs and Receiver filed a Joint Notice of Stay and Motion for Administrative Order Temporarily Closing Case ("Florida Notice of Stay"). Ex. D, ECF No. 15, No. 1:20-cv-23750-DPG (S.D. Fla. Nov. 2, 2020). The parties argued a stay was required under the Receivership Order because: (1) Vagnozzi was the founder and manager of

one of the Receivership Entities and its related funds; (2) "Plaintiffs' claims . . . against [Pauciulo and Eckert] are based on . . . legal work they performed in creating offer documents for investments in Par Funding" and the Receivership Order required a stay of all legal proceedings involving any Receivership Property. *Id*. at ¶¶ 6, 7. On November 5, 2020, the court granted the Notice of Stay and closed the case for administrative purposes. ECF No. 16, No. 1:20-cv-23750-DPG (S.D. Fla. Nov. 5, 2020).

E. The Eastern District of Pennsylvania Action

On November 12, 2020, investors filed a class action against Vagnozzi, Pauciulo, Eckert Seamans, and one of the Plaintiffs in the instant action – Michael Tierney. Eckert Seamans and Pauciulo moved to stay proceedings based on the applicability of the stay order entered in the SEC Action, or in the alternative, to dismiss the complaint. On April 12, 2021, the court granted Eckert Seamans' and Pauciulo's Motion to Stay. Ex. E, ECF No. 67, No. 2:20-cv-05562-BMS (E.D. Pa. Apr. 12, 2021) ("EDPA Stay Order"). The court found that "Vagnozzi is an agent of the Receivership Entity ABFP, and this case against him is subject to the stay Order in the SEC Action." *Id*. at n.1. The Court therefore concluded that "the plain language of the litigation stay Order in the SEC Action indicates that this case should be stayed in its entirety" and that "balancing the relevant factors weighs in favor of granting a stay." *Id*.

On April 21, 2021, those plaintiffs filed a Motion for Reconsideration of the EDPA Stay Order. Ex. F, ECF 68-1, No. 2:20-cv-05562-BMS (E.D. Pa. Apr. 21, 2021) ("EDPA Motion for Reconsideration"). On April 28, 2021, Eckert Seamans and Pauciulo filed a response in opposition to the EDPA Motion for Reconsideration, which remains pending. Ex. G, ECF 69, No. 2:20-cv-05562-BMS (E.D. Pa. Apr. 28, 2021).

IV. ARGUMENT

A. Legal Standard Applying to Stays of Proceedings.

This court has the inherent authority to control its own docket and stay proceedings. *Luckett v. Blaine*, 850 A.2d 811, 819 (Pa. Commw. Ct. 2004) ("Every court has the inherent power to schedule disposition of the cases on its docket to advance a fair and efficient adjudication. Incidental to this power is the power to stay proceedings.").

Pennsylvania courts have the power to stay cases where the disputes in question might be resolved by litigation in another forum. *See*, *e.g.*, *Radio Corp. of Am. v. Rotman*, 192 A.2d 655, 657 (Pa. 1963) ("[A] court . . . may also stay its jurisdiction pending the outcome of proceedings in another court."); *Feldman v. Lafayette Green Condo. Ass'n*, 806 A.2d 497, 502 (Pa. Commw. Ct. 2002) ("Moreover, the trial court is not required to authorize the duplication of effort and waste of judicial resources that would result from allowing both cases to proceed simultaneously, in a race to judgment.") (citing *Klein v. City of Phila.*, 465 A.2d 730, 731 (Pa. Commw. Ct. 1983)); *Norristown Auto. Co. v. Hand*, 562 A.2d 902, 905 (Pa. Super. Ct. 1989) (granting stay because other case was "conflicting" and had already proceeded to discovery).

Courts may also take into account whether a stay will cause prejudice. *Philco Corp. v. Sunstein*, 429 Pa. 606 (1968) (granting stay where issues in the action were not "ripe for adjudication" and where a temporary delay would not cause prejudice).

B. A Stay is Necessary Because Proceeding Would Violate the SEC Stay Order.

Here, the plain language of the Stay Order requires this case to be stayed in its entirety. The stay entered in the SEC Action is broad and applies to "[a]ll civil legal proceedings of any nature . . . involving . . . (c) "any of the Receivership Entities"; or (2) "any of the Receivership Entities' past or present officers, directors, managers, agents . . . sued for, or in connection with, any action taken by them while acting in such capacity of any nature." Ex. B,

Receivership Order, ¶ 32. As the Receiver acknowledged in the Florida and Delaware Notices of Stays, ABFP and ABFP Management Co. are "Receivership Entities" as defined in the Receivership Order. Delaware Notice of Stay, 2. In addition, Vagnozzi "is the principal of [ABFP] and manages, oversees, and coordinates ABFP Management Company, LLC and the ABFP Income Funds." *Id*. Thus, according to the Receiver, "these entities and Mr. Vagnozzi are subject to the litigation stay entered by the [court in the SEC Action]." *Id*.

Here, the Court should enter a stay for the same reasons. Plaintiffs allege that Vagnozzi played a key role in the alleged wrongful conduct. *See, e.g.*, Compl. ¶ 55 ("Among other things, Pauciulo and Vagnozzi made the following representations, all of which turned out to be false, and were false when made . . ."). Further, as Defendants alleged in their New Matter, "Plaintiffs' investment funds entered into a Management Services Agreement with Vagnozzi's company, ABFP Management." New Matter at ¶ 22. Defendants also alleged that "Plaintiffs contacted ABFP Management Company LLC . . . for advice about PAR." *Id*. at ¶ 12. This action is an Ancillary Proceeding, and similarly, as the courts in the Florida, Delaware, and EDPA Actions agreed, this action is subject to the SEC Action's stay.

C. Eckert Seamans and Pauciulo Will Be Prejudiced Without A Stay.

Here, Pauciulo and Eckert Seamans will be irreparably prejudiced if this action is allowed to proceed, as Plaintiffs' allegations demonstrate that discovery from Receivership Entities or their principals – who are currently prohibited from participating in any litigation – will be necessary. The prejudice Pauciulo and Eckert Seamans will suffer significantly weighs in favor of granting a stay. The allegations here are based on the same individuals and entities involved in the SEC, Florida, Delaware, and EDPA Actions and all relate to conduct allegedly perpetrated through the Receivership Entities.

More specifically, Plaintiffs' claims against Pauciulo and Eckert Seamans rely upon their conduct in connection with non-parties like Vagnozzi and PAR Funding. *See, e.g.*, Compl. ¶ 49 ("Vagnozzi recruited Pauciulo to assist with marketing investment in PAR to qualified, serious investors."). This interconnectedness means that any discovery in this action would thus clearly require discovery from the Receivership Entities and their "past or present officers, directors, managers, agents, etc." Such discovery, however, would be impossible to obtain because of the stay order in the SEC Action. Eckert and Pauciulo would be unable to obtain relevant documents and information potentially significant to their defense, and they therefore would be significantly prejudiced if this action was allowed to proceed while the stay is pending.

D. Eckert Seamans and Pauciulo Are Requesting a Stay of Limited Duration.

Eckert Seamans and Pauciulo do not request an indefinite stay but only a stay until those in the related actions are lifted – in particular the Stay Order entered in the SEC Action. Further, there is a trial date set for this year in the SEC Action, and the stay there could be amended or modified any time before then. As the court found in the EDPA Action, "[t]his is a relatively short period of time and not an indefinite duration." Ex. E, EDPA Stay Order at n.1. This limited duration is a factor that weighs in favor of a stay.

E. A Stay Will Simplify the Issues and Promote Judicial Economy.

Ignoring the stay entered by the court in the SEC Action and other district court actions will likely lead to a procedural morass. Here, a stay will simplify the issues and promote judicial economy because according to Plaintiffs' own allegations, this legal malpractice action will require discovery from entities who are subject to the SEC stay. If discovery were to proceed in this action ahead of all of the other pending actions, Eckert Seamans and Pauciulo may be subject to different discovery requests by various plaintiffs and may be required to testify

on multiple occasions. Indeed, Eckert Seamans and Pauciulo have already been deposed in the SEC Action and Plaintiffs' counsel attended as an observer. Staying this action, including discovery, may avoid the undue burden and expense, including administrative burdens on the courts, of piecemeal and duplicative discovery. Therefore, it makes sense for this Court to wait until the stays in the other proceedings are lifted before proceeding further with the claims before it.

F. Plaintiffs Will Not Be Harmed By A Stay.

One factor weighing in favor of a stay is if plaintiffs will not suffer prejudice. *See, e.g., Cherry v. Kawasaki Motors Corp.*, No. 767, 1978 Pa. Dist. & Cnty. Dec. LEXIS 274, *7-8 (Phila. C.C.P. Apr. 26, 1978) (granting motion to stay proceedings in part because "plaintiffs will suffer no prejudice as a result of the stay"). Here, Plaintiffs will not suffer prejudice from delaying the litigation, may even benefit from a stay. As Plaintiffs are aware, the Court-appointed Receiver in the SEC Action has been collecting funds and marshalling other assets, all of which may be made available to Plaintiffs. Therefore, waiting until the stays are lifted in the other actions may benefit rather than prejudice Plaintiffs.

V. RELIEF REQUESTED

Eckert Seamans and Pauciulo respectfully request that this Court stay the proceedings pending termination of the litigation stay in the SEC Action.

Dated: April 30, 2021

Respectfully submitted,

/s/ Jay A. Dubow
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Attorneys for Defendants John W. Pauciulo and Eckert Seamans Cherin & Mellott, LLC

CERTIFICATE OF COMPLIANCE

I certify that this filing complies with the provisions of the *Case Records Public Access Policy of the Unified Judicial System of Pennsylvania* that require filing confidential information and documents differently than non-confidential information and documents.

/s/ Jay A. Dubow
Jay A. Dubow (PA Bar No. 41741)

PHILADELPHIA COURT OF COMMON PLEAS
TRIAL DIVISION

ATTORNEY CERTIFICATION OF GOOD FAITH

Pursuant to Phila. Civ. R. 208.2(e)

The undersigned counsel for movant hereby certifies and attests that:

(xx) a. He or she has had the contacts described below with opposing counsel or unrepresented party regarding discovery matter contained in the foregoing discovery motion in an effort to resolve the specific discovery dispute(s) at issue and, further, that despite all counsel's good faith attempts to resolve the dispute(s), counsel have been unable to do so.

Description: On April 30, 2021, counsel for Defendants emailed counsel for Plaintiffs and informed them that Defendants were planning to file a motion to stay the case in light of the order in the SEC action in staying litigation involving, among other parties, Receivership Entities and their present or former officers and directors. That same day, Plaintiffs' counsel responded that they did not agree to the requested stay. As of the time of filing, the parties have not resolved this dispute.

CERTIFIED TO THE COURT BY:

/s/ Jay A. Dubow
Jay A. Dubow (PA Bar No. 41741)

Attorney for Defendants John W. Pauciulo and Eckert Seamans Cherin & Mellott, LLC

Dated: April 30, 2021

NOTICE OF PRESENTATION

TO: Clifford E. Haines, Esquire
Danielle M. Weiss, Esquire
HAINES & ASSOCIATES
1339 Chestnut St.
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PLEASE TAKE NOTICE that the foregoing Motion for Stay of Proceedings will be presented to the Court on the date, time, and place set by the Court and sent via email from the Court.

/s/ Jay A. Dubow
Jay A. Dubow (PA Bar No. 41741)

Attorney for Defendants John W. Pauciulo and Eckert Seamans Cherin & Mellott, LLC

CERTIFICATE OF SERVICE

I, Jay A. Dubow, Esquire, hereby certify that on or about April 30, 2021, a true and correct copy of the foregoing Defendants' John W. Pauciulo and Eckert Seamans Cherin & Mellott, LLC Motion to Stay Proceedings was served upon the following via the Court's electronic filing system and email:

Clifford E. Haines, Esquire
Danielle M. Weiss, Esquire
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/s/ Jay A. Dubow
Jay A. Dubow (PA Bar No. 41741)

Exhibit A

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,
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,
RETIREMENT EVOLUTION INCOME FUND, LLC, f/k/a RE INCOME FUND, LLC,
RE INCOME FUND 2, LLC,
LISA MCELHONE,
JOSEPH COLE BARLETA, a/k/a/ JOE COLE,
JOSEPH W. LAFORTE, a/k/a JOE MACK, a/k/a/ JOE MACKI, a/k/a JOE MCELHONE,
PERRY S. ABBONIZIO,
DEAN J. VAGNOZZI,
MICHAEL C. FURMAN,
and JOHN GISSAS,

Defendants, and

THE LME 2017 FAMILY TRUST, a/k/a LME 2017 FAMILY TRUST,

Relief Defendant.

_____/

AMENDED COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF[1]

[1] The Amended Complaint corrects a scriveners error, to include "The" in the Relief Defendant's name and identifies the Trustees of the Relief Defendant.

Plaintiff Securities and Exchange Commission (the "Commission") alleges:

I. INTRODUCTION

1. This case concerns a web of unregistered, fraudulent securities offerings that have raised nearly half a billion dollars from an estimated 1,200 investors nationwide. At the center of this web are Lisa McElhone and her husband, convicted felon Joseph W. LaForte, a/k/a Joe Mack, a/k/a Joe Macki, a/k/a Joe McElhone. The McElhone-LaForte duo is in the business of making opportunistic loans – some of which charge more than 400% interest – to small businesses across America. They offer the loans through a company they control, Complete Business Solutions Group, Inc. d/b/a Par Funding ("Par Funding").

2. To fuel the Par Funding loans and enrich themselves, the Defendants operate a scheme wherein they raise investor money through unregistered securities offerings. From August 2012 until approximately December 2017, Par Funding primarily issued promissory notes and offered them to the investing public directly and through a network of sales agents.

3. This changed in early January 2018, when Par Funding learned it was under investigation by the Pennsylvania Department of Banking and Securities for violating state securities laws through its use of unregistered agents. In September 2018, Par Funding told the Pennsylvania Securities Regulators it had terminated its agreements with the unregistered sales agents. This was only half of the story.

4. In truth and unbeknownst to the Pennsylvania Securities Regulators, after learning of the investigation Par Funding implemented a new way to fuel its loans – namely, through so-called "Agent Funds" created for the purpose of issuing their own promissory notes, selling the notes to the investing public through unregistered securities offerings, and funneling investor funds to Par Funding. Par Funding compensates the Agent Funds by issuing Par Funding promissory notes to the Agent Funds offering higher rates of return than what the Agent Funds are obligated

to pay investors under the Agent Funds' notes. Par Funding has more than 40 Agent Funds operating today.

5. McElhone and Laforte orchestrate the scheme through Par Funding and McElhone's company, Full Spectrum Processing, Inc., whose employees and officers operate Par Funding. LaForte, Full Spectrum CFO Joseph Cole Barleta, a/k/a Joe Cole, and Par Funding investment director and partial owner Perry S. Abbonizio solicit investors to invest in the securities.

6. Dean J. Vagnozzi, through his company ABetterFinancialPlan.com d/b/a A Better Financial Plan, recruits individuals to create the Agent Funds, offering them the opportunity to open a turnkey Agent Fund that issues and sells securities, complete with training, marketing materials, and an "Agent Guide," as well as a Private Placement Memorandum, corporate registration, and offering materials provided by Vagnozzi's attorney. Vagnozzi manages the Agent Funds through his company ABFP Management Company, LLC, and Abbonizio oversees and coordinates the Agent Funds.

7. Vagnozzi, Michael C. Furman, and John Gissas each operate Agent Funds that raise money for Par Funding through unregistered securities offerings. Vagnozzi operates ABFP Income Fund, LLC and ABFP Income Fund 2, L.P., which issue, offer, and sell promissory notes and limited partnership interests to investors. Furman, through his company United Fidelis Group Corp., operates and manages Fidelis Financial Planning LLC, which issues, offers, and sells promissory notes to investors; and Gissas, through his company Retirement Evolution Group, LLC, operates Retirement Evolution Income Fund LLC and RE Income Fund 2, LLC, both of which issue, offer and sell promissory notes to investors.

8. The fraudulent scheme operates behind multiple veils of secrecy built of the Defendants' lies to conceal: (1) the true nature of Par Funding's loan practices; (2) Par Funding's

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true track record of issuing loans and the default rates of the loans; (3) the safety of investing in Par Funding's loans; (4) LaForte's criminal record, identity, and control of Par Funding; (5) three Cease-and-Desist Orders state securities regulators have entered against Par Funding for violating state securities laws; (6) the true result of the New Jersey Division of Securities' investigation of Par Funding; (7) the fact that contrary to Par Funding's representations to the Commission in its filings, it diverts investor funds to McElhone and Cole, Par Funding's CFO, and also funnels money to The LME 2017 Family Trust, which is McElhone's family trust; (8) the fact that contrary to his representations to investors, LaForte has never invested in Par Funding; (9) a Cease-and-Desist Order and sanctions issued against Vagnozzi for violating state securities laws in connection with the Par Funding offering; (10) a Cease-and-Desist Order and sanctions issued against ABFP for violating state securities laws in connection with the Par Funding offering; and (11) a Cease-and-Desist Order and sanctions issued against Abbonizio for violating state securities laws in connection with the Par Funding offering.

9. These lies, and the scheme the Defendants employ to perpetuate them in the unregistered securities offerings, form the basis of this action. Each Defendant plays a critical and substantial role in the fraudulent scheme to misrepresent and conceal the truth. Each individual Defendant solicits investors to purchase securities – either through an Agent Fund or directly from Par Funding – by scheming and lying. And it continues to this day.

10. Based on the ongoing nature of the Defendants' violations and the scienter the Defendants have demonstrated through their willful and wanton disregard for the federal securities laws, the Defendants have shown they will continue to violate the law unless the Court grants the emergency relief the Commission seeks: (1) a Temporary Restraining Order against all Defendants; (2) an Order to Show Cause Why a Preliminary Injunction Should Not be Granted; (3) an Asset Freeze Order; (4) an Order Requiring Sworn Accountings; (5) an Order Prohibiting the Destruction of

Documents; and (6) an Order Expediting Discovery. Simultaneously, the Commission is filing a separate motion seeking the appointment of a Receiver to further protect investors.

II. DEFENDANTS AND RELIEF DEFENDANT

A. Defendants

1. The Par Funding Entities and Employees

a. Complete Business Solutions Group, Inc. d/b/a Par Funding

11. Par Funding is a Delaware company Lisa McElhone and her husband, Joseph LaForte, started in 2011, which had its main office in Philadelphia until 2017 and currently has its sole office in Palm Beach Gardens, Florida. From no later than August 27, 2013 through present, Complete Business Solutions Group has done business using the fictitious name Par Funding. Par Funding provides short-term loans to small businesses and claims to have funded more than $600 million in loans. Lisa McElhone is Par Funding's President, CEO, and sole employee. McElhone has ultimate decision-making authority for Par Funding. The LME 2017 Family Trust is Par Funding's sole owner, and Lisa McElhone and Joseph LaForte are the trustees of this Trust.

12. In 2018, the Commonwealth of Pennsylvania, acting through the Department of Banking and Securities, Bureau of Securities Compliance and Examinations ("Bureau"), conducted an investigation of certain securities-related activities of Par Funding. Based on the results of its investigation, the Bureau concluded that Par Funding violated the Pennsylvania Securities Act of 1972, 70 P .S. § 1-301 ("Pennsylvania Securities Act"). On November 28, 2018, Par Funding consented to entry of an Order by the Pennsylvania Department of Banking and Securities imposing a $499,000 administrative assessment for violations of the Pennsylvania Securities Act through the use of an unregistered agent to offer and sell Par Funding promissory notes in Pennsylvania. *Pennsylvania Dep't of Banking and Securities v. Complete Business Solutions Group, Inc. d/b/a Par Funding* (18-0098-SEC-CAO).

13. On December 27, 2018, the New Jersey Bureau of Securities issued a Cease and Desist Order against Par Funding, based on Par Funding's sale of unregistered securities in New Jersey and use of unregistered agents, in violation of the New Jersey securities laws. *In re the Matter of Complete Business Solutions Group, Inc. and Complete Business Solutions Group, Inc. d/b/a Par Funding.*

14. In February 2020, the Texas State Securities Board issued an Emergency Cease and Desist Order against Par Funding and others, alleging fraud and registration violations, and that matter is in active litigation. *In the Matter of Senior Asset Protection, Inc. dba Encore Financial Solutions, Merchant Growth & Income Funding, LLC, ABetterFinancialPlan.com, LLC aka ABetterFinancialPlan, Complete Business Solutions Group, Inc. dba Par Funding, Gary Neal Beasley and Perry Abbonizio* (ENF-CDO-20-1798). The Texas action alleges that all of the respondents engaged in fraud based on their failure to disclose to investors the Pennsylvania and New Jersey Orders against Par Funding and court actions filed against Par Funding based on its lending practices.

b. Full Spectrum Processing, Inc.

15. Full Spectrum is a Pennsylvania company created in 2016 and its primary place of business is in Philadelphia, Pennsylvania. Lisa McElhone is the sole owner of Full Spectrum. Since 2017, McElhone has used Full Spectrum to operate Par Funding, which has no employee other than McElhone.

c. Lisa McElhone

16. McElhone is a Florida resident. She created Par Funding, is its Chief Executive Officer and sole employee, and is also the sole owner of Full Spectrum. McElhone is and always has been a signatory on all Par Funding bank accounts. On August 1, 2012, the Director for the Department of Consumer and Business Services for the State of Oregon issued a Cease and Desist

Order against McElhone for providing debt management services without registering as a debt management services provider, in violation of the Oregon Mortgage Lender Law and Oregon statutes. McElhone consented to a permanent Cease-and-Desist Order on October 13, 2013. Between July 2015 and October 2019, McElhone received approximately $11.3 million from Par Funding via checks and wire transfers.

d. **Joseph W. LaForte, a/k/a Joe Mack, a/k/a Joe Macki, a/k/a Joe McElhone**

17. LaForte is a resident of Philadelphia, Pennsylvania and the spouse of Lisa McElhone, with whom he founded Par Funding. LaForte uses the aliases Joe Mack, Joe Macki, and Joe McElhone. LaForte claims to be the owner of Par Funding and runs the day-to-day operations. LaForte acts as the *de facto* CEO of Par Funding and Full Spectrum, and Abbonizio introduces him to investors as Par Funding's president. He also serves as Par Funding's Director of Sales through his employment with Recruiting and Marketing Resources. He conducts his work for Par Funding primarily within the Full Spectrum office space in Philadelphia. From 1995 until 2000, LaForte worked for various securities broker-dealers. He obtained Series 7 and Series 63 securities licenses in 1996 and a Series 24 securities license in 1997; however, these licenses have expired.

18. On October 4, 2006, LaForte was convicted of state charges in New York for grand larceny and money laundering, and on November 8, 2007 he was sentenced to three to ten years in prison and to pay restitution in the amount of $14.1 million. In 2009, LaForte pled guilty to federal criminal charges in the District of New Jersey for conspiracy to operate an illegal gambling business. He was released from jail in February 2011 and founded Par Funding with his wife, McElhone, shortly thereafter while on supervised release.

e. Joseph Cole Barleta, a/k/a Joseph Cole a/k/a Joe Cole

19. Cole is a resident of Philadelphia, Pennsylvania. He was employed by Par Funding as its CFO until 2017, when all of Par Funding employees were converted to Full Spectrum employees. Since 2017, he has been employed by Full Spectrum as Full Spectrum's CFO, and through his employment at Full Spectrum has functioned as the CFO of Par Funding from 2017 through present. From July 2019 until October, Cole received about $1.8 million from Par Funding, which included investor funds, through payments to his company ALB Management Inc. Between July 2016 and November 2019, Par Funding transferred about $14.4 million, which included investor funds, to Beta Abigail and New Field Ventures, LLC, companies in which Cole has an ownership or other beneficial interest.

f. Perry S. Abbonizio

20. Abbonizio claims to be an owner and managing partner of Par Funding and he is responsible for bringing investment capital into Par Funding. He recruits and trains Par Funding's Agent Fund managers, provides information to potential investors about Par Funding, oversees the Agent Funds, and solicits investors. From February 2017 until November 2019, Par Funding has paid about $9.5 million, including investor funds, to Abbonizio's company with Cole, New Field Ventures. Abbonizio held Series 7, 63 and 65 securities licenses that have expired. From 1996 until 2015, Abbonizio was associated with various securities broker-dealers.

21. In 2015, the Financial Industry Regulatory Authority ("FINRA") sanctioned Abbonizio by consent in a regulatory action resulting in a four-month license suspension and $10,000 fine based on allegations that Abbonizio, without providing notice to his FINRA member firm, solicited his firm clients to purchase $625,000 in outside private placements and received compensation without firm knowledge/permission. In February 2020, the Texas Securities Board

issued an Emergency Cease-And-Desist Order against Abbonizio for fraud violations in connection with the offer and sale of Par Funding promissory notes.

2. The "A Better Financial Plan" Companies and Owner

a. Dean J. Vagnozzi

22. Vagnozzi lives in Pennsylvania and is the sole owner of ABFP and ABFP Management. He held Series 6 and 63 securities licenses, which have expired, and was associated with a FINRA-registered securities broker-dealer from February 2008 until February 2009. In addition to operating the ABFP entities and funds, Vagnozzi solicited investors to invest in Par Funding promissory notes pursuant to a so-called "finders agreement" from about August 2016 until December 2017. Since January 2018, he also recruited individuals to start investment firms for the purpose of raising money for Par Funding, and has individuals nationwide operating these investment firms which he manages through ABFP Management.

23. On May 30, 2019, Vagnozzi, doing business as ABFP, entered into a settlement with the Pennsylvania Department of Banking and Securities in connection with the sale of promissory notes Par Funding offered and sold. In connection with that case, Vagnozzi agreed to pay a penalty of $490,000 for violations of the Pennsylvania Securities Act. On July 14, 2020, the Commission instituted settled administrative proceedings against Vagnozzi for his offering and selling unregistered securities in violation of Section 5 of the Securities Act and acting as an unregistered broker-dealer in violation of Section 15(a) of the Exchange Act, in connection with the sale of securities unrelated to the instant case.

a. ABFP Management Company, LLC

24. ABFP Management is a Delaware limited liability company located in Collegeville, Pennsylvania. It is wholly owned by Dean Vagnozzi. It is engaged in the business of, among things, providing management services related to organizing and operating companies formed for

the purpose of raising funds from investors and using the investor funds to invest in alternative investments. ABFP Management provides these and other management services for the Par Funding Agent Funds in exchange for a portion of the investment returns.

a. ABetterFinancialPlan.Com d/b/a A Better Financial Plan

25. ABFP is a Pennsylvania limited liability company Dean Vagnozzi formed on November 12, 2010. It is located in King of Prussia, Pennsylvania. Vagnozzi owns and manages ABFP, and he claims it is his corporate alter ego. ABFP is an investment firm that offers alternative investments involving assets unrelated to the stock market. ABFP has been soliciting investors for Par Funding since no later than April 4, 2017.

26. In February 2020, the Texas Securities Board issued an Emergency Cease-And-Desist Order against ABFP for fraud violations in connection with the offer and sale of Par Funding promissory notes. On July 14, 2020, the Commission instituted settled administrative proceedings against ABFP for its violations of Section 5 of the Securities Act and Section 15(a) of the Exchange Act in connection with the sale of securities unrelated to the instant case.

a. ABFP Income Fund, LLC

27. ABFP Income Fund is a Delaware limited liability company created by Vagnozzi on January 12, 2018, with a principal place of business in King of Prussia, Pennsylvania. Beginning no later than February 2, 2019, Vagnozzi, through ABFP Income Fund, raised at least $22 million for Par Funding through the offer and sale of promissory notes to at least 99 investors.

a. ABFP Income Fund 2, L.P.

28. ABFP Income Fund 2 is a Delaware limited partnership formed in 2018 with its principal place of business in King of Prussia, Pennsylvania. Vagnozzi, through ABFP Management, formed ABFP Income Fund 2 for the purpose of raising investor money to pool and invest in the promissory notes of merchant cash advance companies, and specifically Par Funding.

ABFP Management is the General Partner of ABFP Income Fund 2. Beginning no later than August 8, 2018, Vagnozzi, through ABFP Income Fund 2, has raised at least $6 million for Par Funding, through the offer and sale of limited partnership interests in ABFP Income Fund 2 to at least 49 investors.

3. *The Florida Investment Firms, Agent Funds, and Owners*

a. Michael C. Furman

29. Furman is a resident of West Palm Beach, Florida. He is the President of Fidelis Planning, which he manages through his company United Fidelis Group. He is a certified public accountant licensed in Pennsylvania.

b. United Fidelis Group Corp.

30. United Fidelis Group is a Florida corporation Furman incorporated in May 2014 and its principal address is in West Palm Beach, Florida. Furman owns and operates United Fidelis Group.

c. Fidelis Financial Planning LLC

31. Fidelis Planning is a Delaware limited liability company formed in April 2018 and its principal address is in West Palm Beach, Florida. Michael Furman is the President of Fidelis Planning and United Fidelis Group is the sole manager of Fidelis Planning. ABFP Management provides management services to Fidelis. Fidelis is a pooled financial fund created for the purpose of raising investor funds for Par Funding. Since no later than August 9, 2018, Furman, through Fidelis Planning, has raised more than $5.8 million from investors for Par Funding through the offer and sale of promissory notes.

d. John Gissas

32. Gissas resides in Wildwood, Florida. Gissas is the President of Retirement Evolution.

e. Retirement Evolution Group, LLC

33. Retirement Evolution is a Florida limited liability company formed by John Gissas in April 2018, with its principal address in Wildwood, Florida.

f. Retirement Evolution Income Fund, LLC, f/k/a RE Income Fund LLC ("RE Income Fund")

34. RE Income Fund is a Delaware limited liability company formed in 2018 with its principal address in Wildwood, Florida. Since as early as May 2018, Gissas, through RE Income Fund, has raised more than $5.4 million from at least 62 investors for Par Funding through the offer and sale of promissory notes.

g. RE Income Fund 2, LLC

35. RE Income Fund 2 is a Delaware Limited Liability Company formed in 2019. Its principal address is in Wildwood, Florida. Gissas is its President and sole manager. RE Fund 2 is a pooled investment fund created for the purpose of raising funds for Par Funding. Since no later than August 1, 2019, Gissas, through RE Fund 2, has raised at least $150,000 from investors for Par Funding through the offer and sale of promissory notes.

B. Relief Defendant

36. **The LME 2017 Family Trust, a/k/a LME 2017 Family Trust** (the "LME Trust") owns Par Funding and McElhone is the Grantor of the Trust. According to the Certification of Trust, McElhone and LaForte are the Trustees of the LME Trust. Between July 2018 and September 2018, Par Funding transferred at least $14.3 million, which included investor funds, to the LME Trust for no legitimate purpose.

III. JURISDICTION AND VENUE

37. The Court has jurisdiction over this action pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d), and 77v(a); and Sections 21(d), 21(e), and

Section 27 of the Exchange Act, 15 U.S.C. §§ 78u(d), 78u(e), and 78aa. This Court has personal jurisdiction over the Defendants, and venue is proper in the Southern District of Florida, because many of the Defendants' acts and transactions constituting violations of the Securities Act and the Exchange Act occurred in the Southern District of Florida. Par Funding's sole office is located in the Southern District of Florida and it is registered to do business in Florida as a foreign corporation with McElhone as the registered agent. Lisa McElhone, the CEO of Par Funding and sole owner of Full Spectrum, resides in the Southern District of Florida and works in the Par Funding office located in the Southern District of Florida. Par Funding has also sold its promissory notes to investors located in the Southern District of Florida. Abbonizio has solicited investors and participated in solicitation events and meetings in the Southern District of Florida on behalf of Par Funding and as a Full Spectrum employee. Cole is the CFO of Par Funding, which has its sole office in the Southern District of Florida. LaForte and McElhone control Par Funding and Full Spectrum, which operates Par Funding, and LaForte has participated in meetings and events in the Southern District of Florida to solicit investors for the Par Funding offerings.

38. Vagnozzi has solicited investors in the Southern District of Florida, both directly and through his ABFP companies and investment funds. Furman resides in the Southern District of Florida and United Fidelis and Fidelis Planning are located in the Southern District of Florida. Investors residing in the Southern District of Florida have invested in Gissas' Retirement Evolution funds.

39. In connection with the conduct alleged in this Complaint, the Defendants, directly and indirectly, singly or in concert with others, have made use of the means or instrumentalities of interstate commerce, the means or instruments of transportation and communication in interstate commerce, and the mails.

IV. THE FRAUDULENT PAR FUNDING SECURITIES OFFERING SCHEME

A. Par Funding

40. McElhone and her husband LaForte founded Par Funding in 2011 shortly after LaForte was released from prison, and they control Par Funding together.

41. Since no later than August 1, 2012, Par Funding has been in the business of funding short-term loans to small-sized businesses, which Par Funding refers to as "merchant cash advances." (the "Loans" or "MCAs").

42. McElhone is Par Funding's sole employee. Since 2017, Par Funding has been operated by McElhone's company Full Spectrum. McElhone is the President of Par Funding, the signatory on the Par Funding bank accounts, and according to Par Funding's most recent corporate designate deposition under Federal Rule of Civil Procedure 30(b)(6), has ultimate authority over Par Funding.

43. LaForte acts as the *de facto* CEO of Par Funding. He runs the day-to-day operations of Par Funding and Full Spectrum, has hiring and firing authority, supervises the Full Spectrum employees including the underwriting employees, and together with another individual decides which Loans Par Funding will approve and fund. He also signs contracts on behalf of Par Funding and renegotiates Loan terms with small businesses.

44. Par Funding has purportedly funded more than $600 million in Loans.

45. Some of Par Funding's Loans carry interest rates of more than 400%.

46. According to a recent expert witness analysis of a sample of the Loans, more than half of the Loans charge in excess of 95% interest.

47. Since 2013, Par Funding has filed more than 2,000 lawsuits seeking more than $300 million in missed payments against small businesses Par Funding alleges defaulted on the Loans.

48. To fund the Loans Par Funding raises investor money through the offer and sale of securities in the form of promissory notes.

B. Phase 1 of The Offering: Par Funding Issues Promissory Notes Directly To Investors

49. From no later than August 2012 until December 2017, Par Funding sold promissory notes only directly to investors.

50. Par Funding issued promissory notes providing for a 12-month duration and stating the investor would receive annual interest rates ranging from 12% to 44%.

51. Investors signed a "Non-Negotiable Term Promissory Note" and an accompanying "Security Agreement" (collectively the "Par Funding Notes").

52. McElhone and Cole signed the Par Funding Notes on behalf of Par Funding.

53. The Par Funding Notes generally provide that the interest is paid over twelve months, and then the investor's principal investment is returned in full to the investor.

54. The Security Agreement states that Par Funding grants a security interest to the investor in substantially all of Par Funding's assets, including its accounts receivable.

55. To locate and solicit investors, Par Funding contracted with sales agents through "Finders Agreements" Cole signed on behalf of Par Funding. The Finders Agreements provide that once Par Funding receives investor funds, it will pay the agent a one-time distribution.

56. Beginning no later than Fall 2016 until December 2017, Vagnozzi was one such agent for Par Funding.

57. Vagnozzi and his company ABFP raised about $20 million for Par Funding in exchange for a commission equal to 6 or 7 percent of each investment he solicited.

58. Defendant Furman also solicited investors to purchase Par Funding Notes. For example, in November 2017 Furman met with potential investors at his firm, United Fidelis, in West Palm Beach, Florida, and recommended the Par Funding investment.

59. Furman told the potential investors that Par Funding made loans to small businesses and charged 36% interest on the loans. Furman distributed Par Funding marketing materials, including a brochure, and touted Par Funding's management expertise and its thorough due diligence in selecting borrowers. Furman also emphasized to the investors that their money would be safe and secure because the default rates on the Loans were 1% or less.

60. Furman told the potential investors that the percentage of interest Par Funding would pay on its Notes would depend on the amount invested. He told them the higher the investment amount, the higher the interest rate and thus the return. He explained to the potential investors that if they invested $300,000-$400,000, Par Funding promised to pay the investors an annual return of 12.5% in monthly installments over one year. Furman provided the potential investors with offering materials, including the Par Funding Note.

61. By December 2017, Par Funding had raised at least $90 million from investors through the offer and sale of Promissory Notes. The investors purchased the Par Funding notes by sending funds directly to Par Funding or through self-directed IRA accounts.

C. Par Funding Learns It Is Under Investigation For State Securities Law Violations And Begins Efforts To Restructure Its Offering To Conceal Adverse Information

62. Things changed in January 2018. On January 4, 2018, the Pennsylvania Securities Regulators issued a subpoena to Par Funding in connection with its investigation of Par Funding's use of unregistered Agents. In September 2018, Par Funding, through its counsel, assured the Pennsylvania Securities Regulators that it was no longer using Agents to find investors.

63. In truth, when Par Funding made this representation it had already restructured its offering by converting its Agents to Agent Fund managers the Agents created under the guidance and supervision of Vagnozzi and Abbonizio.

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64. Vagnozzi had previously proposed this structure to Cole and Abbonizio in 2017, but Par Funding did not put this structure into place until January 2018, after it received the Pennsylvania Securities Regulators' subpoena and it continues to this day.

65. Under this new structure, Par Funding uses Agent Funds to offer and sell promissory notes the Agent Funds issue to investors. The Agent Funds then funnel investor money to Par Funding, which then issues Par Funding Notes to its Agent Funds.

66. Below is an illustration Abbonizio and his attorney showed existing investors in April 2020, explaining how the fund structure works with respect to the ABFP Income Fund:

67. The Agent Fund PPMs distributed to potential investors state that the Agent Fund is raising money to invest in "an MCA company," but do not disclose that this is Par Funding.

68. Nor do the Agent Fund PPMs disclose Par Funding's regulatory history, that Par Funding is managed by a convicted felon, that Pennsylvania and New Jersey Securities Regulators filed actions against Par Funding and there are Cease and Desist Orders against Par Funding in those states, or any other adverse information about Par Funding.

69. While the Agent Funds offer investors promissory notes in the Agent Funds, investors are told that profits will be generated by Par Funding's Loan business in which the Agent Funds invest.

D. Phase 2 of the Offering: Par Funding Uses Agent Investment Funds To Raise Investor Money And Issues Its Notes To The Agent Investment Funds

70. From January 2018 through present, Par Funding has raised investor money primarily through Agent Funds, and occasionally by selling its own Promissory Notes to investors.

1. Vagnozzi and Par Funding's Roles In Creating, Managing, and Promoting The Agent Funds' Securities Offerings

71. Vagnozzi is instrumental in recruiting people to start Agent Funds to provide funding to Par Funding.

72. As recently as April 2020, Vagnozzi hosted a Zoom call geared toward recruiting people to start Agent Funds to raise money for Par Funding. Vagnozzi led the call in which he explained that he wanted to teach people how to be "finders" and not unregistered broker-dealers so that they would not get into "any trouble." He goes on to talk about Par Funding, describing it as one of the best MCA lenders you can find, touts the 1% default rate, and says you can get commissions and "you will make money."

73. Once Vagnozzi successfully recruits Agents, he and Abbonizio train them how to raise money through securities offerings that will ultimately fuel Par Funding.

74. Vagnozzi teaches Agents how to open their own turnkey investment funds. He provides them with an "Agent Guide" that instructs them how to create an Agent Fund, telling Agents they merely need to choose a name for an Agent Fund and send that name together with $5,000 to Vagnozzi's attorney, who will then set up a fund, get the corporate paperwork filed, draft a PPM for the fund, and get a tax identification number.

75. The Agent Guide tells the Agents which banks to use to set up bank accounts and directs them to add an ABFP employee as an authorized signer on the account. According to the Agent Guide, ABFP Management then pays the investment expenses and payouts to the Agent

Funds' investors. In the Agent Guide, Vagnozzi tells the Agents that ABFP Management will handle these tasks so the Agents can "focus on selling."

76. Par Funding, through Abbonizio and Vagnozzi, also train the Agents at Full Spectrum's office and Par Funding provides the Agents with marketing materials to solicit investors.

77. Vagnozzi and Abbonizio oversee the Agent Funds and Vagnozzi manages them through his company ABFP Management in exchange for 25% of the Agent Funds' profits.

78. According to Abbonizio and LaForte, there are more than 40 Agent Funds raising investor money for Par Funding.

79. Par Funding, through LaForte, Cole, and Abbonizio, helps solicit investors to invest in the Agent Funds by speaking at events the Agent Funds organize to raise money from potential investors.

80. Abbonizio also helps the Agent Funds solicit investors through telephone calls, and Abbonizio, Cole, and LaForte assist by soliciting investors during meetings the Agent Funds arrange at Par Funding's office.

81. The Agent Funds and ABFP Management make their profits based on the rates of return promised in the Par Funding Notes and the Investment Funds' notes with the investors.

82. Each Agent Fund sends Par Funding investor funds raised through the Agent Funds' securities offerings. This occurs by the Agent Funds either wiring investor funds to Par Funding or directing the investor to open a self-directed IRA account that invests in Par Funding.

83. Upon receipt of the investor funds, Par Funding issues a Par Funding Note to the Agent Fund with a higher promised rate of interest than the Agent Fund promises to its investors in its own promissory notes.

84. Par Funding pays an Agent Fund its monthly returns and the Agent Fund in turn pays its investors.

85. The remainder (or the spread) is for the Agent Fund, and it is obligated under an agreement it signs with ABPF Management to pay ABFP Management 25% from this remaining amount.

2. Vagnozzi Offers and Sells Notes Through His Own Agent Funds

86. In addition to managing Agent Funds, Vagnozzi offers and sells promissory notes through his own Agent Funds, ABFP Income Fund and ABFP Income Fund 2 (collectively, the "ABFP Funds").

87. The ABFP Funds each filed a Form D with the Commission giving notice of an exempt securities offering of either debt or equity securities in reliance on Rule 506(b) of the Securities Act, 17 C.F.R. § 230.506(b).

88. The ABFP Funds' PPMs reflect that the ABFP Funds either enter into promissory notes with investors, promising annual returns as high as 15%, with monthly interest payments and full return of principal at the end of the typical 12-month term or sell investors interests in a limited partnership for $5,000 per single interest.

89. The ABFP Income Fund PPM states that investor funds will be used to invest in promissory notes with MCA companies.

90. The ABFP Income Fund 2 PPM states that investor money will be used 80% toward MCA promissory notes and 20% toward investment in one NYSE-traded equity.

91. Investors either contribute directly to the ABFP Income Funds or through a self-directed IRA account at a Pennsylvania-based IRA administrator.

92. Vagnozzi directs investors to open an account at the IRA administrator company, and investors contribute funds and receive their investment funds through this account.

93. Vagnozzi and ABFP advertise the investment through radio, television commercials, the Internet, and ABFP's Facebook page.

94. Vagnozzi and ABFP also solicit investors through one-on-one presentations at the ABFP office and dinner seminars.

95. For example, on November 21, 2019, Vagnozzi and ABFP hosted more than 300 investors and prospective investors for a dinner where they were solicited to invest in Par Funding through Vagnozzi's funds.

96. Attendees were given a one-page flyer describing four investment opportunities, one of which was MCAs. The flyer described the MCA investment opportunity as having a 2% default rate and offering between 10-14% returns with principal returned in 1, 2, or 3 years.

97. Vagnozzi spoke first at the November 2019 event and touted Par Funding's financial success. He explained that Par Funding was buying a bank and was looking for investors to help – not because Par Funding couldn't write a check to buy the bank itself, but because bank regulations only let Par Funding be a 5% owner.

98. Vagnozzi told the attendees that "[w]e have stock market alternative investments that are secure…" and that an investment in Par Funding does not have "too much risk" and the investment is "knocking it out of the park."

99. Vagnozzi then introduced Abbonizio, who told the audience that Par Funding has a default rate of 1%, compared to an industry average default rate of 18.5%.

100. Abbonizio also told the audience to focus on the default rate because that is the most important part of the investment.

101. Abbonizio then introduced LaForte, to whom he referred as the President.

102. LaForte told the audience that Par Funding is probably the most profitable cash advance company in the United States and maybe in the world.

103. LaForte also told the audience that he started the company about eight years ago with $500,000 of his own capital.

104. LaForte then introduced Cole, who touted the financial health of Par Funding.

105. During the November 21, 2019 solicitation dinner event, Vagnozzi told potential investors that he has taken more than 500 investors into an investment with Par Funding.

106. By March 2020 Vagnozzi was claiming 600 investors had invested in Par Funding through him.

107. Through securities offerings, ABFP Income Fund has raised at least $$22,309,000 from investors since February 19, 2018, and ABFP Income Fund 2 has raised at least $$6,322,500 from investors since August 8, 2018.

3. Furman Offers and Sells Notes Through His Own Agent Fund: Fidelis Planning

108. Since no later than August 2018, Furman, through his companies Fidelis Planning and United Fidelis, has raised at least $5.8 million for Par Funding through investments in Furman's Agent Fund, Fidelis Planning.

109. Fidelis Planning enters into promissory notes with investors, promising annual returns as high as 15%, with monthly interest payments and full return of principal at the end of the typical 12-month term.

110. The Fidelis Planning PPM tells investors that Fidelis will invest their funds with a MCA business.

111. Furman and United Fidelis advertise the Fidelis Planning investment through newspaper advertisements.

112. Furman solicits investors via telephone and puts potential investors in contact with Abbonizio, Cole, and LaForte, who continue the solicitation efforts. He also invites potential

investors to the solicitation dinners Vagnozzi and ABFP host, where Abbonizio and Vagnozzi help Furman solicit investors.

113. After raising investor funds, Furman wires the money to Par Funding and receives a Par Funding Note issued to Fidelis Planning.

114. According to its May 2019 filing with the Commission, Furman and Fidelis Planning raised $5,838,000 for Par Funding from August 2018 through May 2019. According to bank records, it appears that Furman and Fidelis Planning raised more than $11 million as of December 2019.

4. Gissas Offers and Sells Notes Through His Own Agent Funds: RE Income Fund and RE Income Fund 2

115. Since no later than Summer 2018, Gissas and his company Retirement Evolution have raised money for Par Funding through the offer and sale of investments in Gissas' Agent Funds, RE Fund and RE Fund 2.

116. Gissas appears to primarily target investors in The Villages retirement community near Wildwood, Florida.

117. The RE Funds issue, offer, and sell promissory notes to investors.

118. Gissas and Retirement Evolution advertise the securities offerings on the RE Fund website, where they provide the RE Fund PPM.

119. Gissas and Retirement Evolution also use newspaper advertisements, largely in The Villages, to invite the public to lunches and dinners where Gissas, sometimes with the assistance of Abbonizio, solicits the audience to invest in the RE Funds, which will invest in Par Funding Notes.

120. For example, in August 2019 Gissas and Retirement Evolution hosted a dinner for 12 potential investors in Wildwood, Florida. Gissas gave the investors an RE Fund 2 PPM and

promissory note to review, and told the investors the investment offered an 8% to 12% return through an investment in an MCA business in Philadelphia.

121. Abbonizio then spoke to the investors, identified himself as the 25% owner of Par Funding, and then touted Par Funding's low default rate and that the MCA loans are insured.

122. At least one attendee at this event subsequently invested in Par Funding through the RE Fund 2 promissory note.

123. Through the unregistered offerings, Gissas, Retirement Evolution, and the RE Funds raised at least $5.5 million for Par Funding.

E. Phase 3 of the Offering: Par Funding, Vagnozzi, and Furman Offer "Exchange Notes"

124. On March 12, 2020, Vagnozzi forwarded investors a message he received from Cole of that same date. According to Cole's message, the purpose of Cole writing Vagnozzi was to "update our partners."

125. In the message, Cole states Par Funding believes the Coronavirus will have "no long term effects to [Par Funding's] projected growth and revenue." Cole further states in this same message that "There has been no noticeable effect to our client payments or default rates. We had our largest funding month by deal count in February and have confidence in being able to maintain consistent funding volume in the coming months."

126. A mere two weeks later, Vagnozzi and Furman forwarded investors a dramatically different message purporting to be from Par Funding that states "Over the past several months, Par Funding, like many other companies across the globe, has been severely impacted by the Coronavirus pandemic." Par Funding goes on to say it has "been forced to close our physical offices" and that "virtually all of [Par Funding's Loan borrowers] have called seeking a moratorium on payments and other restructured payment terms."

127. Purportedly as the result of the Covid-19 Pandemic, investors did not receive their monthly investment returns in April and May 2020.

128. On March 16, 2020, ABFP emailed investors reassuring them that their investments in Par Funding were safe. ABFP told investors "The management team at CBSG/Par is extremely confident that their financial position and funding strategies will enable them to weather this storm. They want you to remain confident that your investment with them is solid."

129. Vagnozzi goes on to reassure investors "the employees at Par are some of the hardest working people I have ever met," and reminds investors that "not one payment has ever been late."

130. On March 26, 2020 ABFP, through Vagnozzi, emailed investors a message from Par Funding concerning the purported financial impact the COVID-19 pandemic had on Par Funding's revenues, together with a message from Vagnozzi stating that "Par Funding has defaulted on a note with the fund that you each invested in, and they will continue to default for the next few months."

131. In this same email message Vagnozzi goes on to discourage investors from filing a lawsuit against Par Funding and tells investors his attorney is working to restructure the investments so payments to investors can resume.

132. In April 2020, Furman emailed investors an email message he claimed was from Par Funding indicating that if investors do not accept an offering to replace their current promissory notes with "Exchange Notes" offering significantly less interest and over a longer period of time, then Par Funding would file for bankruptcy.

133. In April 2020, Vagnozzi and Furman emailed investors a video created on about April 18, 2020, in which Vagnozzi and his attorney – the same attorney who created the turnkey Agent Funds – tell investors that the attorney reviewed Par Funding's financials and Par Funding

is insolvent. Vagnozzi reassures investors he believes Par Funding will rebound, and then Vagnozzi and the attorney recommend that investors not to file lawsuits against Par Funding for defaulting on the promissory notes but to instead accept Exchange Notes through which the investors would receive lower investment returns than they were promised in the promissory notes they had purchased from ABFP and the Agent Funds.

134. In this same video message to investors, Vagnozzi's attorney also tells investors that because Par Funding has not paid investors their returns in March, he obtained a UCC lien report against Par Funding and was "first in line" to collect for the investors. Public records do not reflect any such lien against Par Funding, but do reflect a number of other liens against Par Funding that would preclude Vagnozzi's attorney's purported lien from being first in line.

135. On April 26, 2020, Vagnozzi, through ABFP, emailed investors a video of Vagnozzi and his attorney discussing the Exchange Offering, in which the attorney recommends that investors accept the Exchange Offering and walks the investors through the offering documents, page by page, reminding investors to review the disclosures and risks in the Exchange Offering materials.

136. The Exchange Offering materials and PPM include a risk section that discloses to investors the risks associated with the Exchange Offering. In it, ABFP tells investors "The nature of the Company's business subjects the Company to litigation. The Company is in the business of providing MCAs to small and mid-size businesses. In connection with its collection efforts against MCA customers and in other similar contexts involving its MCA customers, the Company has been subject to a substantial number of lawsuits."

137. While ABFP disclosed lawsuits small businesses might file, there is no disclosure of the Texas Securities Regulators' action against ABFP, Par Funding, and Abbonizio that was filed just months prior to the Exchange Offering, of the Emergency Cease-and-Desist Order filed

entered against ABFP, Par Funding, and Abbonizio in Texas, or that the Texas securities enforcement action is ongoing.

138. Nor was there any disclosure that the Texas Securities Regulators had entered an emergency Cease-and-Desist Order finding that ABFP, Par Funding, and Abbonizio made material misrepresentations and omissions to investors in connection with the Par Funding and Agent Fund offering about the Par Funding offering, Par Fundnig's regulatory history, and Par Funding's management, and that this litigation was continuing at the time of the Exchange Offering.

139. Based on representations by Par Funding and Vagnozzi's attorney that Par Funding would otherwise default on payments altogether or enter bankruptcy, and based on Vagnozzi's attorney's recommendation, as a lawyer, that they accept the offering, investors opted for the Exchange Offering and entered into new promissory notes.

140. Based on the representations made to them, investors felt they had no choice but to agree to the Exchange Offering and to replace their existing notes in the ABFP Funds and Fidelis Planning Fund with new notes that offered less interest and thus a lower rate of return.

141. All or nearly all of the investors accepted an Exchange Note that replaced the ABFP Funds and Fidelis Planning promissory notes they had previously purchased.

F. <u>The Securities Offerings Are Ongoing and Defendants Are Planning To Expand</u>

142. The Defendants are continuing to offer securities to investors through the Agent Funds and Par Funding.

143. For example, Furman is currently soliciting investors to purchase Par Funding Notes. Unbeknownst to Furman, the individuals are posing as investors.[1]

[1] All undercover activity and recordings referenced or described in the Complaint were done strictly at the direction and behest of law enforcement agencies and not the Commission.

144. Furman coordinated a meeting between these two individuals posing as investors, and LaForte. The meeting occurred in the Southern District of Florida in late June 2020 to solicit the individuals to invest.

145. While Par Funding has continued offering its notes directly to investors on occasion since its January 2018 restructuring, Par Funding is now seeking significantly higher investments amounts, most recently $10 million from the undercover individuals.

146. During the meeting, LaForte touted Par Funding as a "leader in the industry" and contrary to the representations made to current investors to force them to take the Exchange Notes in April 2020, represented that "here we are today post-COVID pretty healthy." He explained that the underwriting performed on the Loans helped ensure the success of Par Funding, stating "It all goes back to the underwriter."

147. In soliciting the undercover individuals, LaForte represented that Par Funding paid investors $28 million in 2018 and $56 million in 2019 – "which is a lot lower proportion that what we paid ourselves. It's about half."

148. On July 7, 2020, Cole emailed these two individuals draft Par Funding Exchange Notes and offering materials through which they could invest in Par Funding.

149. In July 2020, Abbonizio, LaForte, and Cole met with these same undercover individuals at Full Spectrum's office in Philadelphia to pitch them further on the Exchange Note investment.

150. Additionally, Gissas and Retirement Evolution appear to continue to actively solicit investors, with Retirement Evolution putting a general advertisement/invitation in The Village's local newspaper as recently as July 2020, for a luncheon seminar about alternative investments with annual returns of 8% and 10% paid monthly, scheduled for the week of July 13, 2020.

151. As for Vagnozzi, three days after theCommission entered a July 14, 2020 Consent Order against him and ABFP for engaging in unregistered securities offerings and acting as an unregistered broker-dealer in connection with five offerings not at issue in this case, Vagnozzi, emailed investors about the Order and announced that he is expanding his business:

a. "My staff and I feel that the results of this [SEC] investigation are the absolute best reason someone should invest with us…."

b. "[The SEC] [a]lso determined that all investments offered by ABFP were carried out in a manner consistent with the information provided to investors."

c. **"**Three years of investigation, $300k spent on my end, and all they can say is they don't like my advertising methods and the fact that I served steak dinners in 2013 as a way for people to hear about our investments."

152. The Order makes no such findings. Vagnozzi mischaracterizes the Order to investors as a selling point for investing with him and ABFP, and in the same email message announces that he is forming a non-public company that he will soon advertise.

153. Vagnozzi and ABFP also issued a press release about the Order, claiming that "the findings of these proceedings have also paved the way for the company to restructure as a public company, which will alleviate advertising restrictions in the future."

G. Material Misrepresentations and Omissions in Connection with The Par Funding, ABFP, United Fidelis, and Retirement Evolution Offerings

1. False Claims about Par Funding's Rigorous Underwriting Process

154. Because investor returns are purportedly generated by the interest small businesses pay on the Loans Par Funding makes, the success and profitability of the investment turns on Par Funding lending money to small businesses who pay back Loans with interest and do not default on the Loans.

155. As Abbonizio explained to one potential investor, this is the most important consideration when deciding whether to invest in the Agent Funds.

156. On January 7, 2020, Abbonizio met with an investor to pitch her on the Par Funding investment. The investor was undercover and the meeting was recorded. Abbonizio described the underwriting group as "the key to our whole investment thesis," and went on to explain that the investment in Par Funding is "only compelling if you have confidence that whatever you give, $50,000 or $5 million, that we are going to do an exemplary job of putting your hard earned money in the hands of suitable companies that can meet their daily obligation to pay us back."

157. To drive this selling point home, Abbonizio explained: "If you leave here and remember nothing else. Why would I entrust the money? Because they have an exemplary track record of underwriting, utilizing three components, taking three days and be [sic] more vigilant. That's the crux of it."

158. In a Par Funding brochure that Furman, Abbonizio, and Vagnozzi distribute to potential investors, Par Funding details its supposedly rigorous underwriting process to approve merchant loans, calling it "Exceptional Underwriting Rigor."

159. Par Funding claims that the underwriting process takes 48 to 72 hours and includes, among other things, an on-site inspection of each merchant before approving any Loan.

160. According to the marketing materials, "There is no substitute for personal on-site merchant inspections," and "Visual confirmation of a business' viability yields the highest levels of confidence in the future viability of merchant partners."

161. Par Funding emphasizes that the on-site inspection "…has been proven to enhance the low default Par Funding experience[s]."

162. Abbonizio also touts Par Funding's underwriting process to potential investors, both during one-on-one meetings with potential investors and during solicitation events.

163. For example, at the November 2019 solicitation dinner Vagnozzi and ABFP hosted, Abbonizio told potential investors that Par Funding has "rigorous standards" and "the best underwriting in the industry."

164. In August 2019, Abbonizio told other potential investors during another solicitation event that Par Funding does an on-site inspection of small businesses 100% of the time before approving any Loan.

165. The representations about Par Funding's underwriting process are false.

166. In truth, the underwriting was not stringent.

167. Contrary to the Defendants' representations, Par Funding did not always conduct on-site inspections of small businesses prior to funding Loans, and it would approve Loans in less than 48 hours.

168. For example, in October 2019, Par Funding approved and funded a Loan of $792,000 to a small business in Ohio (the "Ohio Small Business"). Par Funding did not conduct an on-site inspection prior to approving the Loan and did not request information about debt schedules, profit margins, or expenses.

169. Similarly, in August 2019, Par Funding approved and funded a Loan to a small business in Houston (the "Houston Small Business") without conducting an on-site inspection and requesting materials showing accounts receivables, expenses, profit margins, or debt schedules.

170. Likewise, in April 2019, Par Funding approved and funded a Loan of $33,750 to a small business in League City, Texas (the "League City, Texas Small Business."). Par Funding did not conduct an on-site inspection prior to approving and funding the Loan.

171. Between October 2018 and December 2018, Par Funding funded four Loans to a small business in California (the "California Small Business"), totaling $3.5 million. For each of these four Loans, Par Funding failed to perform an on-site inspection of the California Small

Business, and in each instance the Loan was underwritten by Par Funding in less than 48 hours from the time the California Small Business owner applied for the Loan. Despite funding $3.5 million in Loans to the California Small Business over the course of just three months, Par Funding never requested information showing the California Small Business' profit margins or expenses during the underwriting process or at any other time prior to approving the Loan.

172. The lack of an on-site inspection is not a new development for Par Funding, but instead goes back to at least as early as 2016. For example, in April 2016, Par Funding issued a Loan of $40,000 to a pharmacy in Tennessee with the initial N.R. (the "Tennessee Small Business").

173. Par Funding did not conduct an on-site inspection prior to approving the Loan to the Tennessee Small Business. Par Funding completed the underwriting process within 48 hours of the Tennessee Small Business applying for the Loan. Par Funding did not request information showing profit margins, debt schedules, expenses, or accounts receivable. Nor did Par Funding even conduct an interview before approving the Loan.

174. For some small businesses, the only on-site visit that ever occurs is to threaten a merchant with physical violence.

175. For example, in June 2016 Par Funding loaned $100,000 to a merchant pharmacy in Knoxville, Tennessee. Par Funding completed the underwriting process in less than 48 hours, failed to offer the merchant insurance of any kind, and did not seek the merchant's debt schedule, profit margins, or any information about the merchant's accounts receivables prior to funding the Loan. Nor did Par Funding conduct an on-site inspection. As the Tennessee merchant has explained under oath, "The only time CBSG visited the Company or sent someone to visit me was when it threatened me with physical violence after I missed payments."

176. For other small businesses, Par Funding simply asks the small business to email them a photo of their office rather than perform the on-site inspection promised to investors.

177. For example, a law firm in Washington, D.C. (the "Small D.C. Business") borrowed $38,670.75 from Par Funding in November 2017 and the only "inspection" of the merchant's business was a photo of the office Par Funding asked the merchant to email them.

178. When Par Funding does conduct an on-site inspection, it is sometimes done after Par Funding has already approved and funded the Loan.

179. For example, Par Funding approved a $370,000 Loan to a Sports Field Grading and Maintenance company in Dallas, Texas and funded the Loan on January 4, 2017. The on-site inspection occurred on January 5, 2017, after the Loan had been approved and funded in its entirety.

180. Thus, Par Funding does not always conduct an on-site inspection prior to approving a Loan and sometimes completes the entire underwriting process in less than 48 hours. These facts do not stop Par Funding from making representations to the contrary to investors.

181. For example, in January 2020, Abbonizio told an undercover individual posing as an investor that Par Funding requires three days to complete an underwriting process on a Loan application because Par Funding conducts what he referred to as "the coup de grace" – a personal onsite inspection. He told her that because of this vigilant process, he felt confident telling her to invest her money in Par Funding.

182. However, that same month, Par Funding made a $150,000 Loan to a Boston Small Business with the initial TMA, without conducting an on-site inspection and in fact completed the underwriting process in less than 48 hours. Instead of conducting "the coup de grace," Par Funding merely asked the Boston Small Business owner to email photos of her office.

183. Additionally, as set forth above, contrary to the rigorous underwriting process Par Funding touts to investors, Par Funding approves and funds Loans to small businesses without obtaining information about the merchant's profit margins, expenses, or debts.

184. Even Par Funding's representation to potential investors that it assigns a liaison to each merchant to cultivate the relationship is misleading, as Par Funding does not always assign a liaison to small businesses or have a liaison who communicates with the small businesses. For example, Par Funding did not assign a liaison to the Ohio Small Business, the League City Small Business, the Texas Small Business, or the California Small Business.

2. False and Misleading Claims about Par Funding's Loan Default Rate

185. LaForte, Abbonizio and Vagnozzi make false claims to prospective investors that Par Funding has a 1% loan default rate.

186. For example, in Summer 2018, LaForte met with at least one investor in Maryland and pitched the Par Funding investment to her, telling her that Par Funding's loan default rate was only 1%.

187. On January 7, 2020, Abbonizio told an undercover individual posing as a potential investor that Par Funding issues bad loans 1 percent of the time. He explained that the defaults are "one percent of $500 million."

188. Similarly, at a dinner for investors and potential investors on November 21, 2019, Abbonizio presented the investment. He told more 300 investors at this event that the 10% to 14% investment returns were "enticing," but it is only enticing if Par Funding does a good job at loaning money to borrowers.

189. At this same dinner, Abbonizio emphasized that Par Funding has "the best underwriting in the industry" and has "rigorous operational standards, almost seven years in the making." Because of this, Abbonizio explained, they have a default rate that is "less than 1

percent." He also explained to the investors why this is so important – because if enough of the borrowers miss their payments to Par Funding, that "could impede Par Funding's ability to pay Vagnozzi's fund to ultimately pay you."

190. At this same dinner, ABFP and Vagnozzi also touted Par Funding's low default rate, giving potential investors a flyer describing the Par Funding investment opportunity as having a 2% default rate.

191. Likewise, on the United Fidelis website, Furman and United Fidelis tout a 1.2% default rate for the "MCA investment" they offer.

192. These representations are false and misleading.

193. In reality, Par Funding has filed more than 2,000 collections lawsuits against small borrowers for defaulting on the Loans Par Funding made to them.

194. Par Funding claims to have funded $600 million in Loans. These lawsuits allege that the Loans are in default and seek to recover more than $300 million that the small businesses have allegedly failed to repay Par Funding. An analysis of these lawsuits reveals that Par Funding's loan default rate is as high as 10%.

195. In Fall 2017, Furman gave a Florida investor a Par Funding brochure claiming that Par Funding had provided "more than $220 million in business funding" since its inception in 2012.

196. However, by August 2017, Par Funding had filed more than 240 lawsuits against small businesses for defaulting on their Loans, seeking more than $20 million in missed Loan payments.

197. Likewise, on August 15 2019, Abbonizio touted Par Funding's 1% default rate to potential investors at a Retirement Evolution solicitation dinner. However, by August 2019, Par

Funding had filed more than 800 lawsuits against small businesses for defaulted Loans, seeking more than $100 million in missed Loan payments.

198. Similarly, when Abbonizio and Vagnozzi touted Par Funding's low default rates to potential investors during the ABFP solicitation dinner on November 21, 2019, Par Funding had filed more than 1,000 lawsuits, in Philadelphia alone, against small businesses for defaulted Loans, seeking more than $145 million in missed Loan payments.

199. LaForte and Cole, Par Funding's CFO, were present when these representations were made to potential investors on November 21, 2019, and did not correct these false and misleading statements.

200. When Abbonizio touted Par Funding's low default rates to an Undercover posing as a potential investor in January 2020, Par Funding had filed more than 1,200 lawsuits seeking more than $150 million in missed payments on defaulted Loans.

201. Most recently, in July 2020, LaForte and Abbonizio touted the 1% default rate on the Loans in a solicitation meeting with undercover individuals posing as potential investors. When they made this representation, Par Funding had filed at least 2,000 lawsuits seeking about $300 million in missed payments from small business owners on Loans Par Funding alleges are in default.

202. Additionally, Par Funding calculates the default rate differently in its representations to investors by not including in the rate any Loan where the borrower is making even a partial payment or is speaking with Par Funding about the Loan.

203. For example, on July 10, 2020, Par Funding told a Texas small business owner with the initial MF that it would take his Par Funding Loan out of default status if the small business owner made a mere $500 payment on his $1.2 million Loan balance.

3. False Claims that Par Funding Offers Insurance on Its Loans

204. In the brochure Par Funding distributes to potential investors through the Agent Funds, Par Funding claims to offer insurance on all of its products up to $150,000. Par Funding further claims that "[t]he insurance protects Par Funding in case of a default or non-payment."

205. On June 5, 2018, LaForte also told a potential investor in Maryland that if a merchant defaulted on his loan, Par Funding had insurance to back up investor funds, thus reassuring the investor that her investment was safe and secure.

206. At an event in Florida to solicit investors in RE Income Fund 2 in August 2019, Abbonizio told potential investors that Par Funding's merchant loans were insured.

207. These claims are false. Par Funding did not offer small businesses insurance on the Loans, and thus investor funds were not protected by insurance.

208. For example, during the more than two-year period spanning November 2015 through January 2018, Par Funding approved and funded 15 Loans to a small business located in Los Angeles, California (the "L.A. Small Business"). The Loans totaled $6,126,054.13.

209. At no time, on any of the 15 Loans approved over the course of these two years did Par Funding offer the L.A. Small Business insurance of any kind.

210. On each of the 15 occasions when Par Funding approved and funded a Loan to the L.A. Small Business, Par Funding completed the underwriting in less than 48 hours, never offered the L.A. Small Business insurance of any kind, never conducted an in-person interview before giving the L.A. Small Business the Loans, never requested information about the L.A. Small Business's expenses, and never requested information about the L.A. Business's profit margins.

211. Par Funding's Loans to the League City, Texas Small Business, Tennessee Small Business, Ohio Small Business, Boston Small Business, Arizona Small Business, Houston Small

Business, D.C. Small Business, New Jersey Small Business, and Dallas Small Business span the period from April 2016 through January 2020.

212. Par Funding did not offer insurance to a single one of these small businesses to whom it issued Loans.

4. Misrepresentations and Omissions about LaForte's Background

213. LaForte touts his financial and business acumen and his success through Par Funding, but fails to disclose his criminal history. Similarly, the Par Funding website includes numerous articles featuring LaForte and his claimed business success, and directs readers to LaForte's "Forbes Council" profile, in which he describes himself as "…one of the small business industry's most distinguished and accomplished leaders." LaForte also holds himself out in videos he posts online as a "financial expert" for Par Funding.

214. In truth, LaForte is a twice-convicted felon and prior to founding Par Funding with McElhone, was imprisoned and ordered to pay $14.1 million in restitution for grand larceny and money laundering. To conceal these facts, LaForte uses two aliases – Joe Mack and Joe Macki because, as LaForte admitted to at least one individual, if people "google" his real name they will see his negative history. Par Funding and Cole actively assist LaForte in concealing his true identity, and thus his criminal background, by providing LaForte with a Par Funding email address bearing the name of his alias, joemack@parfunding.com, and a Par Funding business card for his alias Joe Macki.

215. Additionally, Cole has solicited investors by touting the experience of Par Funding's management team while failing to disclose LaForte's criminal history, despite knowing LaForte has been convicted of crimes involving dishonesty. For example, in Fall 2017, Cole solicited a potential investor with initial E.H. who resides in Massachusetts to invest in Par Funding, promising up to 15% monthly interest payments. Cole told the investor that Par Funding

was successful and touted Par Funding's experienced management team. Cole did not disclose that the management team was led by a convicted felon.

216. Similarly, during an August 2019 solicitation event in Wildwood, Florida, Abbonizio solicited investors to invest in Par Funding through RE Income 2 by touting the "great team" at Par Funding. He failed to disclose that the leader of the team is a convicted felon.

217. Abbonizio also conceals LaForte's identity from investors. For example, when an undercover individual posing as an investor asked Abbonizio who the founders of Par Funding are, Abbonizio responded: "There's basically five of us. There's myself, Joe Cole, who is the CFO, Joe McElhone, and Lisa McElhone… and Lisa is the President of the company." He then went on to identify the fifth founder – "a family out of Manhattan. They have $48 million with us." Joe McElhone is yet another alias for Joseph LaForte used to conceal his identify from investors.

218. In its 2019 and 2020 Form D Filings with the Commission, Par Funding failed to identify LaForte in Item 3 of the form requiring the disclosure of "Related Persons." The instructions accompanying Form D direct filers to provide the following information under "Related Persons":

> Enter the full name and address of each person having the specified relationships with any issuer and identify each relationship:
> • Each executive officer and director of the issuer and person performing similar functions (title alone is not determinative) for the issuer, such as the general and managing partners of partnerships and managing members of limited liability companies; and
> • Each person who has functioned directly or indirectly as a promoter of the issuer within the past five years of the later of the first sale of securities or the date upon which the Form D filing was required to be made.
> If necessary to prevent the information supplied from being misleading, also provide a clarification in the space provided.

219. As set forth above, LaForte is identified as the President of Par Funding, runs the day-to-day operations, and he functions as an executive officer of Par Funding. Nonetheless, Par Funding does not disclose LaForte's involvement in its Commission filings.

5. Misrepresentations and Omissions about Par Funding's Regulatory History

220. LaForte touts to prospective investors Par Funding's success. For example, in November 2019 LaForte told potential investors that Par Funding is probably the most profitable cash advance company in the United States and maybe in the world.

221. Abbonizio also solicits investors by touting Par Funding's success and its track record as a leader in the merchant cash industry.

222. Similarly, Vagnozzi touts Par Funding's purported success. For example, in a 6-minute video, Vagnozzi tells potential investors he would like to introduce them to "one of the best merchant cash advance lenders that you can find" and characterizes it as "highly profitable."

223. The video is widely distributed; it is posted on the Vimeo pages of ABFP and Vagnozzi, was posted on the ABFP Income Fund website until at least April 17, 2020, emailed to potential investors, and shown during sales pitches.

224. On the ABFP Facebook page, Vagnozzi characterizes "our MCA Fund" as [sic] "Best investment you can find."

225. In early 2020, Vagnozzi described the investment in Par Funding to an undercover posing as a potential investor as "like the crack-cocaine" of investments ABFP offers, adding "[a] check every month."

226. As for Gissas, he advertises the Retirement Evolution as an investment in "a top company in the merchant cash sector." Neither in the advertisements nor in the solicitation events he leads does Gissas disclose Par Funding's regulatory history.

227. Par Funding, LaForte, Abbonizio, Vagnozzi, and Gissas tout Par Funding while failing to disclose that Par Funding has twice been sanctioned for violating state securities laws.

228. In November 2018, the Pennsylvania Securities Regulators filed a Consent Agreement and Order against Par Funding for violating the Pennsylvania Securities Act prohibiting the use of unregistered sales agents in the offer and sale of securities, and fined Par Funding $499,000 (the "Pennsylvania Order").

229. In December 2018, the New Jersey Bureau of Securities issued a Cease-and-Desist Order against Par Funding based on its offer and sale of unregistered securities (the "New Jersey Order"). Both of these Orders were in effect when the Defendants touted Par Funding as an investment opportunity to potential investors, and both Orders remain in effect.

230. However, the Defendants have failed to disclose these Orders while touting Par Funding.

231. In February 2020, the Texas State Securities Board issued an Emergency Cease-and-Desist Order against Par Funding and others, alleging fraud and registration violations in connection with its securities offering through an Agent Fund in Texas (the "Texas Order").

232. Undeterred, Par Funding has continued soliciting investors and continued touting the success of Par Funding without disclosing the Texas Order to potential investors.

6. Misrepresentations about the New Jersey Order

233. Furman has misrepresented the New Jersey Order to at least one potential investor while soliciting her for the Par Funding investment through Fidelis. For example, on June 16, 2019, Furman told an undercover individual posing as an investor that the state of New Jersey had "retracted" its action against Par Funding and had said Par Funding was "good" and did not need to pay a fine or have any penalties.

234. This is false. New Jersey did not retract its Order.

7. False Statements In Par Funding's Commission Filings About McElhone and Cole's Receipt of Funds

235. Par Funding has filed two false filings with the Commission concerning its Par Funding Note offering and how investor funds would be used. On February 12, 2019, Par Funding filed a Notice of Exempt Offering of Securities on Form D with the Commission, stating that it was a new notice for an offering of debt securities in reliance on the exemption under Rule 506(b) and that the first sale was on August 1, 2012. The filing discloses approximately $3.6 million Par Funding has paid in finders' fees and a total amount sold of approximately $227 million to 488 investors. In the Use of Proceeds section, the filing states that none of the gross proceeds of the offering has been or is proposed to be used for payments to executive officers or others listed in the filing's section for related persons, in which McElhone and Cole are listed as executive officers and directors.

236. On April 28, 2020, Par Funding filed an amended Form D with the Commission with respect to the offering that began August 1, 2012, disclosing the total amount sold to the 488 investors was higher than it initially reported in 2019 - $378 million.

237. This filing states that Par Funding has paid no finders' fees and commissions, and again states that none of the gross proceeds of the offering has been or is proposed to be used for payments to executive officers or others listed in the filing's related persons section, which again includes McElhone and Cole.

238. Cole signed the Amended Form D on behalf of Par Funding.

239. The representations in both filings that Cole and McElhone would not receive any of the gross proceeds of the securities offering are false.

240. McElhone received at least $11.3 million from the offering between July 2015 and October 2019. As for Cole, Par Funding transferred funds, which included investor funds, to

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companies in which Cole has an ownership interest or otherwise receives financial benefits: $1.8 million to ALB Management between July 2019 and October 2019; about $4.9 million to Beta Abigail between July 2016 and April 2019; and about $9.5 million to New Field Ventures, LLC between February 2017 and November 2019.

241. In a recent recorded conversation with an FBI confidential source, Cole admitted that Par Funding pays him through his consulting firms and that the amounts are reflected in the "consulting" line on the Par Funding financial statements.

242. The Par Funding financial statements reflect the amount of the consulting payments and notes that New Field Ventures is owned by Cole and Abbonizio. Cole is also an owner of Beta Abigail, which also receives purported consulting funds from Par Funding, and he admitted to the undercover human source that ALB Management is a company through which he receives payments from Par Funding.

243. The representation in Par Funding's 2020 Form D filing that Par Funding did not pay commissions is similarly false. Par Funding had paid so-called finders' fees of at least $3.6 million plus an addition $1 million in payments labeled as "commissions" from July 2015 to February 2020.

8. False Claims about LaForte's Personal Investment in Par Funding

244. LaForte falsely told prospective investors that he personally invested in Par Funding. For example, at the November 2019 solicitation dinner for ABFP, LaForte told the crowd that he had invested $500,000 of his own money in Par Funding to get the company started. LaForte also claimed in an email to an existing investor inquiring about someone else potentially investing, "I have 80 million in the company myself. So his money would be side by side w [sic] mine."

245. LaForte's claims are false. Not only did LaForte not invest his own money to start Par Funding, but he has in fact never invested in Par Funding.

9. Misrepresentations and Omissions about Vagnozzi's Regulatory History

246. While soliciting investors for the Par Funding investment through ABFP, Vagnozzi touts his financial and business acumen and his success through ABFP, but fails to disclose his regulatory history.

247. For example, at the November 2019 solicitation dinner, Vagnozzi touts his "proven track record," how investors have never missed a payment, and how well ABPF does for its investors.

248. At this same dinner, Vagnozzi told the audience of investors: "What I'm doing is legal, but most financial advisors don't have a set of you-know-what's to drop that license so they can do what I'm doing."

249. In truth, just months before making this representation to potential investors, the Pennsylvania Securities Regulators sanctioned Vagnozzi for violating state securities laws.

250. Vagnozzi has testified under oath that ABFP is his alter ego. While playing up his supposed investment success, including success through the Par Funding investment, Vagnozzi fails to disclose to investors the fact that he settled a regulatory action with the state of Pennsylvania in May 2019 ordering him to pay a $490,000 fine based on his sales of the Par Funding investment in violation of state law.

251. Understanding that investors would want to know of unlawful activity when deciding with whom to invest, Vagnozzi publishes an article on the ABFP website addressing the issue head-on. And lying about it.

252. Specifically, on the ABFP website, Vagnozzi has an article published entitled "What's the Catch? By Dean Vagnozzi." In it, he tells potential investors:

> I know that potential clients will inevitably wonder, "what's the catch?"
> Is Dean Vagnozzi a scam artist? Is A Better Financial Plan 1346 a fraud? Of course they would be skeptical! And so would I!
> So let me save you a lot of time. There is no catch.
> So stop looking for one. Stop googling, stop searching to see if Dean Vagnozzi is a scam, stop looking on the Better Business Bureau's website to see if A Better Financial Plan 1346 is a fraud. I have never had a criminal record in my life and I am very confident that there never will be.
> In fact, to the best of my knowledge, *the only law that I think I ever broke* was a speeding ticket that I received on the New Jersey Turnpike back when I was in my early 20's. That is about the only misdemeanor that I have ever been a part of. (Jeez, I sound like a lot of fun, don't I?)

253. In truth, in 2019 Vagnozzi was sanctioned by the Pennsylvania Securities Regulators for violating the federal securities laws; and in February 2020 the Texas Securities Regulators filed a claim against ABFP for fraud in connection with the Par Funding offering, which remains pending.

254. Even after the Commission filed a Consent Order against Vagnozzi for his violation of the federal securities laws on July 14, 2020, Vagnozzi continues to publish the "What's the Catch?" article, "What's the Catch?" on the ABFP website.

255. None of Vagnozzi's regulatory history is disclosed to investors. Instead, Vagnozzi tells potential investors a traffic law is the only law he has ever violated.

256. As recently as July 23, 2020, the ABFP website homepage includes a photo of Vagnozzi standing with individuals with the caption "A Team You Can Trust." This caption is a

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hyperlink that takes the reader to a page that reads "About Dean Vagnozzi." This page includes details about Vagnozzi's successes and career path.

257. There is no mention of his regulatory history or the sanctions levied against him for violating securities laws in connection with the offer and sale of Par Funding securities.

10. Misrepresentations and Omissions about ABFP's Regulatory History

258. ABFP's website homepage, www.abetterfinancialplan.com, features a video in which Vagnozzi tells potential investors that none of his clients have ever lost money and that ABFP works with one of the top law firms in Philadelphia.

259. The webpage also includes a video that purports to tell the story of ABFP, and testimonials ABFP reprints and posts on the website to show glowing reviews about the company such as "Dean and his company are standup people."

260. ABFP fails to disclose that ABFP is subject to a February 2020 Cease-and-Desist Order issued by Texas Securities Regulators.

261. In the Exchange Offering materials provided to investors, ABFP disclosed as an investment risk the existence of lawsuits filed by small businesses based on Loan disputes. However, there is no disclosure of the existence of the case against ABFP, Par Funding, and Abbonizio in Texas. Nor is there is any disclosure of the Emergency Cease-and-Desist Order the Texas Regulators entered months before the Exchange Offering based on findings that ABFP, Par Funding, and Abbonizio made fraudulent and material misrepresentations and omissions to investors in connection with the Par Funding and Agent Fund offering, or that the fact that the action filed by the Texas Regulators was – and is – ongoing.

11. Misrepresentations and Omissions about Abbonizio's Regulatory History

262. Similarly, when ABFP offered the Exchange Offering, the Texas Securities Regulators had issued the Emergency Cease-and-Desist Order against Par Funding based on his

fraudulent misrepresentations and omissions in connection with Par Funding and the Agent Fund offering.

263. ABFP, through Vagnozzi, was aware of that Order, as ABFP is also a party to the Texas Action. When offering the Exchange Notes, ABFP and Vagnozzi reassured investors about Par Funding's ability to rebound and recommence payments if investors accepted the Exchange Notes and touted the hardworking employees at Par Funding.

264. Par Funding's website continued advertising its purported "strong, dedicated team," which continues to this day.

265. At the time of Exchange Note offering, Abbonizio was a partial owner and manager of Par Funding who had solicited investors to make their initial investments in Par Funding through the Agent Funds, and Abbonizio continues his role at Par Funding today.

266. However, at no time did ABFP, Vagnozzi, or Par Funding disclose to investors that just before the offering began, the Texas Securities Regulators issued an Emergency Cease-and-Desist Order against Abbonizio for, among other things, engaging in fraud in connection with the Par Funding offerings and Agent Fund solicitations.

267. Likewise, in soliciting undercover individuals to invest in Par Funding in June and July 2020, no one at Par Funding disclosed the Texas Cease-and-Desist Order issued against Abbonizio.

COUNT I

Fraud in Violation of Section 10(b) and Rule 10b-5(a) of the Exchange Act

Against Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman

268. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

269. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, directly or indirectly, by use of the means and instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of securities, knowingly or recklessly, employed devices, schemes or artifices to defraud in connection with the purchase or sale of securities.

270. By reason of the foregoing, these Defendants, directly or indirectly violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5(a) [17 C.F.R. § 240.10b-5(a)].

COUNT II

Fraud in Violation of Section 10(b) and Rule 10b-5(b) of the Exchange Act

Against Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman

271. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

272. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017

through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, directly or indirectly, by use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of securities, has knowingly or recklessly made untrue statements of material facts or omitted to state material facts in order to make the statements made, in the light of the circumstances in which they were made, not misleading.

273. By reason of the foregoing, these Defendants, directly or indirectly violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5(b) [17 C.F.R. § 240.10b-5(b)].

COUNT III

Fraud in Violation of Section 10(b) and Rule 10b-5(c) of the Exchange Act

Against Against Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman

274. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

275. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, directly or indirectly, by use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of securities, knowingly or recklessly engaged in acts,

practices, and courses of business which have operated, are now operating, and will operate as a fraud upon the purchasers of such securities.

276. By reason of the foregoing, these Defendants, directly or indirectly violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5(c) [17 C.F.R. § 240.10b-5(c)].

COUNT IV

Fraud in the Offer or Sale of Securities in Violation of Section 17(a)(1) of the Securities Act

Against Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman

277. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

278. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, directly or indirectly, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce or of the mails have knowingly or recklessly employed devices, schemes or artifices to defraud.

279. By reason of the foregoing, these Defendants, directly or indirectly violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT V

Fraud in the Offer or Sale of Securities in Violation of Section 17(a)(2) of the Securities Act

Against all Defendants

280. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

281. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, Gissas, Retirement Evolution, and RE Fund, beginning no later than May 2018 through present, and RE Fund 2, beginning no later than August 2019 through present, directly or indirectly, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce or of the mails have negligently obtained 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.

282. By reason of the foregoing, the Defendants, directly or indirectly violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)].

COUNT VI

Fraud in the Offer or Sale of Securities in Violation of Section 17(a)(3) of the Securities Act

Against All Defendants

283. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

284. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, Gissas, Retirement Evolution, and RE Fund, beginning no later than May 2018 through present, and RE Fund 2, beginning no later than August 2019 through present, directly or indirectly, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce or of the mails have negligently engaged in transactions, practices, or courses of business which operated or would have operated as a fraud or deceit upon the purchasers.

285. By reason of the foregoing, the Defendants, directly or indirectly violated, and, unless and restrained and enjoined, are reasonably likely to continue to violate, Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(3)].

COUNT VII

Sale of Unregistered Securities in Violation of Sections 5(a) and 5(c) of the Securities Act

Against All Defendants

286. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint as if fully set forth herein.

287. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the securities issued and the transactions conducted by the Defendants as described in this Complaint and no exemption from registration existed with respect to these securities and transactions.

288. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, Gissas, Retirement Evolution, and RE Fund, beginning no later than May 2018 through present, and RE Fund 2, beginning no later than August 2019 through present, directly or indirectly:

(a) made use of means or instruments of transportation or communication in interstate commerce or of the mails to sell securities as described herein, through the use or medium of a prospectus or otherwise;

(b) carried securities or caused such securities, as described herein, to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale; or

(c) made use of means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of a prospectus or otherwise, as described herein, without a registration statement having been filed or being in effect with the Commission as to such securities.

289. By reason of the foregoing, the Defendants violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

COUNT VIII

Control Person Liability Under Section 20(a) of the Exchange Act

Against McElhone and LaForte

290. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint as if fully set forth herein.

291. From no later than July 2015 through present, McElhone and LaForte have been, directly or indirectly, control persons of Par Funding and Full Spectrum for purposes of Section 20(a) of the Exchange Act, 15 U.S.C. §78t(a).

292. From no later than July 2015 through present, Par Funding and Full Spectrum violated Section 10(b) and Rule 10b-5 of the Exchange Act.

293. As control persons of Par Funding and Full Spectrum, McElhone and LaForte are jointly and severally liable with and to the same extent as Par Funding and Full Spectrum for each of their violations of Section 10(b) and Rule 10b-5 of the Exchange Act.

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294. By reason of the foregoing, McElhone and LaForte directly and indirectly have violated, and unless restrained and enjoined, are reasonably likely to continue to violate Section 10(b) and 20(a) and Rule 10b-5 of the Exchange Act, 15 U.S.C. § 78j(b) and §78t(a), and 17 C.F.R. § 240.10b-5.

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court find that Defendants committed the violations alleged and:

I.

Temporary Restraining Order And Preliminary Injunction

Issue a Temporary Restraining Order and Preliminary Injunction, restraining and enjoining: All Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Sections 17(a)(2) and (3), and Sections 5(a) and (c) of the Securities Act; Defendants Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Section 17(a)(1) of the Securities Act and Section 10(b) and Rule 10b-5 of the Exchange Act; and McElhone and LaForte, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Section 20(a) of the Exchange Act.

II.

Permanent Injunction

Issue a Permanent Injunction, restraining and enjoining: All Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them,

and each of them, from violating Sections 17(a)(2) and (3), and Sections 5(a) and (c) of the Securities Act; Defendants Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Section 17(a)(1) of the Securities Act and Section 10(b) and Rule 10b-5 of the Exchange Act.

III.

Asset Freeze and Sworn Accountings

Issue an Order freezing the assets of Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, Retirement Evolution Group, RE Fund, RE Fund 2, McElhone, LaForte, Cole and Relief Defendant LME Trust, and requiring the Defendants and Relief Defendant to file sworn accountings with this Court.

IV.

Records Preservation

Issue an Order requiring all Defendants and the Relief Defendant to preserve any records related to the subject matter of this lawsuit that are in their custody or possession or subject to their control.

V.

Disgorgement

Issue an Order directing all Defendants and the Relief Defendant to disgorge all ill-gotten gains received within the applicable statute of limitations, including prejudgment interest, resulting from the acts or courses of conduct alleged in this Complaint.

VI.

Penalties

Issue an Order directing all Par Funding, Full Spectrum, ABFP, ABFP Management, United Fidelis, Retirement Evolution, McElhone, LaForte, Cole, Abbonizio, Vagnozzi, Furman, and Gissas to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d).

VII.

Appointment of a Receiver

Appoint a receiver over Defendants Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, Retirement Evolution, RE Fund and RE Fund 2.

VIII.

Further Relief

Grant such other and further relief as may be necessary and appropriate.

IX.

Retention of Jurisdiction

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that it may enter, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

DEMAND FOR JURY TRIAL

The Commission hereby demands a jury trial in this case.

August 10, 2020

Respectfully submitted,

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Of counsel:
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served this 10th day of August 2020 via email and cm-ecf on all defense counsel in this case.

s/ Amie Riggle Berlin
Amie Riggle Berlin

EXHIBIT B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 20-CIV-81205-RAR

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

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

Defendants.
_____/

AMENDED ORDER APPOINTING RECEIVER

THIS CAUSE comes before the Court upon Plaintiff Securities and Exchange Commission's ("SEC" or "Commission") Expedited Motion to Amend Receivership Order [ECF No. 105] ("Motion"), filed on August 7, 2020, and the Court's Order granting the Motion [ECF No. 140], entered on August 13, 2020.

WHEREAS as set forth in the Court's July 27, 2020 Order appointing the Receiver [ECF No. 36], the Court found that, based on the record in these proceedings, 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"); and,

WHEREAS this Court has subject matter jurisdiction over this action and personal jurisdiction over the Defendants, and venue properly lies in this district, it is hereby

ORDERED AND ADJUDGED as follows:

1. This Court hereby takes exclusive jurisdiction and possession of the assets, of whatever kind and wherever situated, of the following Defendants: 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"), ABFP Management Company, LLC f/k/a Pillar Life Settlement Management Company, LLC ("ABFP Management"), 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, and RE Income Fund 2 LLC; and the following related entities: 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 (collectively, "Receivership Entities").

2. Until further Order of this Court, Ryan Stumphauzer, Esq. is appointed to serve without bond as receiver ("Receiver") for the estates of the Receivership Entities.

I. Asset Freeze

3. Except as otherwise specified herein, all Receivership Assets and Recoverable Assets are frozen until further order of this Court. Accordingly, all persons and entities with direct or indirect control over any Receivership Assets and/or any Recoverable Assets, other than the Receiver, are hereby restrained and enjoined from directly or indirectly transferring, setting off, receiving, changing, selling, pledging, assigning, liquidating or otherwise disposing of or withdrawing such assets. This freeze shall include, but not be limited to, Receivership Assets and/or Recoverable Assets that are on deposit with financial institutions such as banks, brokerage firms and mutual funds.

II. General Powers and Duties of Receiver

4. The Receiver shall have all powers, authorities, rights and privileges heretofore possessed by the officers, directors, managers and general and limited partners of the Receivership Entities under applicable state and federal law, by the governing charters, by-laws, articles and/or agreements in addition to all powers and authority of a receiver at equity, and all powers conferred upon a receiver by the provisions of 28 U.S.C. §§ 754, 959 and 1692, and Fed. R. Civ. P. 66.

5. The trustees, directors, officers, managers, employees, investment advisors, accountants, attorneys and other agents of the Receivership Entities are hereby dismissed and the powers of any general partners, directors and/or managers are hereby suspended. Such persons and entities shall have no authority with respect to the Receivership Entities' operations or assets, except to the extent as may hereafter be expressly granted by the Receiver. The Receiver shall assume and control the operation of the Receivership Entities and shall pursue and preserve all of their claims.

6. No person holding or claiming any position of any sort with any of the Receivership Entities shall possess any authority to act by or on behalf of any of the Receivership Entities.

7. Subject to the specific provisions in Sections III through XIV, below, the Receiver shall have the following general powers and duties:

A. To use reasonable efforts to determine the nature, location and value of all property interests of the Receivership Entities, including, but not limited to, monies, funds, securities, credits, effects, goods, chattels, lands, premises, leases, claims, rights and other assets, together with all rents, profits, dividends, interest or other income attributable thereto, of whatever kind, which the Receivership Entities own, possess, have a beneficial interest in, or control directly or indirectly ("Receivership Property" or, collectively, "Receivership Estates");

B. To take custody, control and possession of all Receivership Property and records relevant thereto from the Receivership Entities; to sue for and collect, recover, receive and take into possession from third parties all Receivership Property and records relevant thereto;

C. To manage, control, operate and maintain the Receivership Estates and hold in his possession, custody and control all Receivership Property, pending further Order of this Court;

D. To use Receivership Property for the benefit of the Receivership Estates, making payments and disbursements and incurring expenses as may be necessary or advisable in the ordinary course of business in discharging his duties as Receiver;

E. To take any action which, prior to the entry of this Order, could have been taken by the officers, directors, partners, managers, trustees and agents of the Receivership Entities;

F. To engage and employ persons in his discretion to assist him in carrying out his duties and responsibilities hereunder, including, but not limited to, accountants, attorneys, securities traders, registered representatives, financial or business advisers, liquidating agents, real estate agents, forensic experts, brokers, traders or auctioneers;

G. To take such action as necessary and appropriate for the preservation of Receivership Property or to prevent the dissipation or concealment of Receivership Property;

H. The Receiver is authorized to issue subpoenas for documents and testimony consistent with the Federal Rules of Civil Procedure;

I. To bring such legal actions based on law or equity in any state, federal, or foreign court as the Receiver deems necessary or appropriate in discharging his duties as Receiver;

J. To pursue, resist and defend all suits, actions, claims and demands which may now be pending or which may be brought by or asserted against the Receivership Estates; and,

K. To take such other action as may be approved by this Court.

III. Access to Information

8. The individual Receivership Entities and the past and/or present officers, directors, agents, managers, general and limited partners, trustees, attorneys, accountants and

employees of the entity Receivership Entities, as well as those acting in their place, are hereby ordered and directed to preserve and turn over to the Receiver forthwith all paper and electronic information of, and/or relating to, the Receivership Entities and/or all Receivership Property; such information shall include but not be limited to books, records, documents, accounts and all other instruments and papers.

9. Within ten days of the entry of this Order, the Receivership Entities shall file with the Court and serve upon the Receiver and the Commission a sworn statement, listing: (a) the identity, location and estimated value of all Receivership Property; (b) all employees (and job titles thereof), other personnel, attorneys, accountants and any other agents or contractors of the Receivership Entities; and, (c) the names, addresses and amounts of claims of all known creditors of the Receivership Entities.

10. Within thirty (30) days of the entry of this Order, the Receivership Entities shall file with the Court and serve upon the Receiver and the Commission a sworn statement and accounting, with complete documentation, covering the period from January 1, 2015 to the present:

A. Of all Receivership Property, wherever located, held by or in the name of the Receivership Entities, or in which any of them, directly or indirectly, has or had any beneficial interest, or over which any of them maintained or maintains and/or exercised or exercises control, including, but not limited to: (a) all securities, investments, funds, real estate, automobiles, jewelry and other assets, stating the location of each; and (b) any and all accounts, including all funds held in such accounts, with any bank, brokerage or other financial institution held by, in the name of, or for the benefit of any of them, directly or indirectly, or over which any of them maintained or maintains and/or exercised or exercises any direct or indirect control, or in which any of them had or has a direct or indirect beneficial interest, including the account statements from each bank, brokerage or other financial institution;

B. Identifying every account at every bank, brokerage or other financial institution: (a) over which Receivership Entities have signatory authority;

and (b) opened by, in the name of, or for the benefit of, or used by, the Receivership Entities;

C. Identifying all credit, bank, charge, debit or other deferred payment card issued to or used by each Receivership Entity, including but not limited to the issuing institution, the card or account number(s), all persons or entities to which a card was issued and/or with authority to use a card, the balance of each account and/or card as of the most recent billing statement, and all statements for the last twelve months;

D. Of all assets received by any of them from any person or entity, including the value, location, and disposition of any assets so received;

E. Of all funds received by the Receivership Entities, and each of them, in any way related, directly or indirectly, to the conduct alleged in the Commission's Complaint. The submission must clearly identify, among other things, all investors, the securities they purchased, the date and amount of their investments, and the current location of such funds;

G. Of all expenditures exceeding $1,000 made by any of them, including those made on their behalf by any person or entity; and

H. Of all transfers of assets made by any of them.

11. Within thirty (30) days of the entry of this Order, the Receivership Entities shall provide to the Receiver and the Commission copies of the Receivership Entities' federal income tax returns for 2015 through present with all relevant and necessary underlying documentation.

12. The individual Receivership Entities and the Receivership Entities' past and/or present officers, directors, agents, attorneys, managers, shareholders, employees, accountants, debtors, creditors, managers and general and limited partners, and other appropriate persons or entities shall answer under oath to the Receiver all questions which the Receiver may put to them and produce all documents as required by the Receiver regarding the business of the Receivership Entities, or any other matter relevant to the operation or administration of the receivership or the collection of funds due to the Receivership Entities. In the event that the Receiver deems it

necessary to require the appearance of the aforementioned persons or entities, the Receiver shall make its discovery requests in accordance with the Federal Rules of Civil Procedure.

13. The Receiver is authorized to issue subpoenas to compel testimony of persons or production of records, consistent with the Federal Rules of Civil Procedure and applicable Local Rules, except for the provisions of Fed. R. Civ. P. 26(d)(1), concerning any subject matter within the powers and duties granted by this Order.

14. The Receivership Entities are required to assist the Receiver in fulfilling his duties and obligations. As such, they must respond promptly and truthfully to all requests for information and documents from the Receiver.

IV. Access to Books, Records, and Accounts

15. The Receiver is authorized to take immediate possession of all assets, bank accounts or other financial accounts, books and records and all other documents or instruments relating to the Receivership Entities. All persons and entities having control, custody or possession of any Receivership Property are hereby directed to turn such property over to the Receiver.

16. The Receivership Entities, as well as their agents, servants, employees, attorneys, any persons acting for or on behalf of the Receivership Entities, and any persons receiving notice of this Order by personal service, facsimile transmission or otherwise, having possession of the property, business, books, records, accounts or assets of the Receivership Entities are hereby directed to deliver the same to the Receiver, his agents and/or employees.

17. All banks, brokerage firms, financial institutions, and other persons or entities which have possession, custody or control of any assets or funds held by, in the name of, or for the benefit of, directly or indirectly, and of the Receivership Entities that receive actual notice of this Order by personal service, facsimile transmission or otherwise shall:

A. Not liquidate, transfer, sell, convey or otherwise transfer any assets, securities, funds, or accounts in the name of or for the benefit of the Receivership Entities except upon instructions from the Receiver;

B. Not exercise any form of set-off, alleged set-off, lien, or any form of self-help whatsoever, or refuse to transfer any funds or assets to the Receiver's control without the permission of this Court;

C. Within five (5) business days of receipt of that notice, file with the Court and serve on the Receiver and counsel for the Commission a certified statement setting forth, with respect to each such account or other asset, the balance in the account or description of the assets as of the close of business on the date of receipt of the notice; and,

D. Cooperate expeditiously in providing information and transferring funds, assets and accounts to the Receiver or at the direction of the Receiver.

V. Access to Real and Personal Property

18. The Receiver is authorized to take immediate possession of all personal property of the Receivership Entities, wherever located, including but not limited to electronically stored information, computers, laptops, hard drives, external storage drives, and any other such memory, media or electronic storage devices, books, papers, data processing records, evidence of indebtedness, bank records and accounts, savings records and accounts, brokerage records and accounts, certificates of deposit, stocks, bonds, debentures, and other securities and investments, contracts, mortgages, furniture, office supplies and equipment.

19 The Receiver is authorized to take immediate possession of all real property of the Receivership Entities, wherever located, including but not limited to all ownership and leasehold interests and fixtures. Upon receiving actual notice of this Order by personal service, facsimile transmission or otherwise, all persons other than law enforcement officials acting within the course and scope of their official duties, are (without the express written permission of the Receiver) prohibited from: (a) entering such premises; (b) removing anything from such premises; or, (c) destroying, concealing or erasing anything on such premises.

20. In order to execute the express and implied terms of this Order, the Receiver is authorized to change door locks to the premises described above. The Receiver shall have exclusive control of the keys. The Receivership Entities, or any other person acting or purporting to act on their behalf, are ordered not to change the locks in any manner, nor to have duplicate keys made, nor shall they have keys in their possession during the term of the receivership.

21. The Receiver is authorized to open all mail directed to or received by or at the offices or post office boxes of the Receivership Entities, and to inspect all mail opened prior to the entry of this Order, to determine whether items or information therein fall within the mandates of this Order.

22. Upon the request of the Receiver, the United States Marshal Service, in any judicial district, is hereby ordered to assist the Receiver in carrying out his duties to take possession, custody and control of, or identify the location of, any assets, records or other materials belonging to the Receivership Estates.

VI. Notice to Third Parties

23. The Receiver shall promptly give notice of his appointment to all known officers, directors, agents, employees, shareholders, creditors, debtors, managers and general and limited partners of the Receivership Entities, as the Receiver deems necessary or advisable to effectuate the operation of the receivership.

24. All persons and entities owing any obligation, debt, or distribution with respect to an ownership interest to any Receivership Entity shall, until further ordered by this Court, pay all such obligations in accordance with the terms thereof to the Receiver and its receipt for such payments shall have the same force and effect as if the Receivership Entity had received such payment.

25. In furtherance of his responsibilities in this matter, the Receiver is authorized to communicate with, and/or serve this Order upon, any person, entity or government office that he deems appropriate to inform them of the status of this matter and/or the financial condition of the Receivership Estates. All government offices which maintain public files of security interests in real and personal property shall, consistent with such office's applicable procedures, record this Order upon the request of the Receiver or the SEC.

26. The Receiver is authorized to instruct the United States Postmaster to hold and/or reroute mail which is related, directly or indirectly, to the business, operations or activities of any of the Receivership Entities ("Receiver's Mail"), including all mail addressed to, or for the benefit of, the Receivership Entities. The Postmaster shall not comply with, and shall immediately report to the Receiver, any change of address or other instruction given by anyone other than the Receiver concerning the Receiver's Mail. The Receivership Entities shall not open any of the Receiver's Mail and shall immediately turn over such mail, regardless of when received, to the Receiver. All personal mail of any individual Receivership Entities, and/or any mail appearing to contain privileged information, and/or any mail not falling within the mandate of the Receiver, shall be released to the named addressee by the Receiver. The foregoing instructions shall apply to any proprietor, whether individual or entity, of any private mailbox, depository, business or service, or mail courier or delivery service, hired, rented or used by the Receivership Entities. The Receivership Entities shall not open a new mailbox, or take any steps or make any arrangements to receive mail in contravention of this Order, whether through the U.S. mail, a private mail depository or courier service.

27. Subject to payment for services provided, any entity furnishing water, electric, telephone, sewage, garbage or trash removal services to the Receivership Entities shall maintain

such service and transfer any such accounts to the Receiver unless instructed to the contrary by the Receiver.

VII. Injunction Against Interference with Receiver

29. The Receivership Entities and all persons receiving notice of this Order by personal service, facsimile or otherwise, are hereby restrained and enjoined from directly or indirectly taking any action or causing any action to be taken, without the express written agreement of the Receiver, which would:

A. Interfere with the Receiver's efforts to take control, possession, or management of any Receivership Property; such prohibited actions include but are not limited to, using self-help or executing or issuing or causing the execution or issuance of any court attachment, subpoena, replevin, execution, or other process for the purpose of impounding or taking possession of or interfering with or creating or enforcing a lien upon any Receivership Property;

B. Hinder, obstruct or otherwise interfere with the Receiver in the performance of his duties; such prohibited actions include but are not limited to, concealing, destroying or altering records or information;

C. Dissipate or otherwise diminish the value of any Receivership Property; such prohibited actions include but are not limited to, releasing claims or disposing, transferring, exchanging, assigning or in any way conveying any Receivership Property, enforcing judgments, assessments or claims against any Receivership Property or any Receivership Entity, attempting to modify, cancel, terminate, call, extinguish, revoke or accelerate (the due date), of any lease, loan, mortgage, indebtedness, security agreement or other agreement executed by any Receivership Entity or which otherwise affects any Receivership Property; or,

D. Interfere with or harass the Receiver, or interfere in any manner with the exclusive jurisdiction of this Court over the Receivership Estates.

30. The Receivership Entities shall cooperate with and assist the Receiver in the performance of his duties.

31. The Receiver shall promptly notify the Court and SEC counsel of any failure or apparent failure of any person or entity to comply in any way with the terms of this Order.

VIII. Stay of Litigation

32. As set forth in detail below, and excluding the instant proceeding, all police or regulatory actions and actions of the Commission related to the above-captioned enforcement action, and the proceedings specified in the Court's Order Granting the Receiver's Emergency Motion to Lift Litigation Injunction as to Certain Garnishment Proceedings [ECF No. 112], the following proceedings are stayed until further Order of this Court:

> All civil legal proceedings of any nature, including, but not limited to, bankruptcy proceedings, arbitration proceedings, foreclosure actions, default proceedings, or other actions of any nature involving: (a) the Receiver, in his capacity as Receiver; (b) any Receivership Property, wherever located; (c) any of the Receivership Entities, including subsidiaries and partnerships; or, (d) any of the Receivership Entities' past or present officers, directors, managers, agents, or general or limited partners sued for, or in connection with, any action taken by them while acting in such capacity of any nature, whether as plaintiff, defendant, third-party plaintiff, third-party defendant, or otherwise (such proceedings are hereinafter referred to as "Ancillary Proceedings").

33. The parties to any and all Ancillary Proceedings are enjoined from commencing or continuing any such legal proceeding, or from taking any action, in connection with any such proceeding, including, but not limited to, the issuance or employment of process.

34. All Ancillary Proceedings are stayed in their entirety, and all Courts having any jurisdiction thereof are enjoined from taking or permitting any action until further Order of this Court. Further, as to a cause of action accrued or accruing in favor of one or more of the Receivership Entities against a third person or party, any applicable statute of limitation is tolled during the period in which this injunction against commencement of legal proceedings is in effect as to that cause of action.

IX. Managing Assets

35. For each of the Receivership Estates, the Receiver shall establish one or more custodial accounts at a federally insured bank to receive and hold all cash equivalent Receivership Property ("Receivership Funds").

36. The Receiver's deposit account shall be entitled "Receiver's Account, Estate of [Receivership Entity]" together with the name of the action.

37. The Receiver may, without further Order of this Court, transfer, compromise, or otherwise dispose of any Receivership Property, other than real estate, in the ordinary course of business, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such Receivership Property.

38. Subject to Paragraph 39, immediately below, the Receiver is authorized to locate, list for sale or lease, engage a broker for sale or lease, cause the sale or lease, and take all necessary and reasonable actions to cause the sale or lease of all real property in the Receivership Estates, either at public or private sale, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such real property.

39. Upon further Order of this Court, pursuant to such procedures as may be required by this Court and additional authority such as 28 U.S.C. §§ 2001 and 2004, the Receiver will be authorized to sell, and transfer clear title to, all real property in the Receivership Estates.

40. The Receiver is authorized to take all actions to manage, maintain, and/or wind-down business operations of the Receivership Estates, including making legally required payments to creditors, employees, and agents of the Receivership Estates and communicating with vendors, investors, governmental and regulatory authorities, and others, as appropriate.

41. The Receiver shall take all necessary steps to enable the Receivership Funds to obtain and maintain the status of a taxable "Settlement Fund," within the meaning of Section 468B of the Internal Revenue Code and of the regulations, when applicable, whether proposed,

temporary or final, or pronouncements thereunder, including the filing of the elections and statements contemplated by those provisions. The Receiver shall be designated the administrator of the Settlement Fund, pursuant to Treas. Reg. § 1.468B-2(k)(3)(i), and shall satisfy the administrative requirements imposed by Treas. Reg. § 1.468B-2, including but not limited to (a) obtaining a taxpayer identification number, (b) timely filing applicable federal, state, and local tax returns and paying taxes reported thereon, and (c) satisfying any information, reporting or withholding requirements imposed on distributions from the Settlement Fund. The Receiver shall cause the Settlement Fund to pay taxes in a manner consistent with treatment of the Settlement Fund as a "Qualified Settlement Fund." The Receivership Entities shall cooperate with the Receiver in fulfilling the Settlement Funds' obligations under Treas. Reg. § 1.468B-2.

X. Investigate and Prosecute Claims

42. Subject to the requirement, in Section VIII above, that leave of this Court is required to resume or commence certain litigation, the Receiver is authorized, empowered and directed to investigate, prosecute, defend, intervene in or otherwise participate in, compromise, and/or adjust actions in any state, federal or foreign court or proceeding of any kind as may in his discretion, and in consultation with SEC counsel, be advisable or proper to recover and/or conserve Receivership Property.

43. Subject to his obligation to expend receivership funds in a reasonable and cost-effective manner, the Receiver is authorized, empowered and directed to investigate the manner in which the financial and business affairs of the Receivership Entities were conducted and (after obtaining leave of this Court) to institute such actions and legal proceedings, for the benefit and on behalf of the Receivership Estate, as the Receiver deems necessary and appropriate; the Receiver may seek, among other legal and equitable relief, the imposition of constructive trusts,

disgorgement of profits, asset turnover, avoidance of fraudulent transfers, rescission and restitution, collection of debts, and such other relief from this Court as may be necessary to enforce this Order. Where appropriate, the Receiver should provide prior notice to Counsel for the Commission before commencing investigations and/or actions.

44. The Receiver hereby holds, and is therefore empowered to waive, all privileges, including the attorney-client privilege, held by all entity Receivership Entities.

45. The receiver has a continuing duty to ensure that there are no conflicts of interest between the Receiver, his Retained Personnel (as that term is defined below), and the Receivership Estate.

XI. Bankruptcy Filing

46. The Receiver may seek authorization of this Court to file voluntary petitions for relief under Title 11 of the United States Code ("Bankruptcy Code") for the Receivership Entities. If a Receivership Entity is placed in bankruptcy proceedings, the Receiver may become, and may be empowered to operate each of the Receivership Estates as, a debtor in possession. In such a situation, the Receiver shall have all of the powers and duties as provided a debtor in possession under the Bankruptcy Code to the exclusion of any other person or entity. Pursuant to Paragraph 4 above, the Receiver is vested with management authority for all entity Receivership Entities and may therefore file and manage a Chapter 11 petition.

47. The provisions of Section VIII above bar any person or entity, other than the Receiver, from placing any of the Receivership Entities in bankruptcy proceedings.

XII. Liability of Receiver

48. Until further Order of this Court, the Receiver shall not be required to post bond or give an undertaking of any type in connection with his fiduciary obligations in this matter.

49. The Receiver and his agents, acting within scope of such agency ("Retained Personnel") are entitled to rely on all outstanding rules of law and Orders of this Court and shall not be liable to anyone for their own good faith compliance with any order, rule, law, judgment, or decree. In no event shall the Receiver or Retained Personnel be liable to anyone for their good faith compliance with their duties and responsibilities as Receiver or Retained Personnel, nor shall the Receiver or Retained Personnel be liable to anyone for any actions taken or omitted by them except upon a finding by this Court that they acted or failed to act as a result of malfeasance, bad faith, gross negligence, or in reckless disregard of their duties.

50. This Court shall retain jurisdiction over any action filed against the Receiver or Retained Personnel based upon acts or omissions committed in their representative capacities.

51. In the event the Receiver decides to resign, the Receiver shall first give written notice to the Commission's counsel of record and the Court of its intention, and the resignation shall not be effective until the Court appoints a successor. The Receiver shall then follow such instructions as the Court may provide.

XIII. Recommendations and Reports

52. If the Receiver deems it necessary, the Receiver is authorized to develop a plan for the fair, reasonable, and efficient recovery and liquidation of all remaining, recovered, and recoverable Receivership Property ("Liquidation Plan") for review by the Court. The Receiver shall file the Liquidation Plan in the above-captioned action, with service copies to counsel of record.

53. Within thirty (30) days after the end of each calendar quarter, the Receiver shall file and serve a full report and accounting of each Receivership Estate ("Quarterly Status Report"), reflecting (to the best of the Receiver's knowledge as of the period covered by the report) the

existence, value, and location of all Receivership Property, and of the extent of liabilities, both those claimed to exist by others and those the Receiver believes to be legal obligations of the Receivership Estates.

54. The Quarterly Status Report shall contain the following:

A. A summary of the operations of the Receiver;

B. The amount of cash on hand, the amount and nature of accrued administrative expenses, and the amount of unencumbered funds in the estate;

C. A schedule of all the Receiver's receipts and disbursements (attached as Exhibit A to the Quarterly Status Report), with one column for the quarterly period covered and a second column for the entire duration of the receivership;

D. A description of all known Receivership Property, including approximate or actual valuations, anticipated or proposed dispositions, and reasons for retaining assets where no disposition is intended;

E. A description of liquidated and unliquidated claims held by the Receivership Estate, including the need for forensic and/or investigatory resources; approximate valuations of claims; and anticipated or proposed methods of enforcing such claims (including likelihood of success in: (i) reducing the claims to judgment; and, (ii) collecting such judgments);

F. A list of all known creditors with their addresses and the amounts of their claims;

G. The status of Creditor Claims Proceedings, after such proceedings have been commenced; and,

H. The Receiver's recommendations for a continuation or discontinuation of the receivership and the reasons for the recommendations.

55. On the request of the Commission, the Receiver shall provide the Commission with any documentation that the Commission deems necessary to meet its reporting requirements, that is mandated by statute or Congress, or that is otherwise necessary to further the Commission's mission.

XIV. Fees, Expenses and Accountings

56. Subject to Paragraphs 57 – 63 immediately below, the Receiver need not obtain Court approval prior to the disbursement of Receivership Funds for expenses in the ordinary course of the administration and operation of the receivership. Further, prior Court approval is not required for payments of applicable federal, state or local taxes.

57. Subject to Paragraph 58 immediately below, the Receiver is authorized to solicit persons and entities ("Retained Personnel") to assist him in carrying out the duties and responsibilities described in this Order. The Receiver shall not engage any Retained Personnel without first obtaining an Order of the Court authorizing such engagement.

58. The Receiver and Retained Personnel are entitled to reasonable compensation and expense reimbursement from the Receivership Estates as described in the "Billing Instructions for Receivers in Civil Actions Commenced by the U.S. Securities and Exchange Commission" ("Billing Instructions") agreed to by the Receiver. Such compensation shall require the prior approval of the Court.

59. Within forty-five (45) days after the end of each calendar quarter, the Receiver and Retained Personnel shall apply to the Court for compensation and expense reimbursement from the Receivership Estates ("Quarterly Fee Applications"). At least thirty (30) days prior to filing each Quarterly Fee Application with the Court, the Receiver will serve upon counsel for the SEC a complete copy of the proposed Application, together with all exhibits and relevant billing information in a format to be provided by SEC staff.

60. All Quarterly Fee Applications will be interim and will be subject to cost benefit and final reviews at the close of the receivership. At the close of the receivership, the Receiver

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will file a final fee application, describing in detail the costs and benefits associated with all litigation and other actions pursued by the Receiver during the course of the receivership.

61. Quarterly Fee Applications may be subject to a holdback of 20% of the amount of fees and expenses for each application filed with the Court. The total amounts held back during the course of the receivership will be paid out at the discretion of the Court as part of the final fee application submitted at the close of the receivership.

62. Each Quarterly Fee Application shall:

A. Comply with the terms of the Billing Instructions agreed to by the Receiver; and,

B. Contain representations (in addition to the Certification required by the Billing Instructions) that: (i) the fees and expenses included therein were incurred in the best interests of the Receivership Estate; and, (ii) with the exception of the Billing Instructions, the Receiver has not entered into any agreement, written or oral, express or implied, with any person or entity concerning the amount of compensation paid or to be paid from the Receivership Estate, or any sharing thereof.

63. At the close of the Receivership, the Receiver shall submit a Final Accounting, in a format to be provided by SEC staff, as well as the Receiver's final application for compensation and expense reimbursement.

DONE AND ORDERED in Fort Lauderdale, Florida, this 13th day of August, 2020.

RODOLFO A. RUIZ II
UNITED STATES DISTRICT JUDGE

Copies to: Counsel of Record

EXHIBIT C

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

JOSEPH and JOAN CAPUTO, on behalf of themselves and all others similarly situated,	:	
	:	C.A. No. 20-cv-1042-CFC
Plaintiffs,	:	
v.	:	
DEAN VAGNOZZI; ABetterFinancialPlan.com d/b/a A BETTER FINANCIAL PLAN; JOHN W. PAUCIULO; ECKERT SEAMANS CHERIN & MELLOTT, LLC; ABFP MANAGEMENT COMPANY, LLC; ABFP INCOME FUND, LLC; ABFP INCOME FUND 2, L.P.; ABFP INCOME FUND 3, LLC; ABFP INCOME FUND 4; LLC; ABFP INCOME FUND 5, LLC; ABFP INCOME FUND 6, LLC; ABFP INCOME FUND 7, LLC; ABFP INCOME FUND PARALLEL LLC; ABFP INCOME FUND 2 PARALLEL LLC; ABFP INCOME FUND 3 PARALLEL LLC; ABFP INCOME FUND 4 PARALLEL LLC; ABFP INCOME FUND 6 PARALLEL LLC; and ABFP INCOME FUND 7 PARALLEL LLC,	:	
Defendants.	:	

NOTICE OF STAY

Ryan K. Stumphauzer, Esquire, as Receiver for A BETTER FINANCIAL PLAN, ABFP MANAGEMENT CO., LLC, ABFP INCOME FUNDS 1-6, and ABFP INCOME FUNDS 1-6 PARALLEL, named as defendants herein, by and through his counsel Farnan LLP and Pietragallo Gordon Alfano Bosick & Raspanti, LLP, hereby requests a stay in this matter.

Attached hereto as Exhibit A is an Amended Complaint filed on August 10, 2020, by the Securities Exchange Commission in the United States District Court for the Southern District of

Florida. (Case No. 9:20-cv-81205-RAR, D.I. 119). On August 11, 2020, the District Court entered an Amended Order Appointing Ryan K. Stumphauzer as Receiver, attached hereto as Exhibit B. (D.I. 141). As set forth in paragraph 32 therein, the United States District Court for the Southern District of Florida has entered a nationwide litigation stay regarding the following proceedings:

> **All civil legal proceedings of any nature**, including, but not limited to, bankruptcy proceedings, arbitration proceedings, foreclosure actions, default proceedings, or other actions of any nature **involving**: (a) the Receiver, in his capacity as Receiver; (b) any Receivership Property, wherever located; **(c) any of the Receivership Entities, including subsidiaries and partnerships; or, (d) any of the Receivership Entities' past or present officers, directors, managers, agents, or general or limited partners sued for, or in connection with, any action taken by them while acting in such capacity of any nature**, whether as plaintiff, defendant, third-party plaintiff, third-party defendant, or otherwise (such proceedings are hereinafter referred to as "Ancillary Proceedings").

Ex. B ¶ 32 (emphasis added).

Defendants A BETTER FINANCIAL PLAN, ABFP MANAGEMENT CO., LLC, ABFP INCOME FUNDS 1-6, and ABFP INCOME FUNDS 1-6 PARALLEL are "Receivership Entities" as defined in Paragraph 1 of the District Court's Amended Order Appointing Receiver. As set forth in paragraph 6 of the Amended Complaint, Defendant Dean Vagnozzi is the principal of A BETTER FINANCIAL PLAN and manages, oversees, and coordinates ABFP MANAGEMENT COMPANY, LLC and the ABFP Income Funds. Ex. A ¶ 6, 7, 22-28. Thus, these entities and Mr. Vagnozzi are subject to the litigation stay entered by the United States District Court for the Southern District of Florida.

Accordingly, the Receiver, through counsel, respectfully requests that this Court enter a litigation stay in the above-captioned matter.

Dated: August 27, 2020

Respectfully submitted,

Of Counsel:

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FARNAN LLP

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Attorneys for Ryan K. Stumphauzer, Esquire as Receiver for Complete Business Solutions Group, Inc. d/b/a PAR Funding

Exhibit A

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,
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,
RETIREMENT EVOLUTION INCOME FUND, LLC, f/k/a RE INCOME FUND, LLC,
RE INCOME FUND 2, LLC,
LISA MCELHONE,
JOSEPH COLE BARLETA, a/k/a/ JOE COLE,
JOSEPH W. LAFORTE, a/k/a JOE MACK, a/k/a/ JOE MACKI, a/k/a JOE MCELHONE,
PERRY S. ABBONIZIO,
DEAN J. VAGNOZZI,
MICHAEL C. FURMAN,
and JOHN GISSAS,

Defendants, and

THE LME 2017 FAMILY TRUST, a/k/a LME 2017 FAMILY TRUST,

Relief Defendant.

_____/

AMENDED COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF[1]

[1] The Amended Complaint corrects a scriveners error, to include "The" in the Relief Defendant's name and identifies the Trustees of the Relief Defendant.

Plaintiff Securities and Exchange Commission (the "Commission") alleges:

I. INTRODUCTION

1. This case concerns a web of unregistered, fraudulent securities offerings that have raised nearly half a billion dollars from an estimated 1,200 investors nationwide. At the center of this web are Lisa McElhone and her husband, convicted felon Joseph W. LaForte, a/k/a Joe Mack, a/k/a Joe Macki, a/k/a Joe McElhone. The McElhone-LaForte duo is in the business of making opportunistic loans – some of which charge more than 400% interest – to small businesses across America. They offer the loans through a company they control, Complete Business Solutions Group, Inc. d/b/a Par Funding ("Par Funding").

2. To fuel the Par Funding loans and enrich themselves, the Defendants operate a scheme wherein they raise investor money through unregistered securities offerings. From August 2012 until approximately December 2017, Par Funding primarily issued promissory notes and offered them to the investing public directly and through a network of sales agents.

3. This changed in early January 2018, when Par Funding learned it was under investigation by the Pennsylvania Department of Banking and Securities for violating state securities laws through its use of unregistered agents. In September 2018, Par Funding told the Pennsylvania Securities Regulators it had terminated its agreements with the unregistered sales agents. This was only half of the story.

4. In truth and unbeknownst to the Pennsylvania Securities Regulators, after learning of the investigation Par Funding implemented a new way to fuel its loans – namely, through so-called "Agent Funds" created for the purpose of issuing their own promissory notes, selling the notes to the investing public through unregistered securities offerings, and funneling investor funds to Par Funding. Par Funding compensates the Agent Funds by issuing Par Funding promissory notes to the Agent Funds offering higher rates of return than what the Agent Funds are obligated

to pay investors under the Agent Funds' notes. Par Funding has more than 40 Agent Funds operating today.

5. McElhone and Laforte orchestrate the scheme through Par Funding and McElhone's company, Full Spectrum Processing, Inc., whose employees and officers operate Par Funding. LaForte, Full Spectrum CFO Joseph Cole Barleta, a/k/a Joe Cole, and Par Funding investment director and partial owner Perry S. Abbonizio solicit investors to invest in the securities.

6. Dean J. Vagnozzi, through his company ABetterFinancialPlan.com d/b/a A Better Financial Plan, recruits individuals to create the Agent Funds, offering them the opportunity to open a turnkey Agent Fund that issues and sells securities, complete with training, marketing materials, and an "Agent Guide," as well as a Private Placement Memorandum, corporate registration, and offering materials provided by Vagnozzi's attorney. Vagnozzi manages the Agent Funds through his company ABFP Management Company, LLC, and Abbonizio oversees and coordinates the Agent Funds.

7. Vagnozzi, Michael C. Furman, and John Gissas each operate Agent Funds that raise money for Par Funding through unregistered securities offerings. Vagnozzi operates ABFP Income Fund, LLC and ABFP Income Fund 2, L.P., which issue, offer, and sell promissory notes and limited partnership interests to investors. Furman, through his company United Fidelis Group Corp., operates and manages Fidelis Financial Planning LLC, which issues, offers, and sells promissory notes to investors; and Gissas, through his company Retirement Evolution Group, LLC, operates Retirement Evolution Income Fund LLC and RE Income Fund 2, LLC, both of which issue, offer and sell promissory notes to investors.

8. The fraudulent scheme operates behind multiple veils of secrecy built of the Defendants' lies to conceal: (1) the true nature of Par Funding's loan practices; (2) Par Funding's

true track record of issuing loans and the default rates of the loans; (3) the safety of investing in Par Funding's loans; (4) LaForte's criminal record, identity, and control of Par Funding; (5) three Cease-and-Desist Orders state securities regulators have entered against Par Funding for violating state securities laws; (6) the true result of the New Jersey Division of Securities' investigation of Par Funding; (7) the fact that contrary to Par Funding's representations to the Commission in its filings, it diverts investor funds to McElhone and Cole, Par Funding's CFO, and also funnels money to The LME 2017 Family Trust, which is McElhone's family trust; (8) the fact that contrary to his representations to investors, LaForte has never invested in Par Funding; (9) a Cease-and-Desist Order and sanctions issued against Vagnozzi for violating state securities laws in connection with the Par Funding offering; (10) a Cease-and-Desist Order and sanctions issued against ABFP for violating state securities laws in connection with the Par Funding offering; and (11) a Cease-and-Desist Order and sanctions issued against Abbonizio for violating state securities laws in connection with the Par Funding offering.

9. These lies, and the scheme the Defendants employ to perpetuate them in the unregistered securities offerings, form the basis of this action. Each Defendant plays a critical and substantial role in the fraudulent scheme to misrepresent and conceal the truth. Each individual Defendant solicits investors to purchase securities – either through an Agent Fund or directly from Par Funding – by scheming and lying. And it continues to this day.

10. Based on the ongoing nature of the Defendants' violations and the scienter the Defendants have demonstrated through their willful and wanton disregard for the federal securities laws, the Defendants have shown they will continue to violate the law unless the Court grants the emergency relief the Commission seeks: (1) a Temporary Restraining Order against all Defendants; (2) an Order to Show Cause Why a Preliminary Injunction Should Not be Granted; (3) an Asset Freeze Order; (4) an Order Requiring Sworn Accountings; (5) an Order Prohibiting the Destruction of

Documents; and (6) an Order Expediting Discovery. Simultaneously, the Commission is filing a separate motion seeking the appointment of a Receiver to further protect investors.

II. DEFENDANTS AND RELIEF DEFENDANT

A. Defendants

1. The Par Funding Entities and Employees

a. Complete Business Solutions Group, Inc. d/b/a Par Funding

11. Par Funding is a Delaware company Lisa McElhone and her husband, Joseph LaForte, started in 2011, which had its main office in Philadelphia until 2017 and currently has its sole office in Palm Beach Gardens, Florida. From no later than August 27, 2013 through present, Complete Business Solutions Group has done business using the fictitious name Par Funding. Par Funding provides short-term loans to small businesses and claims to have funded more than $600 million in loans. Lisa McElhone is Par Funding's President, CEO, and sole employee. McElhone has ultimate decision-making authority for Par Funding. The LME 2017 Family Trust is Par Funding's sole owner, and Lisa McElhone and Joseph LaForte are the trustees of this Trust.

12. In 2018, the Commonwealth of Pennsylvania, acting through the Department of Banking and Securities, Bureau of Securities Compliance and Examinations ("Bureau"), conducted an investigation of certain securities-related activities of Par Funding. Based on the results of its investigation, the Bureau concluded that Par Funding violated the Pennsylvania Securities Act of 1972, 70 P .S. § 1-301 ("Pennsylvania Securities Act"). On November 28, 2018, Par Funding consented to entry of an Order by the Pennsylvania Department of Banking and Securities imposing a $499,000 administrative assessment for violations of the Pennsylvania Securities Act through the use of an unregistered agent to offer and sell Par Funding promissory notes in Pennsylvania. *Pennsylvania Dep't of Banking and Securities v. Complete Business Solutions Group, Inc. d/b/a Par Funding* (18-0098-SEC-CAO).

13. On December 27, 2018, the New Jersey Bureau of Securities issued a Cease and Desist Order against Par Funding, based on Par Funding's sale of unregistered securities in New Jersey and use of unregistered agents, in violation of the New Jersey securities laws. *In re the Matter of Complete Business Solutions Group, Inc. and Complete Business Solutions Group, Inc. d/b/a Par Funding.*

14. In February 2020, the Texas State Securities Board issued an Emergency Cease and Desist Order against Par Funding and others, alleging fraud and registration violations, and that matter is in active litigation. *In the Matter of Senior Asset Protection, Inc. dba Encore Financial Solutions, Merchant Growth & Income Funding, LLC, ABetterFinancialPlan.com, LLC aka ABetterFinancialPlan, Complete Business Solutions Group, Inc. dba Par Funding, Gary Neal Beasley and Perry Abbonizio* (ENF-CDO-20-1798). The Texas action alleges that all of the respondents engaged in fraud based on their failure to disclose to investors the Pennsylvania and New Jersey Orders against Par Funding and court actions filed against Par Funding based on its lending practices.

b. Full Spectrum Processing, Inc.

15. Full Spectrum is a Pennsylvania company created in 2016 and its primary place of business is in Philadelphia, Pennsylvania. Lisa McElhone is the sole owner of Full Spectrum. Since 2017, McElhone has used Full Spectrum to operate Par Funding, which has no employee other than McElhone.

c. Lisa McElhone

16. McElhone is a Florida resident. She created Par Funding, is its Chief Executive Officer and sole employee, and is also the sole owner of Full Spectrum. McElhone is and always has been a signatory on all Par Funding bank accounts. On August 1, 2012, the Director for the Department of Consumer and Business Services for the State of Oregon issued a Cease and Desist

Order against McElhone for providing debt management services without registering as a debt management services provider, in violation of the Oregon Mortgage Lender Law and Oregon statutes. McElhone consented to a permanent Cease-and-Desist Order on October 13, 2013. Between July 2015 and October 2019, McElhone received approximately $11.3 million from Par Funding via checks and wire transfers.

d. **Joseph W. LaForte, a/k/a Joe Mack, a/k/a Joe Macki, a/k/a Joe McElhone**

17. LaForte is a resident of Philadelphia, Pennsylvania and the spouse of Lisa McElhone, with whom he founded Par Funding. LaForte uses the aliases Joe Mack, Joe Macki, and Joe McElhone. LaForte claims to be the owner of Par Funding and runs the day-to-day operations. LaForte acts as the *de facto* CEO of Par Funding and Full Spectrum, and Abbonizio introduces him to investors as Par Funding's president. He also serves as Par Funding's Director of Sales through his employment with Recruiting and Marketing Resources. He conducts his work for Par Funding primarily within the Full Spectrum office space in Philadelphia. From 1995 until 2000, LaForte worked for various securities broker-dealers. He obtained Series 7 and Series 63 securities licenses in 1996 and a Series 24 securities license in 1997; however, these licenses have expired.

18. On October 4, 2006, LaForte was convicted of state charges in New York for grand larceny and money laundering, and on November 8, 2007 he was sentenced to three to ten years in prison and to pay restitution in the amount of $14.1 million. In 2009, LaForte pled guilty to federal criminal charges in the District of New Jersey for conspiracy to operate an illegal gambling business. He was released from jail in February 2011 and founded Par Funding with his wife, McElhone, shortly thereafter while on supervised release.

e. Joseph Cole Barleta, a/k/a Joseph Cole a/k/a Joe Cole

19. Cole is a resident of Philadelphia, Pennsylvania. He was employed by Par Funding as its CFO until 2017, when all of Par Funding employees were converted to Full Spectrum employees. Since 2017, he has been employed by Full Spectrum as Full Spectrum's CFO, and through his employment at Full Spectrum has functioned as the CFO of Par Funding from 2017 through present. From July 2019 until October, Cole received about $1.8 million from Par Funding, which included investor funds, through payments to his company ALB Management Inc. Between July 2016 and November 2019, Par Funding transferred about $14.4 million, which included investor funds, to Beta Abigail and New Field Ventures, LLC, companies in which Cole has an ownership or other beneficial interest.

f. Perry S. Abbonizio

20. Abbonizio claims to be an owner and managing partner of Par Funding and he is responsible for bringing investment capital into Par Funding. He recruits and trains Par Funding's Agent Fund managers, provides information to potential investors about Par Funding, oversees the Agent Funds, and solicits investors. From February 2017 until November 2019, Par Funding has paid about $9.5 million, including investor funds, to Abbonizio's company with Cole, New Field Ventures. Abbonizio held Series 7, 63 and 65 securities licenses that have expired. From 1996 until 2015, Abbonizio was associated with various securities broker-dealers.

21. In 2015, the Financial Industry Regulatory Authority ("FINRA") sanctioned Abbonizio by consent in a regulatory action resulting in a four-month license suspension and $10,000 fine based on allegations that Abbonizio, without providing notice to his FINRA member firm, solicited his firm clients to purchase $625,000 in outside private placements and received compensation without firm knowledge/permission. In February 2020, the Texas Securities Board

issued an Emergency Cease-And-Desist Order against Abbonizio for fraud violations in connection with the offer and sale of Par Funding promissory notes.

2. The "A Better Financial Plan" Companies and Owner

a. Dean J. Vagnozzi

22. Vagnozzi lives in Pennsylvania and is the sole owner of ABFP and ABFP Management. He held Series 6 and 63 securities licenses, which have expired, and was associated with a FINRA-registered securities broker-dealer from February 2008 until February 2009. In addition to operating the ABFP entities and funds, Vagnozzi solicited investors to invest in Par Funding promissory notes pursuant to a so-called "finders agreement" from about August 2016 until December 2017. Since January 2018, he also recruited individuals to start investment firms for the purpose of raising money for Par Funding, and has individuals nationwide operating these investment firms which he manages through ABFP Management.

23. On May 30, 2019, Vagnozzi, doing business as ABFP, entered into a settlement with the Pennsylvania Department of Banking and Securities in connection with the sale of promissory notes Par Funding offered and sold. In connection with that case, Vagnozzi agreed to pay a penalty of $490,000 for violations of the Pennsylvania Securities Act. On July 14, 2020, the Commission instituted settled administrative proceedings against Vagnozzi for his offering and selling unregistered securities in violation of Section 5 of the Securities Act and acting as an unregistered broker-dealer in violation of Section 15(a) of the Exchange Act, in connection with the sale of securities unrelated to the instant case.

a. ABFP Management Company, LLC

24. ABFP Management is a Delaware limited liability company located in Collegeville, Pennsylvania. It is wholly owned by Dean Vagnozzi. It is engaged in the business of, among things, providing management services related to organizing and operating companies formed for

the purpose of raising funds from investors and using the investor funds to invest in alternative investments. ABFP Management provides these and other management services for the Par Funding Agent Funds in exchange for a portion of the investment returns.

a. ABetterFinancialPlan.Com d/b/a A Better Financial Plan

25. ABFP is a Pennsylvania limited liability company Dean Vagnozzi formed on November 12, 2010. It is located in King of Prussia, Pennsylvania. Vagnozzi owns and manages ABFP, and he claims it is his corporate alter ego. ABFP is an investment firm that offers alternative investments involving assets unrelated to the stock market. ABFP has been soliciting investors for Par Funding since no later than April 4, 2017.

26. In February 2020, the Texas Securities Board issued an Emergency Cease-And-Desist Order against ABFP for fraud violations in connection with the offer and sale of Par Funding promissory notes. On July 14, 2020, the Commission instituted settled administrative proceedings against ABFP for its violations of Section 5 of the Securities Act and Section 15(a) of the Exchange Act in connection with the sale of securities unrelated to the instant case.

a. ABFP Income Fund, LLC

27. ABFP Income Fund is a Delaware limited liability company created by Vagnozzi on January 12, 2018, with a principal place of business in King of Prussia, Pennsylvania. Beginning no later than February 2, 2019, Vagnozzi, through ABFP Income Fund, raised at least $22 million for Par Funding through the offer and sale of promissory notes to at least 99 investors.

a. ABFP Income Fund 2, L.P.

28. ABFP Income Fund 2 is a Delaware limited partnership formed in 2018 with its principal place of business in King of Prussia, Pennsylvania. Vagnozzi, through ABFP Management, formed ABFP Income Fund 2 for the purpose of raising investor money to pool and invest in the promissory notes of merchant cash advance companies, and specifically Par Funding.

ABFP Management is the General Partner of ABFP Income Fund 2. Beginning no later than August 8, 2018, Vagnozzi, through ABFP Income Fund 2, has raised at least $6 million for Par Funding, through the offer and sale of limited partnership interests in ABFP Income Fund 2 to at least 49 investors.

3. The Florida Investment Firms, Agent Funds, and Owners

a. Michael C. Furman

29. Furman is a resident of West Palm Beach, Florida. He is the President of Fidelis Planning, which he manages through his company United Fidelis Group. He is a certified public accountant licensed in Pennsylvania.

b. United Fidelis Group Corp.

30. United Fidelis Group is a Florida corporation Furman incorporated in May 2014 and its principal address is in West Palm Beach, Florida. Furman owns and operates United Fidelis Group.

c. Fidelis Financial Planning LLC

31. Fidelis Planning is a Delaware limited liability company formed in April 2018 and its principal address is in West Palm Beach, Florida. Michael Furman is the President of Fidelis Planning and United Fidelis Group is the sole manager of Fidelis Planning. ABFP Management provides management services to Fidelis. Fidelis is a pooled financial fund created for the purpose of raising investor funds for Par Funding. Since no later than August 9, 2018, Furman, through Fidelis Planning, has raised more than $5.8 million from investors for Par Funding through the offer and sale of promissory notes.

d. John Gissas

32. Gissas resides in Wildwood, Florida. Gissas is the President of Retirement Evolution.

e. Retirement Evolution Group, LLC

33. Retirement Evolution is a Florida limited liability company formed by John Gissas in April 2018, with its principal address in Wildwood, Florida.

f. Retirement Evolution Income Fund, LLC, f/k/a RE Income Fund LLC ("RE Income Fund")

34. RE Income Fund is a Delaware limited liability company formed in 2018 with its principal address in Wildwood, Florida. Since as early as May 2018, Gissas, through RE Income Fund, has raised more than $5.4 million from at least 62 investors for Par Funding through the offer and sale of promissory notes.

g. RE Income Fund 2, LLC

35. RE Income Fund 2 is a Delaware Limited Liability Company formed in 2019. Its principal address is in Wildwood, Florida. Gissas is its President and sole manager. RE Fund 2 is a pooled investment fund created for the purpose of raising funds for Par Funding. Since no later than August 1, 2019, Gissas, through RE Fund 2, has raised at least $150,000 from investors for Par Funding through the offer and sale of promissory notes.

B. Relief Defendant

36. **The LME 2017 Family Trust, a/k/a LME 2017 Family Trust** (the "LME Trust") owns Par Funding and McElhone is the Grantor of the Trust. According to the Certification of Trust, McElhone and LaForte are the Trustees of the LME Trust. Between July 2018 and September 2018, Par Funding transferred at least $14.3 million, which included investor funds, to the LME Trust for no legitimate purpose.

III. JURISDICTION AND VENUE

37. The Court has jurisdiction over this action pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d), and 77v(a); and Sections 21(d), 21(e), and

Section 27 of the Exchange Act, 15 U.S.C. §§ 78u(d), 78u(e), and 78aa. This Court has personal jurisdiction over the Defendants, and venue is proper in the Southern District of Florida, because many of the Defendants' acts and transactions constituting violations of the Securities Act and the Exchange Act occurred in the Southern District of Florida. Par Funding's sole office is located in the Southern District of Florida and it is registered to do business in Florida as a foreign corporation with McElhone as the registered agent. Lisa McElhone, the CEO of Par Funding and sole owner of Full Spectrum, resides in the Southern District of Florida and works in the Par Funding office located in the Southern District of Florida. Par Funding has also sold its promissory notes to investors located in the Southern District of Florida. Abbonizio has solicited investors and participated in solicitation events and meetings in the Southern District of Florida on behalf of Par Funding and as a Full Spectrum employee. Cole is the CFO of Par Funding, which has its sole office in the Southern District of Florida. LaForte and McElhone control Par Funding and Full Spectrum, which operates Par Funding, and LaForte has participated in meetings and events in the Southern District of Florida to solicit investors for the Par Funding offerings.

38. Vagnozzi has solicited investors in the Southern District of Florida, both directly and through his ABFP companies and investment funds. Furman resides in the Southern District of Florida and United Fidelis and Fidelis Planning are located in the Southern District of Florida. Investors residing in the Southern District of Florida have invested in Gissas' Retirement Evolution funds.

39. In connection with the conduct alleged in this Complaint, the Defendants, directly and indirectly, singly or in concert with others, have made use of the means or instrumentalities of interstate commerce, the means or instruments of transportation and communication in interstate commerce, and the mails.

IV. THE FRAUDULENT PAR FUNDING SECURITIES OFFERING SCHEME

A. Par Funding

40. McElhone and her husband LaForte founded Par Funding in 2011 shortly after LaForte was released from prison, and they control Par Funding together.

41. Since no later than August 1, 2012, Par Funding has been in the business of funding short-term loans to small-sized businesses, which Par Funding refers to as "merchant cash advances." (the "Loans" or "MCAs").

42. McElhone is Par Funding's sole employee. Since 2017, Par Funding has been operated by McElhone's company Full Spectrum. McElhone is the President of Par Funding, the signatory on the Par Funding bank accounts, and according to Par Funding's most recent corporate designate deposition under Federal Rule of Civil Procedure 30(b)(6), has ultimate authority over Par Funding.

43. LaForte acts as the *de facto* CEO of Par Funding. He runs the day-to-day operations of Par Funding and Full Spectrum, has hiring and firing authority, supervises the Full Spectrum employees including the underwriting employees, and together with another individual decides which Loans Par Funding will approve and fund. He also signs contracts on behalf of Par Funding and renegotiates Loan terms with small businesses.

44. Par Funding has purportedly funded more than $600 million in Loans.

45. Some of Par Funding's Loans carry interest rates of more than 400%.

46. According to a recent expert witness analysis of a sample of the Loans, more than half of the Loans charge in excess of 95% interest.

47. Since 2013, Par Funding has filed more than 2,000 lawsuits seeking more than $300 million in missed payments against small businesses Par Funding alleges defaulted on the Loans.

48. To fund the Loans Par Funding raises investor money through the offer and sale of securities in the form of promissory notes.

B. Phase 1 of The Offering: Par Funding Issues Promissory Notes Directly To Investors

49. From no later than August 2012 until December 2017, Par Funding sold promissory notes only directly to investors.

50. Par Funding issued promissory notes providing for a 12-month duration and stating the investor would receive annual interest rates ranging from 12% to 44%.

51. Investors signed a "Non-Negotiable Term Promissory Note" and an accompanying "Security Agreement" (collectively the "Par Funding Notes").

52. McElhone and Cole signed the Par Funding Notes on behalf of Par Funding.

53. The Par Funding Notes generally provide that the interest is paid over twelve months, and then the investor's principal investment is returned in full to the investor.

54. The Security Agreement states that Par Funding grants a security interest to the investor in substantially all of Par Funding's assets, including its accounts receivable.

55. To locate and solicit investors, Par Funding contracted with sales agents through "Finders Agreements" Cole signed on behalf of Par Funding. The Finders Agreements provide that once Par Funding receives investor funds, it will pay the agent a one-time distribution.

56. Beginning no later than Fall 2016 until December 2017, Vagnozzi was one such agent for Par Funding.

57. Vagnozzi and his company ABFP raised about $20 million for Par Funding in exchange for a commission equal to 6 or 7 percent of each investment he solicited.

58. Defendant Furman also solicited investors to purchase Par Funding Notes. For example, in November 2017 Furman met with potential investors at his firm, United Fidelis, in West Palm Beach, Florida, and recommended the Par Funding investment.

59. Furman told the potential investors that Par Funding made loans to small businesses and charged 36% interest on the loans. Furman distributed Par Funding marketing materials, including a brochure, and touted Par Funding's management expertise and its thorough due diligence in selecting borrowers. Furman also emphasized to the investors that their money would be safe and secure because the default rates on the Loans were 1% or less.

60. Furman told the potential investors that the percentage of interest Par Funding would pay on its Notes would depend on the amount invested. He told them the higher the investment amount, the higher the interest rate and thus the return. He explained to the potential investors that if they invested $300,000-$400,000, Par Funding promised to pay the investors an annual return of 12.5% in monthly installments over one year. Furman provided the potential investors with offering materials, including the Par Funding Note.

61. By December 2017, Par Funding had raised at least $90 million from investors through the offer and sale of Promissory Notes. The investors purchased the Par Funding notes by sending funds directly to Par Funding or through self-directed IRA accounts.

C. Par Funding Learns It Is Under Investigation For State Securities Law Violations And Begins Efforts To Restructure Its Offering To Conceal Adverse Information

62. Things changed in January 2018. On January 4, 2018, the Pennsylvania Securities Regulators issued a subpoena to Par Funding in connection with its investigation of Par Funding's use of unregistered Agents. In September 2018, Par Funding, through its counsel, assured the Pennsylvania Securities Regulators that it was no longer using Agents to find investors.

63. In truth, when Par Funding made this representation it had already restructured its offering by converting its Agents to Agent Fund managers the Agents created under the guidance and supervision of Vagnozzi and Abbonizio.

64. Vagnozzi had previously proposed this structure to Cole and Abbonizio in 2017, but Par Funding did not put this structure into place until January 2018, after it received the Pennsylvania Securities Regulators' subpoena and it continues to this day.

65. Under this new structure, Par Funding uses Agent Funds to offer and sell promissory notes the Agent Funds issue to investors. The Agent Funds then funnel investor money to Par Funding, which then issues Par Funding Notes to its Agent Funds.

66. Below is an illustration Abbonizio and his attorney showed existing investors in April 2020, explaining how the fund structure works with respect to the ABFP Income Fund:

67. The Agent Fund PPMs distributed to potential investors state that the Agent Fund is raising money to invest in "an MCA company," but do not disclose that this is Par Funding.

68. Nor do the Agent Fund PPMs disclose Par Funding's regulatory history, that Par Funding is managed by a convicted felon, that Pennsylvania and New Jersey Securities Regulators filed actions against Par Funding and there are Cease and Desist Orders against Par Funding in those states, or any other adverse information about Par Funding.

69. While the Agent Funds offer investors promissory notes in the Agent Funds, investors are told that profits will be generated by Par Funding's Loan business in which the Agent Funds invest.

D. Phase 2 of the Offering: Par Funding Uses Agent Investment Funds To Raise Investor Money And Issues Its Notes To The Agent Investment Funds

70. From January 2018 through present, Par Funding has raised investor money primarily through Agent Funds, and occasionally by selling its own Promissory Notes to investors.

1. Vagnozzi and Par Funding's Roles In Creating, Managing, and Promoting The Agent Funds' Securities Offerings

71. Vagnozzi is instrumental in recruiting people to start Agent Funds to provide funding to Par Funding.

72. As recently as April 2020, Vagnozzi hosted a Zoom call geared toward recruiting people to start Agent Funds to raise money for Par Funding. Vagnozzi led the call in which he explained that he wanted to teach people how to be "finders" and not unregistered broker-dealers so that they would not get into "any trouble." He goes on to talk about Par Funding, describing it as one of the best MCA lenders you can find, touts the 1% default rate, and says you can get commissions and "you will make money."

73. Once Vagnozzi successfully recruits Agents, he and Abbonizio train them how to raise money through securities offerings that will ultimately fuel Par Funding.

74. Vagnozzi teaches Agents how to open their own turnkey investment funds. He provides them with an "Agent Guide" that instructs them how to create an Agent Fund, telling Agents they merely need to choose a name for an Agent Fund and send that name together with $5,000 to Vagnozzi's attorney, who will then set up a fund, get the corporate paperwork filed, draft a PPM for the fund, and get a tax identification number.

75. The Agent Guide tells the Agents which banks to use to set up bank accounts and directs them to add an ABFP employee as an authorized signer on the account. According to the Agent Guide, ABFP Management then pays the investment expenses and payouts to the Agent

Funds' investors. In the Agent Guide, Vagnozzi tells the Agents that ABFP Management will handle these tasks so the Agents can "focus on selling."

76. Par Funding, through Abbonizio and Vagnozzi, also train the Agents at Full Spectrum's office and Par Funding provides the Agents with marketing materials to solicit investors.

77. Vagnozzi and Abbonizio oversee the Agent Funds and Vagnozzi manages them through his company ABFP Management in exchange for 25% of the Agent Funds' profits.

78. According to Abbonizio and LaForte, there are more than 40 Agent Funds raising investor money for Par Funding.

79. Par Funding, through LaForte, Cole, and Abbonizio, helps solicit investors to invest in the Agent Funds by speaking at events the Agent Funds organize to raise money from potential investors.

80. Abbonizio also helps the Agent Funds solicit investors through telephone calls, and Abbonizio, Cole, and LaForte assist by soliciting investors during meetings the Agent Funds arrange at Par Funding's office.

81. The Agent Funds and ABFP Management make their profits based on the rates of return promised in the Par Funding Notes and the Investment Funds' notes with the investors.

82. Each Agent Fund sends Par Funding investor funds raised through the Agent Funds' securities offerings. This occurs by the Agent Funds either wiring investor funds to Par Funding or directing the investor to open a self-directed IRA account that invests in Par Funding.

83. Upon receipt of the investor funds, Par Funding issues a Par Funding Note to the Agent Fund with a higher promised rate of interest than the Agent Fund promises to its investors in its own promissory notes.

84. Par Funding pays an Agent Fund its monthly returns and the Agent Fund in turn pays its investors.

85. The remainder (or the spread) is for the Agent Fund, and it is obligated under an agreement it signs with ABPF Management to pay ABFP Management 25% from this remaining amount.

2. Vagnozzi Offers and Sells Notes Through His Own Agent Funds

86. In addition to managing Agent Funds, Vagnozzi offers and sells promissory notes through his own Agent Funds, ABFP Income Fund and ABFP Income Fund 2 (collectively, the "ABFP Funds").

87. The ABFP Funds each filed a Form D with the Commission giving notice of an exempt securities offering of either debt or equity securities in reliance on Rule 506(b) of the Securities Act, 17 C.F.R. § 230.506(b).

88. The ABFP Funds' PPMs reflect that the ABFP Funds either enter into promissory notes with investors, promising annual returns as high as 15%, with monthly interest payments and full return of principal at the end of the typical 12-month term or sell investors interests in a limited partnership for $5,000 per single interest.

89. The ABFP Income Fund PPM states that investor funds will be used to invest in promissory notes with MCA companies.

90. The ABFP Income Fund 2 PPM states that investor money will be used 80% toward MCA promissory notes and 20% toward investment in one NYSE-traded equity.

91. Investors either contribute directly to the ABFP Income Funds or through a self-directed IRA account at a Pennsylvania-based IRA administrator.

92. Vagnozzi directs investors to open an account at the IRA administrator company, and investors contribute funds and receive their investment funds through this account.

93. Vagnozzi and ABFP advertise the investment through radio, television commercials, the Internet, and ABFP's Facebook page.

94. Vagnozzi and ABFP also solicit investors through one-on-one presentations at the ABFP office and dinner seminars.

95. For example, on November 21, 2019, Vagnozzi and ABFP hosted more than 300 investors and prospective investors for a dinner where they were solicited to invest in Par Funding through Vagnozzi's funds.

96. Attendees were given a one-page flyer describing four investment opportunities, one of which was MCAs. The flyer described the MCA investment opportunity as having a 2% default rate and offering between 10-14% returns with principal returned in 1, 2, or 3 years.

97. Vagnozzi spoke first at the November 2019 event and touted Par Funding's financial success. He explained that Par Funding was buying a bank and was looking for investors to help – not because Par Funding couldn't write a check to buy the bank itself, but because bank regulations only let Par Funding be a 5% owner.

98. Vagnozzi told the attendees that "[w]e have stock market alternative investments that are secure…" and that an investment in Par Funding does not have "too much risk" and the investment is "knocking it out of the park."

99. Vagnozzi then introduced Abbonizio, who told the audience that Par Funding has a default rate of 1%, compared to an industry average default rate of 18.5%.

100. Abbonizio also told the audience to focus on the default rate because that is the most important part of the investment.

101. Abbonizio then introduced LaForte, to whom he referred as the President.

102. LaForte told the audience that Par Funding is probably the most profitable cash advance company in the United States and maybe in the world.

103. LaForte also told the audience that he started the company about eight years ago with $500,000 of his own capital.

104. LaForte then introduced Cole, who touted the financial health of Par Funding.

105. During the November 21, 2019 solicitation dinner event, Vagnozzi told potential investors that he has taken more than 500 investors into an investment with Par Funding.

106. By March 2020 Vagnozzi was claiming 600 investors had invested in Par Funding through him.

107. Through securities offerings, ABFP Income Fund has raised at least $$22,309,000 from investors since February 19, 2018, and ABFP Income Fund 2 has raised at least $$6,322,500 from investors since August 8, 2018.

3. Furman Offers and Sells Notes Through His Own Agent Fund: Fidelis Planning

108. Since no later than August 2018, Furman, through his companies Fidelis Planning and United Fidelis, has raised at least $5.8 million for Par Funding through investments in Furman's Agent Fund, Fidelis Planning.

109. Fidelis Planning enters into promissory notes with investors, promising annual returns as high as 15%, with monthly interest payments and full return of principal at the end of the typical 12-month term.

110. The Fidelis Planning PPM tells investors that Fidelis will invest their funds with a MCA business.

111. Furman and United Fidelis advertise the Fidelis Planning investment through newspaper advertisements.

112. Furman solicits investors via telephone and puts potential investors in contact with Abbonizio, Cole, and LaForte, who continue the solicitation efforts. He also invites potential

investors to the solicitation dinners Vagnozzi and ABFP host, where Abbonizio and Vagnozzi help Furman solicit investors.

113. After raising investor funds, Furman wires the money to Par Funding and receives a Par Funding Note issued to Fidelis Planning.

114. According to its May 2019 filing with the Commission, Furman and Fidelis Planning raised $5,838,000 for Par Funding from August 2018 through May 2019. According to bank records, it appears that Furman and Fidelis Planning raised more than $11 million as of December 2019.

4. Gissas Offers and Sells Notes Through His Own Agent Funds: RE Income Fund and RE Income Fund 2

115. Since no later than Summer 2018, Gissas and his company Retirement Evolution have raised money for Par Funding through the offer and sale of investments in Gissas' Agent Funds, RE Fund and RE Fund 2.

116. Gissas appears to primarily target investors in The Villages retirement community near Wildwood, Florida.

117. The RE Funds issue, offer, and sell promissory notes to investors.

118. Gissas and Retirement Evolution advertise the securities offerings on the RE Fund website, where they provide the RE Fund PPM.

119. Gissas and Retirement Evolution also use newspaper advertisements, largely in The Villages, to invite the public to lunches and dinners where Gissas, sometimes with the assistance of Abbonizio, solicits the audience to invest in the RE Funds, which will invest in Par Funding Notes.

120. For example, in August 2019 Gissas and Retirement Evolution hosted a dinner for 12 potential investors in Wildwood, Florida. Gissas gave the investors an RE Fund 2 PPM and

promissory note to review, and told the investors the investment offered an 8% to 12% return through an investment in an MCA business in Philadelphia.

121. Abbonizio then spoke to the investors, identified himself as the 25% owner of Par Funding, and then touted Par Funding's low default rate and that the MCA loans are insured.

122. At least one attendee at this event subsequently invested in Par Funding through the RE Fund 2 promissory note.

123. Through the unregistered offerings, Gissas, Retirement Evolution, and the RE Funds raised at least $5.5 million for Par Funding.

E. Phase 3 of the Offering: Par Funding, Vagnozzi, and Furman Offer "Exchange Notes"

124. On March 12, 2020, Vagnozzi forwarded investors a message he received from Cole of that same date. According to Cole's message, the purpose of Cole writing Vagnozzi was to "update our partners."

125. In the message, Cole states Par Funding believes the Coronavirus will have "no long term effects to [Par Funding's] projected growth and revenue." Cole further states in this same message that "There has been no noticeable effect to our client payments or default rates. We had our largest funding month by deal count in February and have confidence in being able to maintain consistent funding volume in the coming months."

126. A mere two weeks later, Vagnozzi and Furman forwarded investors a dramatically different message purporting to be from Par Funding that states "Over the past several months, Par Funding, like many other companies across the globe, has been severely impacted by the Coronavirus pandemic." Par Funding goes on to say it has "been forced to close our physical offices" and that "virtually all of [Par Funding's Loan borrowers] have called seeking a moratorium on payments and other restructured payment terms."

127. Purportedly as the result of the Covid-19 Pandemic, investors did not receive their monthly investment returns in April and May 2020.

128. On March 16, 2020, ABFP emailed investors reassuring them that their investments in Par Funding were safe. ABFP told investors "The management team at CBSG/Par is extremely confident that their financial position and funding strategies will enable them to weather this storm. They want you to remain confident that your investment with them is solid."

129. Vagnozzi goes on to reassure investors "the employees at Par are some of the hardest working people I have ever met," and reminds investors that "not one payment has ever been late."

130. On March 26, 2020 ABFP, through Vagnozzi, emailed investors a message from Par Funding concerning the purported financial impact the COVID-19 pandemic had on Par Funding's revenues, together with a message from Vagnozzi stating that "Par Funding has defaulted on a note with the fund that you each invested in, and they will continue to default for the next few months."

131. In this same email message Vagnozzi goes on to discourage investors from filing a lawsuit against Par Funding and tells investors his attorney is working to restructure the investments so payments to investors can resume.

132. In April 2020, Furman emailed investors an email message he claimed was from Par Funding indicating that if investors do not accept an offering to replace their current promissory notes with "Exchange Notes" offering significantly less interest and over a longer period of time, then Par Funding would file for bankruptcy.

133. In April 2020, Vagnozzi and Furman emailed investors a video created on about April 18, 2020, in which Vagnozzi and his attorney – the same attorney who created the turnkey Agent Funds – tell investors that the attorney reviewed Par Funding's financials and Par Funding

is insolvent. Vagnozzi reassures investors he believes Par Funding will rebound, and then Vagnozzi and the attorney recommend that investors not to file lawsuits against Par Funding for defaulting on the promissory notes but to instead accept Exchange Notes through which the investors would receive lower investment returns than they were promised in the promissory notes they had purchased from ABFP and the Agent Funds.

134. In this same video message to investors, Vagnozzi's attorney also tells investors that because Par Funding has not paid investors their returns in March, he obtained a UCC lien report against Par Funding and was "first in line" to collect for the investors. Public records do not reflect any such lien against Par Funding, but do reflect a number of other liens against Par Funding that would preclude Vagnozzi's attorney's purported lien from being first in line.

135. On April 26, 2020, Vagnozzi, through ABFP, emailed investors a video of Vagnozzi and his attorney discussing the Exchange Offering, in which the attorney recommends that investors accept the Exchange Offering and walks the investors through the offering documents, page by page, reminding investors to review the disclosures and risks in the Exchange Offering materials.

136. The Exchange Offering materials and PPM include a risk section that discloses to investors the risks associated with the Exchange Offering. In it, ABFP tells investors "The nature of the Company's business subjects the Company to litigation. The Company is in the business of providing MCAs to small and mid-size businesses. In connection with its collection efforts against MCA customers and in other similar contexts involving its MCA customers, the Company has been subject to a substantial number of lawsuits."

137. While ABFP disclosed lawsuits small businesses might file, there is no disclosure of the Texas Securities Regulators' action against ABFP, Par Funding, and Abbonizio that was filed just months prior to the Exchange Offering, of the Emergency Cease-and-Desist Order filed

entered against ABFP, Par Funding, and Abbonizio in Texas, or that the Texas securities enforcement action is ongoing.

138. Nor was there any disclosure that the Texas Securities Regulators had entered an emergency Cease-and-Desist Order finding that ABFP, Par Funding, and Abbonizio made material misrepresentations and omissions to investors in connection with the Par Funding and Agent Fund offering about the Par Funding offering, Par Fundnig's regulatory history, and Par Funding's management, and that this litigation was continuing at the time of the Exchange Offering.

139. Based on representations by Par Funding and Vagnozzi's attorney that Par Funding would otherwise default on payments altogether or enter bankruptcy, and based on Vagnozzi's attorney's recommendation, as a lawyer, that they accept the offering, investors opted for the Exchange Offering and entered into new promissory notes.

140. Based on the representations made to them, investors felt they had no choice but to agree to the Exchange Offering and to replace their existing notes in the ABFP Funds and Fidelis Planning Fund with new notes that offered less interest and thus a lower rate of return.

141. All or nearly all of the investors accepted an Exchange Note that replaced the ABFP Funds and Fidelis Planning promissory notes they had previously purchased.

F. <u>The Securities Offerings Are Ongoing and Defendants Are Planning To Expand</u>

142. The Defendants are continuing to offer securities to investors through the Agent Funds and Par Funding.

143. For example, Furman is currently soliciting investors to purchase Par Funding Notes. Unbeknownst to Furman, the individuals are posing as investors.[1]

[1] All undercover activity and recordings referenced or described in the Complaint were done strictly at the direction and behest of law enforcement agencies and not the Commission.

144. Furman coordinated a meeting between these two individuals posing as investors, and LaForte. The meeting occurred in the Southern District of Florida in late June 2020 to solicit the individuals to invest.

145. While Par Funding has continued offering its notes directly to investors on occasion since its January 2018 restructuring, Par Funding is now seeking significantly higher investments amounts, most recently $10 million from the undercover individuals.

146. During the meeting, LaForte touted Par Funding as a "leader in the industry" and contrary to the representations made to current investors to force them to take the Exchange Notes in April 2020, represented that "here we are today post-COVID pretty healthy." He explained that the underwriting performed on the Loans helped ensure the success of Par Funding, stating "It all goes back to the underwriter."

147. In soliciting the undercover individuals, LaForte represented that Par Funding paid investors $28 million in 2018 and $56 million in 2019 – "which is a lot lower proportion that what we paid ourselves. It's about half."

148. On July 7, 2020, Cole emailed these two individuals draft Par Funding Exchange Notes and offering materials through which they could invest in Par Funding.

149. In July 2020, Abbonizio, LaForte, and Cole met with these same undercover individuals at Full Spectrum's office in Philadelphia to pitch them further on the Exchange Note investment.

150. Additionally, Gissas and Retirement Evolution appear to continue to actively solicit investors, with Retirement Evolution putting a general advertisement/invitation in The Village's local newspaper as recently as July 2020, for a luncheon seminar about alternative investments with annual returns of 8% and 10% paid monthly, scheduled for the week of July 13, 2020.

151. As for Vagnozzi, three days after theCommission entered a July 14, 2020 Consent Order against him and ABFP for engaging in unregistered securities offerings and acting as an unregistered broker-dealer in connection with five offerings not at issue in this case, Vagnozzi, emailed investors about the Order and announced that he is expanding his business:

a. "My staff and I feel that the results of this [SEC] investigation are the absolute best reason someone should invest with us…."

b. "[The SEC] [a]lso determined that all investments offered by ABFP were carried out in a manner consistent with the information provided to investors."

c. **"**Three years of investigation, $300k spent on my end, and all they can say is they don't like my advertising methods and the fact that I served steak dinners in 2013 as a way for people to hear about our investments."

152. The Order makes no such findings. Vagnozzi mischaracterizes the Order to investors as a selling point for investing with him and ABFP, and in the same email message announces that he is forming a non-public company that he will soon advertise.

153. Vagnozzi and ABFP also issued a press release about the Order, claiming that "the findings of these proceedings have also paved the way for the company to restructure as a public company, which will alleviate advertising restrictions in the future."

G. Material Misrepresentations and Omissions in Connection with The Par Funding, ABFP, United Fidelis, and Retirement Evolution Offerings

1. False Claims about Par Funding's Rigorous Underwriting Process

154. Because investor returns are purportedly generated by the interest small businesses pay on the Loans Par Funding makes, the success and profitability of the investment turns on Par Funding lending money to small businesses who pay back Loans with interest and do not default on the Loans.

155. As Abbonizio explained to one potential investor, this is the most important consideration when deciding whether to invest in the Agent Funds.

156. On January 7, 2020, Abbonizio met with an investor to pitch her on the Par Funding investment. The investor was undercover and the meeting was recorded. Abbonizio described the underwriting group as "the key to our whole investment thesis," and went on to explain that the investment in Par Funding is "only compelling if you have confidence that whatever you give, $50,000 or $5 million, that we are going to do an exemplary job of putting your hard earned money in the hands of suitable companies that can meet their daily obligation to pay us back."

157. To drive this selling point home, Abbonizio explained: "If you leave here and remember nothing else. Why would I entrust the money? Because they have an exemplary track record of underwriting, utilizing three components, taking three days and be [sic] more vigilant. That's the crux of it."

158. In a Par Funding brochure that Furman, Abbonizio, and Vagnozzi distribute to potential investors, Par Funding details its supposedly rigorous underwriting process to approve merchant loans, calling it "Exceptional Underwriting Rigor."

159. Par Funding claims that the underwriting process takes 48 to 72 hours and includes, among other things, an on-site inspection of each merchant before approving any Loan.

160. According to the marketing materials, "There is no substitute for personal on-site merchant inspections," and "Visual confirmation of a business' viability yields the highest levels of confidence in the future viability of merchant partners."

161. Par Funding emphasizes that the on-site inspection "…has been proven to enhance the low default Par Funding experience[s]."

162. Abbonizio also touts Par Funding's underwriting process to potential investors, both during one-on-one meetings with potential investors and during solicitation events.

163. For example, at the November 2019 solicitation dinner Vagnozzi and ABFP hosted, Abbonizio told potential investors that Par Funding has "rigorous standards" and "the best underwriting in the industry."

164. In August 2019, Abbonizio told other potential investors during another solicitation event that Par Funding does an on-site inspection of small businesses 100% of the time before approving any Loan.

165. The representations about Par Funding's underwriting process are false.

166. In truth, the underwriting was not stringent.

167. Contrary to the Defendants' representations, Par Funding did not always conduct on-site inspections of small businesses prior to funding Loans, and it would approve Loans in less than 48 hours.

168. For example, in October 2019, Par Funding approved and funded a Loan of $792,000 to a small business in Ohio (the "Ohio Small Business"). Par Funding did not conduct an on-site inspection prior to approving the Loan and did not request information about debt schedules, profit margins, or expenses.

169. Similarly, in August 2019, Par Funding approved and funded a Loan to a small business in Houston (the "Houston Small Business") without conducting an on-site inspection and requesting materials showing accounts receivables, expenses, profit margins, or debt schedules.

170. Likewise, in April 2019, Par Funding approved and funded a Loan of $33,750 to a small business in League City, Texas (the "League City, Texas Small Business."). Par Funding did not conduct an on-site inspection prior to approving and funding the Loan.

171. Between October 2018 and December 2018, Par Funding funded four Loans to a small business in California (the "California Small Business"), totaling $3.5 million. For each of these four Loans, Par Funding failed to perform an on-site inspection of the California Small

Business, and in each instance the Loan was underwritten by Par Funding in less than 48 hours from the time the California Small Business owner applied for the Loan. Despite funding $3.5 million in Loans to the California Small Business over the course of just three months, Par Funding never requested information showing the California Small Business' profit margins or expenses during the underwriting process or at any other time prior to approving the Loan.

172. The lack of an on-site inspection is not a new development for Par Funding, but instead goes back to at least as early as 2016. For example, in April 2016, Par Funding issued a Loan of $40,000 to a pharmacy in Tennessee with the initial N.R. (the "Tennessee Small Business").

173. Par Funding did not conduct an on-site inspection prior to approving the Loan to the Tennessee Small Business. Par Funding completed the underwriting process within 48 hours of the Tennessee Small Business applying for the Loan. Par Funding did not request information showing profit margins, debt schedules, expenses, or accounts receivable. Nor did Par Funding even conduct an interview before approving the Loan.

174. For some small businesses, the only on-site visit that ever occurs is to threaten a merchant with physical violence.

175. For example, in June 2016 Par Funding loaned $100,000 to a merchant pharmacy in Knoxville, Tennessee. Par Funding completed the underwriting process in less than 48 hours, failed to offer the merchant insurance of any kind, and did not seek the merchant's debt schedule, profit margins, or any information about the merchant's accounts receivables prior to funding the Loan. Nor did Par Funding conduct an on-site inspection. As the Tennessee merchant has explained under oath, "The only time CBSG visited the Company or sent someone to visit me was when it threatened me with physical violence after I missed payments."

176. For other small businesses, Par Funding simply asks the small business to email them a photo of their office rather than perform the on-site inspection promised to investors.

177. For example, a law firm in Washington, D.C. (the "Small D.C. Business") borrowed $38,670.75 from Par Funding in November 2017 and the only "inspection" of the merchant's business was a photo of the office Par Funding asked the merchant to email them.

178. When Par Funding does conduct an on-site inspection, it is sometimes done after Par Funding has already approved and funded the Loan.

179. For example, Par Funding approved a $370,000 Loan to a Sports Field Grading and Maintenance company in Dallas, Texas and funded the Loan on January 4, 2017. The on-site inspection occurred on January 5, 2017, after the Loan had been approved and funded in its entirety.

180. Thus, Par Funding does not always conduct an on-site inspection prior to approving a Loan and sometimes completes the entire underwriting process in less than 48 hours. These facts do not stop Par Funding from making representations to the contrary to investors.

181. For example, in January 2020, Abbonizio told an undercover individual posing as an investor that Par Funding requires three days to complete an underwriting process on a Loan application because Par Funding conducts what he referred to as "the coup de grace" – a personal onsite inspection. He told her that because of this vigilant process, he felt confident telling her to invest her money in Par Funding.

182. However, that same month, Par Funding made a $150,000 Loan to a Boston Small Business with the initial TMA, without conducting an on-site inspection and in fact completed the underwriting process in less than 48 hours. Instead of conducting "the coup de grace," Par Funding merely asked the Boston Small Business owner to email photos of her office.

183. Additionally, as set forth above, contrary to the rigorous underwriting process Par Funding touts to investors, Par Funding approves and funds Loans to small businesses without obtaining information about the merchant's profit margins, expenses, or debts.

184. Even Par Funding's representation to potential investors that it assigns a liaison to each merchant to cultivate the relationship is misleading, as Par Funding does not always assign a liaison to small businesses or have a liaison who communicates with the small businesses. For example, Par Funding did not assign a liaison to the Ohio Small Business, the League City Small Business, the Texas Small Business, or the California Small Business.

2. False and Misleading Claims about Par Funding's Loan Default Rate

185. LaForte, Abbonizio and Vagnozzi make false claims to prospective investors that Par Funding has a 1% loan default rate.

186. For example, in Summer 2018, LaForte met with at least one investor in Maryland and pitched the Par Funding investment to her, telling her that Par Funding's loan default rate was only 1%.

187. On January 7, 2020, Abbonizio told an undercover individual posing as a potential investor that Par Funding issues bad loans 1 percent of the time. He explained that the defaults are "one percent of $500 million."

188. Similarly, at a dinner for investors and potential investors on November 21, 2019, Abbonizio presented the investment. He told more 300 investors at this event that the 10% to 14% investment returns were "enticing," but it is only enticing if Par Funding does a good job at loaning money to borrowers.

189. At this same dinner, Abbonizio emphasized that Par Funding has "the best underwriting in the industry" and has "rigorous operational standards, almost seven years in the making." Because of this, Abbonizio explained, they have a default rate that is "less than 1

percent." He also explained to the investors why this is so important – because if enough of the borrowers miss their payments to Par Funding, that "could impede Par Funding's ability to pay Vagnozzi's fund to ultimately pay you."

190. At this same dinner, ABFP and Vagnozzi also touted Par Funding's low default rate, giving potential investors a flyer describing the Par Funding investment opportunity as having a 2% default rate.

191. Likewise, on the United Fidelis website, Furman and United Fidelis tout a 1.2% default rate for the "MCA investment" they offer.

192. These representations are false and misleading.

193. In reality, Par Funding has filed more than 2,000 collections lawsuits against small borrowers for defaulting on the Loans Par Funding made to them.

194. Par Funding claims to have funded $600 million in Loans. These lawsuits allege that the Loans are in default and seek to recover more than $300 million that the small businesses have allegedly failed to repay Par Funding. An analysis of these lawsuits reveals that Par Funding's loan default rate is as high as 10%.

195. In Fall 2017, Furman gave a Florida investor a Par Funding brochure claiming that Par Funding had provided "more than $220 million in business funding" since its inception in 2012.

196. However, by August 2017, Par Funding had filed more than 240 lawsuits against small businesses for defaulting on their Loans, seeking more than $20 million in missed Loan payments.

197. Likewise, on August 15 2019, Abbonizio touted Par Funding's 1% default rate to potential investors at a Retirement Evolution solicitation dinner. However, by August 2019, Par

Funding had filed more than 800 lawsuits against small businesses for defaulted Loans, seeking more than $100 million in missed Loan payments.

198. Similarly, when Abbonizio and Vagnozzi touted Par Funding's low default rates to potential investors during the ABFP solicitation dinner on November 21, 2019, Par Funding had filed more than 1,000 lawsuits, in Philadelphia alone, against small businesses for defaulted Loans, seeking more than $145 million in missed Loan payments.

199. LaForte and Cole, Par Funding's CFO, were present when these representations were made to potential investors on November 21, 2019, and did not correct these false and misleading statements.

200. When Abbonizio touted Par Funding's low default rates to an Undercover posing as a potential investor in January 2020, Par Funding had filed more than 1,200 lawsuits seeking more than $150 million in missed payments on defaulted Loans.

201. Most recently, in July 2020, LaForte and Abbonizio touted the 1% default rate on the Loans in a solicitation meeting with undercover individuals posing as potential investors. When they made this representation, Par Funding had filed at least 2,000 lawsuits seeking about $300 million in missed payments from small business owners on Loans Par Funding alleges are in default.

202. Additionally, Par Funding calculates the default rate differently in its representations to investors by not including in the rate any Loan where the borrower is making even a partial payment or is speaking with Par Funding about the Loan.

203. For example, on July 10, 2020, Par Funding told a Texas small business owner with the initial MF that it would take his Par Funding Loan out of default status if the small business owner made a mere $500 payment on his $1.2 million Loan balance.

3. False Claims that Par Funding Offers Insurance on Its Loans

204. In the brochure Par Funding distributes to potential investors through the Agent Funds, Par Funding claims to offer insurance on all of its products up to $150,000. Par Funding further claims that "[t]he insurance protects Par Funding in case of a default or non-payment."

205. On June 5, 2018, LaForte also told a potential investor in Maryland that if a merchant defaulted on his loan, Par Funding had insurance to back up investor funds, thus reassuring the investor that her investment was safe and secure.

206. At an event in Florida to solicit investors in RE Income Fund 2 in August 2019, Abbonizio told potential investors that Par Funding's merchant loans were insured.

207. These claims are false. Par Funding did not offer small businesses insurance on the Loans, and thus investor funds were not protected by insurance.

208. For example, during the more than two-year period spanning November 2015 through January 2018, Par Funding approved and funded 15 Loans to a small business located in Los Angeles, California (the "L.A. Small Business"). The Loans totaled $6,126,054.13.

209. At no time, on any of the 15 Loans approved over the course of these two years did Par Funding offer the L.A. Small Business insurance of any kind.

210. On each of the 15 occasions when Par Funding approved and funded a Loan to the L.A. Small Business, Par Funding completed the underwriting in less than 48 hours, never offered the L.A. Small Business insurance of any kind, never conducted an in-person interview before giving the L.A. Small Business the Loans, never requested information about the L.A. Small Business's expenses, and never requested information about the L.A. Business's profit margins.

211. Par Funding's Loans to the League City, Texas Small Business, Tennessee Small Business, Ohio Small Business, Boston Small Business, Arizona Small Business, Houston Small

Business, D.C. Small Business, New Jersey Small Business, and Dallas Small Business span the period from April 2016 through January 2020.

212. Par Funding did not offer insurance to a single one of these small businesses to whom it issued Loans.

4. Misrepresentations and Omissions about LaForte's Background

213. LaForte touts his financial and business acumen and his success through Par Funding, but fails to disclose his criminal history. Similarly, the Par Funding website includes numerous articles featuring LaForte and his claimed business success, and directs readers to LaForte's "Forbes Council" profile, in which he describes himself as "…one of the small business industry's most distinguished and accomplished leaders." LaForte also holds himself out in videos he posts online as a "financial expert" for Par Funding.

214. In truth, LaForte is a twice-convicted felon and prior to founding Par Funding with McElhone, was imprisoned and ordered to pay $14.1 million in restitution for grand larceny and money laundering. To conceal these facts, LaForte uses two aliases – Joe Mack and Joe Macki because, as LaForte admitted to at least one individual, if people "google" his real name they will see his negative history. Par Funding and Cole actively assist LaForte in concealing his true identity, and thus his criminal background, by providing LaForte with a Par Funding email address bearing the name of his alias, joemack@parfunding.com, and a Par Funding business card for his alias Joe Macki.

215. Additionally, Cole has solicited investors by touting the experience of Par Funding's management team while failing to disclose LaForte's criminal history, despite knowing LaForte has been convicted of crimes involving dishonesty. For example, in Fall 2017, Cole solicited a potential investor with initial E.H. who resides in Massachusetts to invest in Par Funding, promising up to 15% monthly interest payments. Cole told the investor that Par Funding

was successful and touted Par Funding's experienced management team. Cole did not disclose that the management team was led by a convicted felon.

216. Similarly, during an August 2019 solicitation event in Wildwood, Florida, Abbonizio solicited investors to invest in Par Funding through RE Income 2 by touting the "great team" at Par Funding. He failed to disclose that the leader of the team is a convicted felon.

217. Abbonizio also conceals LaForte's identity from investors. For example, when an undercover individual posing as an investor asked Abbonizio who the founders of Par Funding are, Abbonizio responded: "There's basically five of us. There's myself, Joe Cole, who is the CFO, Joe McElhone, and Lisa McElhone… and Lisa is the President of the company." He then went on to identify the fifth founder – "a family out of Manhattan. They have $48 million with us." Joe McElhone is yet another alias for Joseph LaForte used to conceal his identify from investors.

218. In its 2019 and 2020 Form D Filings with the Commission, Par Funding failed to identify LaForte in Item 3 of the form requiring the disclosure of "Related Persons." The instructions accompanying Form D direct filers to provide the following information under "Related Persons":

> Enter the full name and address of each person having the specified relationships with any issuer and identify each relationship:
> • Each executive officer and director of the issuer and person performing similar functions (title alone is not determinative) for the issuer, such as the general and managing partners of partnerships and managing members of limited liability companies; and
> • Each person who has functioned directly or indirectly as a promoter of the issuer within the past five years of the later of the first sale of securities or the date upon which the Form D filing was required to be made.
> If necessary to prevent the information supplied from being misleading, also provide a clarification in the space provided.

219. As set forth above, LaForte is identified as the President of Par Funding, runs the day-to-day operations, and he functions as an executive officer of Par Funding. Nonetheless, Par Funding does not disclose LaForte's involvement in its Commission filings.

5. Misrepresentations and Omissions about Par Funding's Regulatory History

220. LaForte touts to prospective investors Par Funding's success. For example, in November 2019 LaForte told potential investors that Par Funding is probably the most profitable cash advance company in the United States and maybe in the world.

221. Abbonizio also solicits investors by touting Par Funding's success and its track record as a leader in the merchant cash industry.

222. Similarly, Vagnozzi touts Par Funding's purported success. For example, in a 6-minute video, Vagnozzi tells potential investors he would like to introduce them to "one of the best merchant cash advance lenders that you can find" and characterizes it as "highly profitable."

223. The video is widely distributed; it is posted on the Vimeo pages of ABFP and Vagnozzi, was posted on the ABFP Income Fund website until at least April 17, 2020, emailed to potential investors, and shown during sales pitches.

224. On the ABFP Facebook page, Vagnozzi characterizes "our MCA Fund" as [sic] "Best investment you can find."

225. In early 2020, Vagnozzi described the investment in Par Funding to an undercover posing as a potential investor as "like the crack-cocaine" of investments ABFP offers, adding "[a] check every month."

226. As for Gissas, he advertises the Retirement Evolution as an investment in "a top company in the merchant cash sector." Neither in the advertisements nor in the solicitation events he leads does Gissas disclose Par Funding's regulatory history.

227. Par Funding, LaForte, Abbonizio, Vagnozzi, and Gissas tout Par Funding while failing to disclose that Par Funding has twice been sanctioned for violating state securities laws.

228. In November 2018, the Pennsylvania Securities Regulators filed a Consent Agreement and Order against Par Funding for violating the Pennsylvania Securities Act prohibiting the use of unregistered sales agents in the offer and sale of securities, and fined Par Funding $499,000 (the "Pennsylvania Order").

229. In December 2018, the New Jersey Bureau of Securities issued a Cease-and-Desist Order against Par Funding based on its offer and sale of unregistered securities (the "New Jersey Order"). Both of these Orders were in effect when the Defendants touted Par Funding as an investment opportunity to potential investors, and both Orders remain in effect.

230. However, the Defendants have failed to disclose these Orders while touting Par Funding.

231. In February 2020, the Texas State Securities Board issued an Emergency Cease-and-Desist Order against Par Funding and others, alleging fraud and registration violations in connection with its securities offering through an Agent Fund in Texas (the "Texas Order").

232. Undeterred, Par Funding has continued soliciting investors and continued touting the success of Par Funding without disclosing the Texas Order to potential investors.

6. Misrepresentations about the New Jersey Order

233. Furman has misrepresented the New Jersey Order to at least one potential investor while soliciting her for the Par Funding investment through Fidelis. For example, on June 16, 2019, Furman told an undercover individual posing as an investor that the state of New Jersey had "retracted" its action against Par Funding and had said Par Funding was "good" and did not need to pay a fine or have any penalties.

234. This is false. New Jersey did not retract its Order.

7. False Statements In Par Funding's Commission Filings About McElhone and Cole's Receipt of Funds

235. Par Funding has filed two false filings with the Commission concerning its Par Funding Note offering and how investor funds would be used. On February 12, 2019, Par Funding filed a Notice of Exempt Offering of Securities on Form D with the Commission, stating that it was a new notice for an offering of debt securities in reliance on the exemption under Rule 506(b) and that the first sale was on August 1, 2012. The filing discloses approximately $3.6 million Par Funding has paid in finders' fees and a total amount sold of approximately $227 million to 488 investors. In the Use of Proceeds section, the filing states that none of the gross proceeds of the offering has been or is proposed to be used for payments to executive officers or others listed in the filing's section for related persons, in which McElhone and Cole are listed as executive officers and directors.

236. On April 28, 2020, Par Funding filed an amended Form D with the Commission with respect to the offering that began August 1, 2012, disclosing the total amount sold to the 488 investors was higher than it initially reported in 2019 - $378 million.

237. This filing states that Par Funding has paid no finders' fees and commissions, and again states that none of the gross proceeds of the offering has been or is proposed to be used for payments to executive officers or others listed in the filing's related persons section, which again includes McElhone and Cole.

238. Cole signed the Amended Form D on behalf of Par Funding.

239. The representations in both filings that Cole and McElhone would not receive any of the gross proceeds of the securities offering are false.

240. McElhone received at least $11.3 million from the offering between July 2015 and October 2019. As for Cole, Par Funding transferred funds, which included investor funds, to

companies in which Cole has an ownership interest or otherwise receives financial benefits: $1.8 million to ALB Management between July 2019 and October 2019; about $4.9 million to Beta Abigail between July 2016 and April 2019; and about $9.5 million to New Field Ventures, LLC between February 2017 and November 2019.

241. In a recent recorded conversation with an FBI confidential source, Cole admitted that Par Funding pays him through his consulting firms and that the amounts are reflected in the "consulting" line on the Par Funding financial statements.

242. The Par Funding financial statements reflect the amount of the consulting payments and notes that New Field Ventures is owned by Cole and Abbonizio. Cole is also an owner of Beta Abigail, which also receives purported consulting funds from Par Funding, and he admitted to the undercover human source that ALB Management is a company through which he receives payments from Par Funding.

243. The representation in Par Funding's 2020 Form D filing that Par Funding did not pay commissions is similarly false. Par Funding had paid so-called finders' fees of at least $3.6 million plus an addition $1 million in payments labeled as "commissions" from July 2015 to February 2020.

8. False Claims about LaForte's Personal Investment in Par Funding

244. LaForte falsely told prospective investors that he personally invested in Par Funding. For example, at the November 2019 solicitation dinner for ABFP, LaForte told the crowd that he had invested $500,000 of his own money in Par Funding to get the company started. LaForte also claimed in an email to an existing investor inquiring about someone else potentially investing, "I have 80 million in the company myself. So his money would be side by side w [sic] mine."

245. LaForte's claims are false. Not only did LaForte not invest his own money to start Par Funding, but he has in fact never invested in Par Funding.

9. Misrepresentations and Omissions about Vagnozzi's Regulatory History

246. While soliciting investors for the Par Funding investment through ABFP, Vagnozzi touts his financial and business acumen and his success through ABFP, but fails to disclose his regulatory history.

247. For example, at the November 2019 solicitation dinner, Vagnozzi touts his "proven track record," how investors have never missed a payment, and how well ABPF does for its investors.

248. At this same dinner, Vagnozzi told the audience of investors: "What I'm doing is legal, but most financial advisors don't have a set of you-know-what's to drop that license so they can do what I'm doing."

249. In truth, just months before making this representation to potential investors, the Pennsylvania Securities Regulators sanctioned Vagnozzi for violating state securities laws.

250. Vagnozzi has testified under oath that ABFP is his alter ego. While playing up his supposed investment success, including success through the Par Funding investment, Vagnozzi fails to disclose to investors the fact that he settled a regulatory action with the state of Pennsylvania in May 2019 ordering him to pay a $490,000 fine based on his sales of the Par Funding investment in violation of state law.

251. Understanding that investors would want to know of unlawful activity when deciding with whom to invest, Vagnozzi publishes an article on the ABFP website addressing the issue head-on. And lying about it.

252. Specifically, on the ABFP website, Vagnozzi has an article published entitled "What's the Catch? By Dean Vagnozzi." In it, he tells potential investors:

> I know that potential clients will inevitably wonder, "what's the catch?"
> Is Dean Vagnozzi a scam artist? Is A Better Financial Plan 1346 a fraud? Of course they would be skeptical! And so would I!
> So let me save you a lot of time. There is no catch.
> So stop looking for one. Stop googling, stop searching to see if Dean Vagnozzi is a scam, stop looking on the Better Business Bureau's website to see if A Better Financial Plan 1346 is a fraud. I have never had a criminal record in my life and I am very confident that there never will be.
> In fact, to the best of my knowledge, *the only law that I think I ever broke* was a speeding ticket that I received on the New Jersey Turnpike back when I was in my early 20's. That is about the only misdemeanor that I have ever been a part of. (Jeez, I sound like a lot of fun, don't I?)

253. In truth, in 2019 Vagnozzi was sanctioned by the Pennsylvania Securities Regulators for violating the federal securities laws; and in February 2020 the Texas Securities Regulators filed a claim against ABFP for fraud in connection with the Par Funding offering, which remains pending.

254. Even after the Commission filed a Consent Order against Vagnozzi for his violation of the federal securities laws on July 14, 2020, Vagnozzi continues to publish the "What's the Catch?" article, "What's the Catch?" on the ABFP website.

255. None of Vagnozzi's regulatory history is disclosed to investors. Instead, Vagnozzi tells potential investors a traffic law is the only law he has ever violated.

256. As recently as July 23, 2020, the ABFP website homepage includes a photo of Vagnozzi standing with individuals with the caption "A Team You Can Trust." This caption is a

hyperlink that takes the reader to a page that reads "About Dean Vagnozzi." This page includes details about Vagnozzi's successes and career path.

257. There is no mention of his regulatory history or the sanctions levied against him for violating securities laws in connection with the offer and sale of Par Funding securities.

10. Misrepresentations and Omissions about ABFP's Regulatory History

258. ABFP's website homepage, www.abetterfinancialplan.com, features a video in which Vagnozzi tells potential investors that none of his clients have ever lost money and that ABFP works with one of the top law firms in Philadelphia.

259. The webpage also includes a video that purports to tell the story of ABFP, and testimonials ABFP reprints and posts on the website to show glowing reviews about the company such as "Dean and his company are standup people."

260. ABFP fails to disclose that ABFP is subject to a February 2020 Cease-and-Desist Order issued by Texas Securities Regulators.

261. In the Exchange Offering materials provided to investors, ABFP disclosed as an investment risk the existence of lawsuits filed by small businesses based on Loan disputes. However, there is no disclosure of the existence of the case against ABFP, Par Funding, and Abbonizio in Texas. Nor is there is any disclosure of the Emergency Cease-and-Desist Order the Texas Regulators entered months before the Exchange Offering based on findings that ABFP, Par Funding, and Abbonizio made fraudulent and material misrepresentations and omissions to investors in connection with the Par Funding and Agent Fund offering, or that the fact that the action filed by the Texas Regulators was – and is – ongoing.

11. Misrepresentations and Omissions about Abbonizio's Regulatory History

262. Similarly, when ABFP offered the Exchange Offering, the Texas Securities Regulators had issued the Emergency Cease-and-Desist Order against Par Funding based on his

fraudulent misrepresentations and omissions in connection with Par Funding and the Agent Fund offering.

263. ABFP, through Vagnozzi, was aware of that Order, as ABFP is also a party to the Texas Action. When offering the Exchange Notes, ABFP and Vagnozzi reassured investors about Par Funding's ability to rebound and recommence payments if investors accepted the Exchange Notes and touted the hardworking employees at Par Funding.

264. Par Funding's website continued advertising its purported "strong, dedicated team," which continues to this day.

265. At the time of Exchange Note offering, Abbonizio was a partial owner and manager of Par Funding who had solicited investors to make their initial investments in Par Funding through the Agent Funds, and Abbonizio continues his role at Par Funding today.

266. However, at no time did ABFP, Vagnozzi, or Par Funding disclose to investors that just before the offering began, the Texas Securities Regulators issued an Emergency Cease-and-Desist Order against Abbonizio for, among other things, engaging in fraud in connection with the Par Funding offerings and Agent Fund solicitations.

267. Likewise, in soliciting undercover individuals to invest in Par Funding in June and July 2020, no one at Par Funding disclosed the Texas Cease-and-Desist Order issued against Abbonizio.

COUNT I

Fraud in Violation of Section 10(b) and Rule 10b-5(a) of the Exchange Act

Against Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman

268. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

269. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, directly or indirectly, by use of the means and instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of securities, knowingly or recklessly, employed devices, schemes or artifices to defraud in connection with the purchase or sale of securities.

270. By reason of the foregoing, these Defendants, directly or indirectly violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5(a) [17 C.F.R. § 240.10b-5(a)].

COUNT II

Fraud in Violation of Section 10(b) and Rule 10b-5(b) of the Exchange Act

Against Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman

271. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

272. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017

through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, directly or indirectly, by use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of securities, has knowingly or recklessly made untrue statements of material facts or omitted to state material facts in order to make the statements made, in the light of the circumstances in which they were made, not misleading.

273. By reason of the foregoing, these Defendants, directly or indirectly violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5(b) [17 C.F.R. § 240.10b-5(b)].

COUNT III

Fraud in Violation of Section 10(b) and Rule 10b-5(c) of the Exchange Act

Against Against Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman

274. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

275. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, directly or indirectly, by use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of securities, knowingly or recklessly engaged in acts,

practices, and courses of business which have operated, are now operating, and will operate as a fraud upon the purchasers of such securities.

276. By reason of the foregoing, these Defendants, directly or indirectly violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5(c) [17 C.F.R. § 240.10b-5(c)].

COUNT IV

Fraud in the Offer or Sale of Securities in Violation of Section 17(a)(1) of the Securities Act

Against Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman

277. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

278. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, directly or indirectly, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce or of the mails have knowingly or recklessly employed devices, schemes or artifices to defraud.

279. By reason of the foregoing, these Defendants, directly or indirectly violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT V

Fraud in the Offer or Sale of Securities in Violation of Section 17(a)(2) of the Securities Act

Against all Defendants

280. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

281. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, Gissas, Retirement Evolution, and RE Fund, beginning no later than May 2018 through present, and RE Fund 2, beginning no later than August 2019 through present, directly or indirectly, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce or of the mails have negligently obtained 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.

282. By reason of the foregoing, the Defendants, directly or indirectly violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)].

COUNT VI

Fraud in the Offer or Sale of Securities in Violation of Section 17(a)(3) of the Securities Act

Against All Defendants

283. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

284. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, Gissas, Retirement Evolution, and RE Fund, beginning no later than May 2018 through present, and RE Fund 2, beginning no later than August 2019 through present, directly or indirectly, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce or of the mails have negligently engaged in transactions, practices, or courses of business which operated or would have operated as a fraud or deceit upon the purchasers.

285. By reason of the foregoing, the Defendants, directly or indirectly violated, and, unless and restrained and enjoined, are reasonably likely to continue to violate, Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(3)].

COUNT VII

Sale of Unregistered Securities in Violation of Sections 5(a) and 5(c) of the Securities Act

Against All Defendants

286. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint as if fully set forth herein.

287. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the securities issued and the transactions conducted by the Defendants as described in this Complaint and no exemption from registration existed with respect to these securities and transactions.

288. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, Gissas, Retirement Evolution, and RE Fund, beginning no later than May 2018 through present, and RE Fund 2, beginning no later than August 2019 through present, directly or indirectly:

(a) made use of means or instruments of transportation or communication in interstate commerce or of the mails to sell securities as described herein, through the use or medium of a prospectus or otherwise;

(b) carried securities or caused such securities, as described herein, to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale; or

(c) made use of means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of a prospectus or otherwise, as described herein, without a registration statement having been filed or being in effect with the Commission as to such securities.

289. By reason of the foregoing, the Defendants violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

COUNT VIII

Control Person Liability Under Section 20(a) of the Exchange Act

Against McElhone and LaForte

290. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint as if fully set forth herein.

291. From no later than July 2015 through present, McElhone and LaForte have been, directly or indirectly, control persons of Par Funding and Full Spectrum for purposes of Section 20(a) of the Exchange Act, 15 U.S.C. §78t(a).

292. From no later than July 2015 through present, Par Funding and Full Spectrum violated Section 10(b) and Rule 10b-5 of the Exchange Act.

293. As control persons of Par Funding and Full Spectrum, McElhone and LaForte are jointly and severally liable with and to the same extent as Par Funding and Full Spectrum for each of their violations of Section 10(b) and Rule 10b-5 of the Exchange Act.

294. By reason of the foregoing, McElhone and LaForte directly and indirectly have violated, and unless restrained and enjoined, are reasonably likely to continue to violate Section 10(b) and 20(a) and Rule 10b-5 of the Exchange Act, 15 U.S.C. § 78j(b) and §78t(a), and 17 C.F.R. § 240.10b-5.

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court find that Defendants committed the violations alleged and:

I.

Temporary Restraining Order And Preliminary Injunction

Issue a Temporary Restraining Order and Preliminary Injunction, restraining and enjoining: All Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Sections 17(a)(2) and (3), and Sections 5(a) and (c) of the Securities Act; Defendants Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Section 17(a)(1) of the Securities Act and Section 10(b) and Rule 10b-5 of the Exchange Act; and McElhone and LaForte, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Section 20(a) of the Exchange Act.

II.

Permanent Injunction

Issue a Permanent Injunction, restraining and enjoining: All Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them,

and each of them, from violating Sections 17(a)(2) and (3), and Sections 5(a) and (c) of the Securities Act; Defendants Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Section 17(a)(1) of the Securities Act and Section 10(b) and Rule 10b-5 of the Exchange Act.

III.

Asset Freeze and Sworn Accountings

Issue an Order freezing the assets of Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, Retirement Evolution Group, RE Fund, RE Fund 2, McElhone, LaForte, Cole and Relief Defendant LME Trust, and requiring the Defendants and Relief Defendant to file sworn accountings with this Court.

IV.

Records Preservation

Issue an Order requiring all Defendants and the Relief Defendant to preserve any records related to the subject matter of this lawsuit that are in their custody or possession or subject to their control.

V.

Disgorgement

Issue an Order directing all Defendants and the Relief Defendant to disgorge all ill-gotten gains received within the applicable statute of limitations, including prejudgment interest, resulting from the acts or courses of conduct alleged in this Complaint.

VI.

Penalties

Issue an Order directing all Par Funding, Full Spectrum, ABFP, ABFP Management, United Fidelis, Retirement Evolution, McElhone, LaForte, Cole, Abbonizio, Vagnozzi, Furman, and Gissas to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d).

VII.

Appointment of a Receiver

Appoint a receiver over Defendants Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, Retirement Evolution, RE Fund and RE Fund 2.

VIII.

Further Relief

Grant such other and further relief as may be necessary and appropriate.

IX.

Retention of Jurisdiction

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that it may enter, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

DEMAND FOR JURY TRIAL

The Commission hereby demands a jury trial in this case.

August 10, 2020

Respectfully submitted,

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Of counsel:
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served this 10th day of August 2020 via email and cm-ecf on all defense counsel in this case.

s/ Amie Riggle Berlin
Amie Riggle Berlin

Exhibit B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 20-CIV-81205-RAR

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

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

Defendants.
_____/

AMENDED ORDER APPOINTING RECEIVER

THIS CAUSE comes before the Court upon Plaintiff Securities and Exchange Commission's ("SEC" or "Commission") Expedited Motion to Amend Receivership Order [ECF No. 105] ("Motion"), filed on August 7, 2020, and the Court's Order granting the Motion [ECF No. 140], entered on August 13, 2020.

WHEREAS as set forth in the Court's July 27, 2020 Order appointing the Receiver [ECF No. 36], the Court found that, based on the record in these proceedings, 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"); and,

WHEREAS this Court has subject matter jurisdiction over this action and personal jurisdiction over the Defendants, and venue properly lies in this district, it is hereby

ORDERED AND ADJUDGED as follows:

1. This Court hereby takes exclusive jurisdiction and possession of the assets, of whatever kind and wherever situated, of the following Defendants: 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"), ABFP Management Company, LLC f/k/a Pillar Life Settlement Management Company, LLC ("ABFP Management"), 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, and RE Income Fund 2 LLC; and the following related entities: 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 (collectively, "Receivership Entities").

2. Until further Order of this Court, Ryan Stumphauzer, Esq. is appointed to serve without bond as receiver ("Receiver") for the estates of the Receivership Entities.

I. Asset Freeze

3. Except as otherwise specified herein, all Receivership Assets and Recoverable Assets are frozen until further order of this Court. Accordingly, all persons and entities with direct or indirect control over any Receivership Assets and/or any Recoverable Assets, other than the Receiver, are hereby restrained and enjoined from directly or indirectly transferring, setting off, receiving, changing, selling, pledging, assigning, liquidating or otherwise disposing of or withdrawing such assets. This freeze shall include, but not be limited to, Receivership Assets and/or Recoverable Assets that are on deposit with financial institutions such as banks, brokerage firms and mutual funds.

II. General Powers and Duties of Receiver

4. The Receiver shall have all powers, authorities, rights and privileges heretofore possessed by the officers, directors, managers and general and limited partners of the Receivership Entities under applicable state and federal law, by the governing charters, by-laws, articles and/or agreements in addition to all powers and authority of a receiver at equity, and all powers conferred upon a receiver by the provisions of 28 U.S.C. §§ 754, 959 and 1692, and Fed. R. Civ. P. 66.

5. The trustees, directors, officers, managers, employees, investment advisors, accountants, attorneys and other agents of the Receivership Entities are hereby dismissed and the powers of any general partners, directors and/or managers are hereby suspended. Such persons and entities shall have no authority with respect to the Receivership Entities' operations or assets, except to the extent as may hereafter be expressly granted by the Receiver. The Receiver shall assume and control the operation of the Receivership Entities and shall pursue and preserve all of their claims.

6. No person holding or claiming any position of any sort with any of the Receivership Entities shall possess any authority to act by or on behalf of any of the Receivership Entities.

7. Subject to the specific provisions in Sections III through XIV, below, the Receiver shall have the following general powers and duties:

A. To use reasonable efforts to determine the nature, location and value of all property interests of the Receivership Entities, including, but not limited to, monies, funds, securities, credits, effects, goods, chattels, lands, premises, leases, claims, rights and other assets, together with all rents, profits, dividends, interest or other income attributable thereto, of whatever kind, which the Receivership Entities own, possess, have a beneficial interest in, or control directly or indirectly ("Receivership Property" or, collectively, "Receivership Estates");

B. To take custody, control and possession of all Receivership Property and records relevant thereto from the Receivership Entities; to sue for and collect, recover, receive and take into possession from third parties all Receivership Property and records relevant thereto;

C. To manage, control, operate and maintain the Receivership Estates and hold in his possession, custody and control all Receivership Property, pending further Order of this Court;

D. To use Receivership Property for the benefit of the Receivership Estates, making payments and disbursements and incurring expenses as may be necessary or advisable in the ordinary course of business in discharging his duties as Receiver;

E. To take any action which, prior to the entry of this Order, could have been taken by the officers, directors, partners, managers, trustees and agents of the Receivership Entities;

F. To engage and employ persons in his discretion to assist him in carrying out his duties and responsibilities hereunder, including, but not limited to, accountants, attorneys, securities traders, registered representatives, financial or business advisers, liquidating agents, real estate agents, forensic experts, brokers, traders or auctioneers;

G. To take such action as necessary and appropriate for the preservation of Receivership Property or to prevent the dissipation or concealment of Receivership Property;

H. The Receiver is authorized to issue subpoenas for documents and testimony consistent with the Federal Rules of Civil Procedure;

I. To bring such legal actions based on law or equity in any state, federal, or foreign court as the Receiver deems necessary or appropriate in discharging his duties as Receiver;

J. To pursue, resist and defend all suits, actions, claims and demands which may now be pending or which may be brought by or asserted against the Receivership Estates; and,

K. To take such other action as may be approved by this Court.

III. Access to Information

8. The individual Receivership Entities and the past and/or present officers, directors, agents, managers, general and limited partners, trustees, attorneys, accountants and

employees of the entity Receivership Entities, as well as those acting in their place, are hereby ordered and directed to preserve and turn over to the Receiver forthwith all paper and electronic information of, and/or relating to, the Receivership Entities and/or all Receivership Property; such information shall include but not be limited to books, records, documents, accounts and all other instruments and papers.

9. Within ten days of the entry of this Order, the Receivership Entities shall file with the Court and serve upon the Receiver and the Commission a sworn statement, listing: (a) the identity, location and estimated value of all Receivership Property; (b) all employees (and job titles thereof), other personnel, attorneys, accountants and any other agents or contractors of the Receivership Entities; and, (c) the names, addresses and amounts of claims of all known creditors of the Receivership Entities.

10. Within thirty (30) days of the entry of this Order, the Receivership Entities shall file with the Court and serve upon the Receiver and the Commission a sworn statement and accounting, with complete documentation, covering the period from January 1, 2015 to the present:

A. Of all Receivership Property, wherever located, held by or in the name of the Receivership Entities, or in which any of them, directly or indirectly, has or had any beneficial interest, or over which any of them maintained or maintains and/or exercised or exercises control, including, but not limited to: (a) all securities, investments, funds, real estate, automobiles, jewelry and other assets, stating the location of each; and (b) any and all accounts, including all funds held in such accounts, with any bank, brokerage or other financial institution held by, in the name of, or for the benefit of any of them, directly or indirectly, or over which any of them maintained or maintains and/or exercised or exercises any direct or indirect control, or in which any of them had or has a direct or indirect beneficial interest, including the account statements from each bank, brokerage or other financial institution;

B. Identifying every account at every bank, brokerage or other financial institution: (a) over which Receivership Entities have signatory authority;

and (b) opened by, in the name of, or for the benefit of, or used by, the Receivership Entities;

C. Identifying all credit, bank, charge, debit or other deferred payment card issued to or used by each Receivership Entity, including but not limited to the issuing institution, the card or account number(s), all persons or entities to which a card was issued and/or with authority to use a card, the balance of each account and/or card as of the most recent billing statement, and all statements for the last twelve months;

D. Of all assets received by any of them from any person or entity, including the value, location, and disposition of any assets so received;

E. Of all funds received by the Receivership Entities, and each of them, in any way related, directly or indirectly, to the conduct alleged in the Commission's Complaint. The submission must clearly identify, among other things, all investors, the securities they purchased, the date and amount of their investments, and the current location of such funds;

G. Of all expenditures exceeding $1,000 made by any of them, including those made on their behalf by any person or entity; and

H. Of all transfers of assets made by any of them.

11. Within thirty (30) days of the entry of this Order, the Receivership Entities shall provide to the Receiver and the Commission copies of the Receivership Entities' federal income tax returns for 2015 through present with all relevant and necessary underlying documentation.

12. The individual Receivership Entities and the Receivership Entities' past and/or present officers, directors, agents, attorneys, managers, shareholders, employees, accountants, debtors, creditors, managers and general and limited partners, and other appropriate persons or entities shall answer under oath to the Receiver all questions which the Receiver may put to them and produce all documents as required by the Receiver regarding the business of the Receivership Entities, or any other matter relevant to the operation or administration of the receivership or the collection of funds due to the Receivership Entities. In the event that the Receiver deems it

necessary to require the appearance of the aforementioned persons or entities, the Receiver shall make its discovery requests in accordance with the Federal Rules of Civil Procedure.

13. The Receiver is authorized to issue subpoenas to compel testimony of persons or production of records, consistent with the Federal Rules of Civil Procedure and applicable Local Rules, except for the provisions of Fed. R. Civ. P. 26(d)(1), concerning any subject matter within the powers and duties granted by this Order.

14. The Receivership Entities are required to assist the Receiver in fulfilling his duties and obligations. As such, they must respond promptly and truthfully to all requests for information and documents from the Receiver.

IV. Access to Books, Records, and Accounts

15. The Receiver is authorized to take immediate possession of all assets, bank accounts or other financial accounts, books and records and all other documents or instruments relating to the Receivership Entities. All persons and entities having control, custody or possession of any Receivership Property are hereby directed to turn such property over to the Receiver.

16. The Receivership Entities, as well as their agents, servants, employees, attorneys, any persons acting for or on behalf of the Receivership Entities, and any persons receiving notice of this Order by personal service, facsimile transmission or otherwise, having possession of the property, business, books, records, accounts or assets of the Receivership Entities are hereby directed to deliver the same to the Receiver, his agents and/or employees.

17. All banks, brokerage firms, financial institutions, and other persons or entities which have possession, custody or control of any assets or funds held by, in the name of, or for the benefit of, directly or indirectly, and of the Receivership Entities that receive actual notice of this Order by personal service, facsimile transmission or otherwise shall:

A. Not liquidate, transfer, sell, convey or otherwise transfer any assets, securities, funds, or accounts in the name of or for the benefit of the Receivership Entities except upon instructions from the Receiver;

B. Not exercise any form of set-off, alleged set-off, lien, or any form of self-help whatsoever, or refuse to transfer any funds or assets to the Receiver's control without the permission of this Court;

C. Within five (5) business days of receipt of that notice, file with the Court and serve on the Receiver and counsel for the Commission a certified statement setting forth, with respect to each such account or other asset, the balance in the account or description of the assets as of the close of business on the date of receipt of the notice; and,

D. Cooperate expeditiously in providing information and transferring funds, assets and accounts to the Receiver or at the direction of the Receiver.

V. Access to Real and Personal Property

18. The Receiver is authorized to take immediate possession of all personal property of the Receivership Entities, wherever located, including but not limited to electronically stored information, computers, laptops, hard drives, external storage drives, and any other such memory, media or electronic storage devices, books, papers, data processing records, evidence of indebtedness, bank records and accounts, savings records and accounts, brokerage records and accounts, certificates of deposit, stocks, bonds, debentures, and other securities and investments, contracts, mortgages, furniture, office supplies and equipment.

19 The Receiver is authorized to take immediate possession of all real property of the Receivership Entities, wherever located, including but not limited to all ownership and leasehold interests and fixtures. Upon receiving actual notice of this Order by personal service, facsimile transmission or otherwise, all persons other than law enforcement officials acting within the course and scope of their official duties, are (without the express written permission of the Receiver) prohibited from: (a) entering such premises; (b) removing anything from such premises; or, (c) destroying, concealing or erasing anything on such premises.

20. In order to execute the express and implied terms of this Order, the Receiver is authorized to change door locks to the premises described above. The Receiver shall have exclusive control of the keys. The Receivership Entities, or any other person acting or purporting to act on their behalf, are ordered not to change the locks in any manner, nor to have duplicate keys made, nor shall they have keys in their possession during the term of the receivership.

21. The Receiver is authorized to open all mail directed to or received by or at the offices or post office boxes of the Receivership Entities, and to inspect all mail opened prior to the entry of this Order, to determine whether items or information therein fall within the mandates of this Order.

22. Upon the request of the Receiver, the United States Marshal Service, in any judicial district, is hereby ordered to assist the Receiver in carrying out his duties to take possession, custody and control of, or identify the location of, any assets, records or other materials belonging to the Receivership Estates.

VI. Notice to Third Parties

23. The Receiver shall promptly give notice of his appointment to all known officers, directors, agents, employees, shareholders, creditors, debtors, managers and general and limited partners of the Receivership Entities, as the Receiver deems necessary or advisable to effectuate the operation of the receivership.

24. All persons and entities owing any obligation, debt, or distribution with respect to an ownership interest to any Receivership Entity shall, until further ordered by this Court, pay all such obligations in accordance with the terms thereof to the Receiver and its receipt for such payments shall have the same force and effect as if the Receivership Entity had received such payment.

25. In furtherance of his responsibilities in this matter, the Receiver is authorized to communicate with, and/or serve this Order upon, any person, entity or government office that he deems appropriate to inform them of the status of this matter and/or the financial condition of the Receivership Estates. All government offices which maintain public files of security interests in real and personal property shall, consistent with such office's applicable procedures, record this Order upon the request of the Receiver or the SEC.

26. The Receiver is authorized to instruct the United States Postmaster to hold and/or reroute mail which is related, directly or indirectly, to the business, operations or activities of any of the Receivership Entities ("Receiver's Mail"), including all mail addressed to, or for the benefit of, the Receivership Entities. The Postmaster shall not comply with, and shall immediately report to the Receiver, any change of address or other instruction given by anyone other than the Receiver concerning the Receiver's Mail. The Receivership Entities shall not open any of the Receiver's Mail and shall immediately turn over such mail, regardless of when received, to the Receiver. All personal mail of any individual Receivership Entities, and/or any mail appearing to contain privileged information, and/or any mail not falling within the mandate of the Receiver, shall be released to the named addressee by the Receiver. The foregoing instructions shall apply to any proprietor, whether individual or entity, of any private mailbox, depository, business or service, or mail courier or delivery service, hired, rented or used by the Receivership Entities. The Receivership Entities shall not open a new mailbox, or take any steps or make any arrangements to receive mail in contravention of this Order, whether through the U.S. mail, a private mail depository or courier service.

27. Subject to payment for services provided, any entity furnishing water, electric, telephone, sewage, garbage or trash removal services to the Receivership Entities shall maintain

such service and transfer any such accounts to the Receiver unless instructed to the contrary by the Receiver.

VII. Injunction Against Interference with Receiver

29. The Receivership Entities and all persons receiving notice of this Order by personal service, facsimile or otherwise, are hereby restrained and enjoined from directly or indirectly taking any action or causing any action to be taken, without the express written agreement of the Receiver, which would:

A. Interfere with the Receiver's efforts to take control, possession, or management of any Receivership Property; such prohibited actions include but are not limited to, using self-help or executing or issuing or causing the execution or issuance of any court attachment, subpoena, replevin, execution, or other process for the purpose of impounding or taking possession of or interfering with or creating or enforcing a lien upon any Receivership Property;

B. Hinder, obstruct or otherwise interfere with the Receiver in the performance of his duties; such prohibited actions include but are not limited to, concealing, destroying or altering records or information;

C. Dissipate or otherwise diminish the value of any Receivership Property; such prohibited actions include but are not limited to, releasing claims or disposing, transferring, exchanging, assigning or in any way conveying any Receivership Property, enforcing judgments, assessments or claims against any Receivership Property or any Receivership Entity, attempting to modify, cancel, terminate, call, extinguish, revoke or accelerate (the due date), of any lease, loan, mortgage, indebtedness, security agreement or other agreement executed by any Receivership Entity or which otherwise affects any Receivership Property; or,

D. Interfere with or harass the Receiver, or interfere in any manner with the exclusive jurisdiction of this Court over the Receivership Estates.

30. The Receivership Entities shall cooperate with and assist the Receiver in the performance of his duties.

31. The Receiver shall promptly notify the Court and SEC counsel of any failure or apparent failure of any person or entity to comply in any way with the terms of this Order.

VIII. Stay of Litigation

32. As set forth in detail below, and excluding the instant proceeding, all police or regulatory actions and actions of the Commission related to the above-captioned enforcement action, and the proceedings specified in the Court's Order Granting the Receiver's Emergency Motion to Lift Litigation Injunction as to Certain Garnishment Proceedings [ECF No. 112], the following proceedings are stayed until further Order of this Court:

> All civil legal proceedings of any nature, including, but not limited to, bankruptcy proceedings, arbitration proceedings, foreclosure actions, default proceedings, or other actions of any nature involving: (a) the Receiver, in his capacity as Receiver; (b) any Receivership Property, wherever located; (c) any of the Receivership Entities, including subsidiaries and partnerships; or, (d) any of the Receivership Entities' past or present officers, directors, managers, agents, or general or limited partners sued for, or in connection with, any action taken by them while acting in such capacity of any nature, whether as plaintiff, defendant, third-party plaintiff, third-party defendant, or otherwise (such proceedings are hereinafter referred to as "Ancillary Proceedings").

33. The parties to any and all Ancillary Proceedings are enjoined from commencing or continuing any such legal proceeding, or from taking any action, in connection with any such proceeding, including, but not limited to, the issuance or employment of process.

34. All Ancillary Proceedings are stayed in their entirety, and all Courts having any jurisdiction thereof are enjoined from taking or permitting any action until further Order of this Court. Further, as to a cause of action accrued or accruing in favor of one or more of the Receivership Entities against a third person or party, any applicable statute of limitation is tolled during the period in which this injunction against commencement of legal proceedings is in effect as to that cause of action.

IX. Managing Assets

35. For each of the Receivership Estates, the Receiver shall establish one or more custodial accounts at a federally insured bank to receive and hold all cash equivalent Receivership Property ("Receivership Funds").

36. The Receiver's deposit account shall be entitled "Receiver's Account, Estate of [Receivership Entity]" together with the name of the action.

37. The Receiver may, without further Order of this Court, transfer, compromise, or otherwise dispose of any Receivership Property, other than real estate, in the ordinary course of business, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such Receivership Property.

38. Subject to Paragraph 39, immediately below, the Receiver is authorized to locate, list for sale or lease, engage a broker for sale or lease, cause the sale or lease, and take all necessary and reasonable actions to cause the sale or lease of all real property in the Receivership Estates, either at public or private sale, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such real property.

39. Upon further Order of this Court, pursuant to such procedures as may be required by this Court and additional authority such as 28 U.S.C. §§ 2001 and 2004, the Receiver will be authorized to sell, and transfer clear title to, all real property in the Receivership Estates.

40. The Receiver is authorized to take all actions to manage, maintain, and/or wind-down business operations of the Receivership Estates, including making legally required payments to creditors, employees, and agents of the Receivership Estates and communicating with vendors, investors, governmental and regulatory authorities, and others, as appropriate.

41. The Receiver shall take all necessary steps to enable the Receivership Funds to obtain and maintain the status of a taxable "Settlement Fund," within the meaning of Section 468B of the Internal Revenue Code and of the regulations, when applicable, whether proposed,

temporary or final, or pronouncements thereunder, including the filing of the elections and statements contemplated by those provisions. The Receiver shall be designated the administrator of the Settlement Fund, pursuant to Treas. Reg. § 1.468B-2(k)(3)(i), and shall satisfy the administrative requirements imposed by Treas. Reg. § 1.468B-2, including but not limited to (a) obtaining a taxpayer identification number, (b) timely filing applicable federal, state, and local tax returns and paying taxes reported thereon, and (c) satisfying any information, reporting or withholding requirements imposed on distributions from the Settlement Fund. The Receiver shall cause the Settlement Fund to pay taxes in a manner consistent with treatment of the Settlement Fund as a "Qualified Settlement Fund." The Receivership Entities shall cooperate with the Receiver in fulfilling the Settlement Funds' obligations under Treas. Reg. § 1.468B-2.

X. Investigate and Prosecute Claims

42. Subject to the requirement, in Section VIII above, that leave of this Court is required to resume or commence certain litigation, the Receiver is authorized, empowered and directed to investigate, prosecute, defend, intervene in or otherwise participate in, compromise, and/or adjust actions in any state, federal or foreign court or proceeding of any kind as may in his discretion, and in consultation with SEC counsel, be advisable or proper to recover and/or conserve Receivership Property.

43. Subject to his obligation to expend receivership funds in a reasonable and cost-effective manner, the Receiver is authorized, empowered and directed to investigate the manner in which the financial and business affairs of the Receivership Entities were conducted and (after obtaining leave of this Court) to institute such actions and legal proceedings, for the benefit and on behalf of the Receivership Estate, as the Receiver deems necessary and appropriate; the Receiver may seek, among other legal and equitable relief, the imposition of constructive trusts,

disgorgement of profits, asset turnover, avoidance of fraudulent transfers, rescission and restitution, collection of debts, and such other relief from this Court as may be necessary to enforce this Order. Where appropriate, the Receiver should provide prior notice to Counsel for the Commission before commencing investigations and/or actions.

44. The Receiver hereby holds, and is therefore empowered to waive, all privileges, including the attorney-client privilege, held by all entity Receivership Entities.

45. The receiver has a continuing duty to ensure that there are no conflicts of interest between the Receiver, his Retained Personnel (as that term is defined below), and the Receivership Estate.

XI. Bankruptcy Filing

46. The Receiver may seek authorization of this Court to file voluntary petitions for relief under Title 11 of the United States Code ("Bankruptcy Code") for the Receivership Entities. If a Receivership Entity is placed in bankruptcy proceedings, the Receiver may become, and may be empowered to operate each of the Receivership Estates as, a debtor in possession. In such a situation, the Receiver shall have all of the powers and duties as provided a debtor in possession under the Bankruptcy Code to the exclusion of any other person or entity. Pursuant to Paragraph 4 above, the Receiver is vested with management authority for all entity Receivership Entities and may therefore file and manage a Chapter 11 petition.

47. The provisions of Section VIII above bar any person or entity, other than the Receiver, from placing any of the Receivership Entities in bankruptcy proceedings.

XII. Liability of Receiver

48. Until further Order of this Court, the Receiver shall not be required to post bond or give an undertaking of any type in connection with his fiduciary obligations in this matter.

49. The Receiver and his agents, acting within scope of such agency ("Retained Personnel") are entitled to rely on all outstanding rules of law and Orders of this Court and shall not be liable to anyone for their own good faith compliance with any order, rule, law, judgment, or decree. In no event shall the Receiver or Retained Personnel be liable to anyone for their good faith compliance with their duties and responsibilities as Receiver or Retained Personnel, nor shall the Receiver or Retained Personnel be liable to anyone for any actions taken or omitted by them except upon a finding by this Court that they acted or failed to act as a result of malfeasance, bad faith, gross negligence, or in reckless disregard of their duties.

50. This Court shall retain jurisdiction over any action filed against the Receiver or Retained Personnel based upon acts or omissions committed in their representative capacities.

51. In the event the Receiver decides to resign, the Receiver shall first give written notice to the Commission's counsel of record and the Court of its intention, and the resignation shall not be effective until the Court appoints a successor. The Receiver shall then follow such instructions as the Court may provide.

XIII. Recommendations and Reports

52. If the Receiver deems it necessary, the Receiver is authorized to develop a plan for the fair, reasonable, and efficient recovery and liquidation of all remaining, recovered, and recoverable Receivership Property ("Liquidation Plan") for review by the Court. The Receiver shall file the Liquidation Plan in the above-captioned action, with service copies to counsel of record.

53. Within thirty (30) days after the end of each calendar quarter, the Receiver shall file and serve a full report and accounting of each Receivership Estate ("Quarterly Status Report"), reflecting (to the best of the Receiver's knowledge as of the period covered by the report) the

existence, value, and location of all Receivership Property, and of the extent of liabilities, both those claimed to exist by others and those the Receiver believes to be legal obligations of the Receivership Estates.

54. The Quarterly Status Report shall contain the following:

A. A summary of the operations of the Receiver;

B. The amount of cash on hand, the amount and nature of accrued administrative expenses, and the amount of unencumbered funds in the estate;

C. A schedule of all the Receiver's receipts and disbursements (attached as Exhibit A to the Quarterly Status Report), with one column for the quarterly period covered and a second column for the entire duration of the receivership;

D. A description of all known Receivership Property, including approximate or actual valuations, anticipated or proposed dispositions, and reasons for retaining assets where no disposition is intended;

E. A description of liquidated and unliquidated claims held by the Receivership Estate, including the need for forensic and/or investigatory resources; approximate valuations of claims; and anticipated or proposed methods of enforcing such claims (including likelihood of success in: (i) reducing the claims to judgment; and, (ii) collecting such judgments);

F. A list of all known creditors with their addresses and the amounts of their claims;

G. The status of Creditor Claims Proceedings, after such proceedings have been commenced; and,

H. The Receiver's recommendations for a continuation or discontinuation of the receivership and the reasons for the recommendations.

55. On the request of the Commission, the Receiver shall provide the Commission with any documentation that the Commission deems necessary to meet its reporting requirements, that is mandated by statute or Congress, or that is otherwise necessary to further the Commission's mission.

XIV. Fees, Expenses and Accountings

56. Subject to Paragraphs 57 – 63 immediately below, the Receiver need not obtain Court approval prior to the disbursement of Receivership Funds for expenses in the ordinary course of the administration and operation of the receivership. Further, prior Court approval is not required for payments of applicable federal, state or local taxes.

57. Subject to Paragraph 58 immediately below, the Receiver is authorized to solicit persons and entities ("Retained Personnel") to assist him in carrying out the duties and responsibilities described in this Order. The Receiver shall not engage any Retained Personnel without first obtaining an Order of the Court authorizing such engagement.

58. The Receiver and Retained Personnel are entitled to reasonable compensation and expense reimbursement from the Receivership Estates as described in the "Billing Instructions for Receivers in Civil Actions Commenced by the U.S. Securities and Exchange Commission" ("Billing Instructions") agreed to by the Receiver. Such compensation shall require the prior approval of the Court.

59. Within forty-five (45) days after the end of each calendar quarter, the Receiver and Retained Personnel shall apply to the Court for compensation and expense reimbursement from the Receivership Estates ("Quarterly Fee Applications"). At least thirty (30) days prior to filing each Quarterly Fee Application with the Court, the Receiver will serve upon counsel for the SEC a complete copy of the proposed Application, together with all exhibits and relevant billing information in a format to be provided by SEC staff.

60. All Quarterly Fee Applications will be interim and will be subject to cost benefit and final reviews at the close of the receivership. At the close of the receivership, the Receiver

will file a final fee application, describing in detail the costs and benefits associated with all litigation and other actions pursued by the Receiver during the course of the receivership.

61. Quarterly Fee Applications may be subject to a holdback of 20% of the amount of fees and expenses for each application filed with the Court. The total amounts held back during the course of the receivership will be paid out at the discretion of the Court as part of the final fee application submitted at the close of the receivership.

62. Each Quarterly Fee Application shall:

A. Comply with the terms of the Billing Instructions agreed to by the Receiver; and,

B. Contain representations (in addition to the Certification required by the Billing Instructions) that: (i) the fees and expenses included therein were incurred in the best interests of the Receivership Estate; and, (ii) with the exception of the Billing Instructions, the Receiver has not entered into any agreement, written or oral, express or implied, with any person or entity concerning the amount of compensation paid or to be paid from the Receivership Estate, or any sharing thereof.

63. At the close of the Receivership, the Receiver shall submit a Final Accounting, in a format to be provided by SEC staff, as well as the Receiver's final application for compensation and expense reimbursement.

DONE AND ORDERED in Fort Lauderdale, Florida, this 13th day of August, 2020.

RODOLFO A. RUIZ II
UNITED STATES DISTRICT JUDGE

Copies to: Counsel of Record

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

JOSEPH and JOAN CAPUTO, on behalf of themselves and all others similarly situated,	:	
	:	C.A. No. 20-CV-1042-CFC
Plaintiffs,	:	
v.	:	
DEAN VAGNOZZI; ABetterFinancialPlan.com d/b/a A BETTER FINANCIAL PLAN; JOHN W. PAUCIULO; ECKERT SEAMANS CHERIN & MELLOTT, LLC; ABFP MANAGEMENT COMPANY, LLC; ABFP INCOME FUND, LLC; ABFP INCOME FUND 2, L.P.; ABFP INCOME FUND 3, LLC; ABFP INCOME FUND 4; LLC; ABFP INCOME FUND 5, LLC; ABFP INCOME FUND 6, LLC; ABFP INCOME FUND 7, LLC; ABFP INCOME FUND PARALLEL LLC; ABFP INCOME FUND 2 PARALLEL LLC; ABFP INCOME FUND 3 PARALLEL LLC; ABFP INCOME FUND 4 PARALLEL LLC; ABFP INCOME FUND 6 PARALLEL LLC; and ABFP INCOME FUND 7 PARALLEL LLC,	:	
Defendants.	:	

ORDER

AND NOW, this ___ day of August 2020, it is ORDERED the Receiver's Request for Stay is GRANTED. The case is STAYED pending further order from this Court.

By the Court: _____
Hon. Colm F. Connolly
United States District Judge

EXHIBIT D

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case No. 20-cv-23750-DPG

ROBERT MONTGOMERY, et al.,

Plaintiffs,

v.

ECKERT SEAMANS CHERIN & MELLIOT, LLC, JOHN W. PAUCIULO, MICHAEL C. FURMAN, JOHN GISSAS, and DEAN VAGNOZZI,

Defendants.

JOINT NOTICE OF STAY AND MOTION FOR ADMINISTRATIVE ORDER TEMPORARILY CLOSING CASE

Plaintiffs Robert Montgomery, Lynne Lapidus, Henry Barth, Laurie Haire, Glenn Friedman, Rosalye Friedman, Betti Jane Cuomo, Anthony Cuomo, Mark Heron and Raymond Jannelli (collectively, "Plaintiffs") and Ryan K. Stumphauzer, as Receiver over the non-party Receivership Entities[1] (the "Receiver"), by and through their respective undersigned counsel, and pursuant to Fed. R. Civ. P. 16 and the Court's inherent power, jointly provide notice of a stay of litigation in related litigation and move the Court to enter of an Administrative Order temporarily closing this action.

[1] The "Receivership Entities" are Complete Business Solutions Group, Inc. d/b/a 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; and MK Corporate Debt Investment Company LLC.

As grounds in support thereof, Plaintiffs and the Receiver respectfully state as follows:

1. Plaintiffs commenced this action with the filing of the Complaint on September 9, 2020. (ECF No. 1).

2. As set forth in the Complaint, the Plaintiffs are asserting claims against Defendants Eckert Seamans Cherin & Melliot, LLC, John W. Pauciulo, Michael C. Furman, John Gissas, and Dean Vagnozzi (the "Defendants") "for their role in an investment scheme" involving a company by the name of Complete Business Solutions Group, Inc. d/b/a Par Funding ("Par Funding"). (Complaint at ¶ 1).

3. On July 24, 2020, the Securities and Exchange Commission commenced an enforcement action in the United States District Court for the Southern District of Florida against Par Funding in the case captioned *Securities and Exchange Commission v. Complete Business Solutions Group, Inc. d/b/a Par Funding, et al.*, Case No. 20-cv-81205 (the "Enforcement Action").

4. The SEC has asserted claims in the Enforcement Action against, among others, Michael C. Furman, John Gissas, and Dean Vagnozzi.

5. On August 13, 2020, U.S. District Court Judge Rodolfo Ruiz, who is presiding over the Enforcement Action, entered an Amended Order Appointing Receiver in the Enforcement Action (the "Receivership Order"), a copy of which is attached as Exhibit 1. (Enforcement Action, ECF No. 141).

6. In the Receivership Order, Judge Ruiz appointed Mr. Stumphauzer as the Receiver over the various Receivership Entities, including Par Funding and ABetterFinancialPlan.com LLC ("ABFP"). Dean Vagnozzi is the founder and manager of ABFP and various of its related funds.

The Receivership Entities also include various investment funds that Michael C. Furman and John Gissas operated for the purpose of offering individuals the opportunity to invest in Par Funding.

7. The Plaintiffs' claims in this action against Defendants Eckert Seamans Cherin & Melliot, LLC and John W. Pauciulo are based on, among other things, legal work they performed in creating offering documents for investments in Par Funding through the funds managed by Michael C. Furman, John Gissas, and Dean Vagnozzi. (Complaint at ¶ 3).

8. The Receivership Order includes a stay of "[a]ll civil legal proceedings of any nature . . . involving . . . any Receivership Property, wherever located." (the "Stay of Litigation") (Receivership Order, ¶ 32).

9. "Receivership Property" is defined as "monies, funds, claims, rights and other assets . . . of whatever kind, which the Receivership Entities own, possess, have a beneficial interest in, or control directly or indirectly." (Receivership Order, ¶ 7(A)).

10. At this early stage of the Enforcement Action, the Receiver has not had an opportunity to evaluate fully the claims he may potentially bring against various third parties, including potential claims against the Defendants in this action.

11. In light of these circumstances, Plaintiffs and the Receiver provide notice of the pending Enforcement Action and its Stay of Litigation, and jointly and respectfully request this Court to enter an Administrative Order temporarily closing this matter for statistical purposes only and retaining jurisdiction. The Receiver will continue to evaluate the claims he intends to pursue against various parties, including potential claims against the Defendants in this action. Plaintiffs and the Receiver will remain in communication about the Receiver's progress in the Enforcement Action and, assuming the Court agrees with this request to close this matter administratively, Plaintiffs intend to file a motion at the appropriate time to restore this case to the active docket.

12. This request, made jointly by Plaintiffs and the Receiver, is for good cause.

MEMORANDUM OF LAW

"A district court retains the inherent authority to manage its own docket." *Wilson v. Farley*, 203 Fed. Appx. 239, 250 (11th Cir. 2006). In exercising this authority, a district court may take into consideration the need to "manage its cases efficiently." *Gray v. Target Corp.*, 13-62769-CIV, 2014 WL 12600138, at *1 (S.D. Fla. Jan. 27, 2014). One way in which a district court may exercise this authority is to "issue a stay to control the disposition of its docket to economize the time and effort of both the Court and the litigants." *Patriot Underwriters, Inc. v. Select Peo, Inc.*, 12-CV-61546, 2013 WL 12154551, at *1 (S.D. Fla. June 6, 2013).

For example, district courts have abated claims and administratively closed cases for statistical purposes pending the lifting of a stay in a related receivership proceeding,[2] the resolution of an appellate process,[3] the completion of a related investigative proceeding,[4] or the outcome of an arbitration.[5] Here, the parties agree that it is appropriate to stay this action in light of the Stay of Litigation, and given that the Enforcement Action is in the very early stages and the Receiver is currently evaluating the claims he may bring, which may include claims against the Defendants in this action. Under these circumstances, and giving due consideration to the time, effort, and resources of the Court and the litigants, the Court has the authority to enter an Administrative Order closing this matter for an indefinite period of time, and directing that it will consider restoring the case to active status upon a motion from the Plaintiffs requesting the Court to do so.

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[2] *Shelton v. CSG Sols. Consulting LLC*, 618CV1335ORL41LRH, 2019 WL 3306066, at *3 (M.D. Fla. July 3, 2019), report and recommendation adopted, 618CV1335ORL41LRH, 2019 WL 3305336 (M.D. Fla. July 23, 2019).
[3] *Miles v. Lexington Ins. Co.*, 13-21555-CIV, 2013 WL 3991970, at *2 (S.D. Fla. Aug. 2, 2013)
[4] *Prosper v. Martin*, 239 F. Supp. 3d 1347, 1350 (S.D. Fla. 2017)
[5] *Valdez v. Bags, Inc.*, 16-20390-CIV, 2016 WL 10932750, at *1 (S.D. Fla. Aug. 22, 2016)

A proposed Order for the Court's consideration is attached hereto as Exhibit 2.

CONCLUSION

WHEREFORE, Plaintiffs and the Receiver jointly request the Court to enter an Administrative Order closing this matter for an indefinite period of time, and directing that the Court will consider restoring the case to active status upon a motion from the Plaintiffs requesting the Court to do so.

CERTIFICATE OF GOOD FAITH CONFERENCE

Pursuant to Local Rule 7.1(a)(3)(A), we hereby certify that counsel for the movants have conferred with all parties or non-parties who may be affected by the relief sought in this motion in a good-faith effort to resolve the issues raised in this motion. Plaintiffs and the Receiver have agreed to jointly seek the relief sought through this motion, and counsel for Eckert Seamans Cherin & Melliot, LLC and John W. Pauciulo have confirmed that they do not oppose the requested relief.

Dated: November 2, 2020

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that on November 2, 2020, I electronically filed the foregoing document with the Clerk of the Court using the CM/ECF system. I also certify that the foregoing document is also being served on this day on all 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
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 20-CIV-81205-RAR

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

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

Defendants.
_____/

AMENDED ORDER APPOINTING RECEIVER

THIS CAUSE comes before the Court upon Plaintiff Securities and Exchange Commission's ("SEC" or "Commission") Expedited Motion to Amend Receivership Order [ECF No. 105] ("Motion"), filed on August 7, 2020, and the Court's Order granting the Motion [ECF No. 140], entered on August 13, 2020.

WHEREAS as set forth in the Court's July 27, 2020 Order appointing the Receiver [ECF No. 36], the Court found that, based on the record in these proceedings, 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"); and,

WHEREAS this Court has subject matter jurisdiction over this action and personal jurisdiction over the Defendants, and venue properly lies in this district, it is hereby

ORDERED AND ADJUDGED as follows:

1. This Court hereby takes exclusive jurisdiction and possession of the assets, of whatever kind and wherever situated, of the following Defendants: 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"), ABFP Management Company, LLC f/k/a Pillar Life Settlement Management Company, LLC ("ABFP Management"), 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, and RE Income Fund 2 LLC; and the following related entities: 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 (collectively, "Receivership Entities").

2. Until further Order of this Court, Ryan Stumphauzer, Esq. is appointed to serve without bond as receiver ("Receiver") for the estates of the Receivership Entities.

I. Asset Freeze

3. Except as otherwise specified herein, all Receivership Assets and Recoverable Assets are frozen until further order of this Court. Accordingly, all persons and entities with direct or indirect control over any Receivership Assets and/or any Recoverable Assets, other than the Receiver, are hereby restrained and enjoined from directly or indirectly transferring, setting off, receiving, changing, selling, pledging, assigning, liquidating or otherwise disposing of or withdrawing such assets. This freeze shall include, but not be limited to, Receivership Assets and/or Recoverable Assets that are on deposit with financial institutions such as banks, brokerage firms and mutual funds.

II. General Powers and Duties of Receiver

4. The Receiver shall have all powers, authorities, rights and privileges heretofore possessed by the officers, directors, managers and general and limited partners of the Receivership Entities under applicable state and federal law, by the governing charters, by-laws, articles and/or agreements in addition to all powers and authority of a receiver at equity, and all powers conferred upon a receiver by the provisions of 28 U.S.C. §§ 754, 959 and 1692, and Fed. R. Civ. P. 66.

5. The trustees, directors, officers, managers, employees, investment advisors, accountants, attorneys and other agents of the Receivership Entities are hereby dismissed and the powers of any general partners, directors and/or managers are hereby suspended. Such persons and entities shall have no authority with respect to the Receivership Entities' operations or assets, except to the extent as may hereafter be expressly granted by the Receiver. The Receiver shall assume and control the operation of the Receivership Entities and shall pursue and preserve all of their claims.

6. No person holding or claiming any position of any sort with any of the Receivership Entities shall possess any authority to act by or on behalf of any of the Receivership Entities.

7. Subject to the specific provisions in Sections III through XIV, below, the Receiver shall have the following general powers and duties:

A. To use reasonable efforts to determine the nature, location and value of all property interests of the Receivership Entities, including, but not limited to, monies, funds, securities, credits, effects, goods, chattels, lands, premises, leases, claims, rights and other assets, together with all rents, profits, dividends, interest or other income attributable thereto, of whatever kind, which the Receivership Entities own, possess, have a beneficial interest in, or control directly or indirectly ("Receivership Property" or, collectively, "Receivership Estates");

B. To take custody, control and possession of all Receivership Property and records relevant thereto from the Receivership Entities; to sue for and collect, recover, receive and take into possession from third parties all Receivership Property and records relevant thereto;

C. To manage, control, operate and maintain the Receivership Estates and hold in his possession, custody and control all Receivership Property, pending further Order of this Court;

D. To use Receivership Property for the benefit of the Receivership Estates, making payments and disbursements and incurring expenses as may be necessary or advisable in the ordinary course of business in discharging his duties as Receiver;

E. To take any action which, prior to the entry of this Order, could have been taken by the officers, directors, partners, managers, trustees and agents of the Receivership Entities;

F. To engage and employ persons in his discretion to assist him in carrying out his duties and responsibilities hereunder, including, but not limited to, accountants, attorneys, securities traders, registered representatives, financial or business advisers, liquidating agents, real estate agents, forensic experts, brokers, traders or auctioneers;

G. To take such action as necessary and appropriate for the preservation of Receivership Property or to prevent the dissipation or concealment of Receivership Property;

H. The Receiver is authorized to issue subpoenas for documents and testimony consistent with the Federal Rules of Civil Procedure;

I. To bring such legal actions based on law or equity in any state, federal, or foreign court as the Receiver deems necessary or appropriate in discharging his duties as Receiver;

J. To pursue, resist and defend all suits, actions, claims and demands which may now be pending or which may be brought by or asserted against the Receivership Estates; and,

K. To take such other action as may be approved by this Court.

III. Access to Information

8. The individual Receivership Entities and the past and/or present officers, directors, agents, managers, general and limited partners, trustees, attorneys, accountants and

employees of the entity Receivership Entities, as well as those acting in their place, are hereby ordered and directed to preserve and turn over to the Receiver forthwith all paper and electronic information of, and/or relating to, the Receivership Entities and/or all Receivership Property; such information shall include but not be limited to books, records, documents, accounts and all other instruments and papers.

9. Within ten days of the entry of this Order, the Receivership Entities shall file with the Court and serve upon the Receiver and the Commission a sworn statement, listing: (a) the identity, location and estimated value of all Receivership Property; (b) all employees (and job titles thereof), other personnel, attorneys, accountants and any other agents or contractors of the Receivership Entities; and, (c) the names, addresses and amounts of claims of all known creditors of the Receivership Entities.

10. Within thirty (30) days of the entry of this Order, the Receivership Entities shall file with the Court and serve upon the Receiver and the Commission a sworn statement and accounting, with complete documentation, covering the period from January 1, 2015 to the present:

A. Of all Receivership Property, wherever located, held by or in the name of the Receivership Entities, or in which any of them, directly or indirectly, has or had any beneficial interest, or over which any of them maintained or maintains and/or exercised or exercises control, including, but not limited to: (a) all securities, investments, funds, real estate, automobiles, jewelry and other assets, stating the location of each; and (b) any and all accounts, including all funds held in such accounts, with any bank, brokerage or other financial institution held by, in the name of, or for the benefit of any of them, directly or indirectly, or over which any of them maintained or maintains and/or exercised or exercises any direct or indirect control, or in which any of them had or has a direct or indirect beneficial interest, including the account statements from each bank, brokerage or other financial institution;

B. Identifying every account at every bank, brokerage or other financial institution: (a) over which Receivership Entities have signatory authority;

and (b) opened by, in the name of, or for the benefit of, or used by, the Receivership Entities;

C. Identifying all credit, bank, charge, debit or other deferred payment card issued to or used by each Receivership Entity, including but not limited to the issuing institution, the card or account number(s), all persons or entities to which a card was issued and/or with authority to use a card, the balance of each account and/or card as of the most recent billing statement, and all statements for the last twelve months;

D. Of all assets received by any of them from any person or entity, including the value, location, and disposition of any assets so received;

E. Of all funds received by the Receivership Entities, and each of them, in any way related, directly or indirectly, to the conduct alleged in the Commission's Complaint. The submission must clearly identify, among other things, all investors, the securities they purchased, the date and amount of their investments, and the current location of such funds;

G. Of all expenditures exceeding $1,000 made by any of them, including those made on their behalf by any person or entity; and

H. Of all transfers of assets made by any of them.

11. Within thirty (30) days of the entry of this Order, the Receivership Entities shall provide to the Receiver and the Commission copies of the Receivership Entities' federal income tax returns for 2015 through present with all relevant and necessary underlying documentation.

12. The individual Receivership Entities and the Receivership Entities' past and/or present officers, directors, agents, attorneys, managers, shareholders, employees, accountants, debtors, creditors, managers and general and limited partners, and other appropriate persons or entities shall answer under oath to the Receiver all questions which the Receiver may put to them and produce all documents as required by the Receiver regarding the business of the Receivership Entities, or any other matter relevant to the operation or administration of the receivership or the collection of funds due to the Receivership Entities. In the event that the Receiver deems it

necessary to require the appearance of the aforementioned persons or entities, the Receiver shall make its discovery requests in accordance with the Federal Rules of Civil Procedure.

13. The Receiver is authorized to issue subpoenas to compel testimony of persons or production of records, consistent with the Federal Rules of Civil Procedure and applicable Local Rules, except for the provisions of Fed. R. Civ. P. 26(d)(1), concerning any subject matter within the powers and duties granted by this Order.

14. The Receivership Entities are required to assist the Receiver in fulfilling his duties and obligations. As such, they must respond promptly and truthfully to all requests for information and documents from the Receiver.

IV. Access to Books, Records, and Accounts

15. The Receiver is authorized to take immediate possession of all assets, bank accounts or other financial accounts, books and records and all other documents or instruments relating to the Receivership Entities. All persons and entities having control, custody or possession of any Receivership Property are hereby directed to turn such property over to the Receiver.

16. The Receivership Entities, as well as their agents, servants, employees, attorneys, any persons acting for or on behalf of the Receivership Entities, and any persons receiving notice of this Order by personal service, facsimile transmission or otherwise, having possession of the property, business, books, records, accounts or assets of the Receivership Entities are hereby directed to deliver the same to the Receiver, his agents and/or employees.

17. All banks, brokerage firms, financial institutions, and other persons or entities which have possession, custody or control of any assets or funds held by, in the name of, or for the benefit of, directly or indirectly, and of the Receivership Entities that receive actual notice of this Order by personal service, facsimile transmission or otherwise shall:

A. Not liquidate, transfer, sell, convey or otherwise transfer any assets, securities, funds, or accounts in the name of or for the benefit of the Receivership Entities except upon instructions from the Receiver;

B. Not exercise any form of set-off, alleged set-off, lien, or any form of self-help whatsoever, or refuse to transfer any funds or assets to the Receiver's control without the permission of this Court;

C. Within five (5) business days of receipt of that notice, file with the Court and serve on the Receiver and counsel for the Commission a certified statement setting forth, with respect to each such account or other asset, the balance in the account or description of the assets as of the close of business on the date of receipt of the notice; and,

D. Cooperate expeditiously in providing information and transferring funds, assets and accounts to the Receiver or at the direction of the Receiver.

V. Access to Real and Personal Property

18. The Receiver is authorized to take immediate possession of all personal property of the Receivership Entities, wherever located, including but not limited to electronically stored information, computers, laptops, hard drives, external storage drives, and any other such memory, media or electronic storage devices, books, papers, data processing records, evidence of indebtedness, bank records and accounts, savings records and accounts, brokerage records and accounts, certificates of deposit, stocks, bonds, debentures, and other securities and investments, contracts, mortgages, furniture, office supplies and equipment.

19 The Receiver is authorized to take immediate possession of all real property of the Receivership Entities, wherever located, including but not limited to all ownership and leasehold interests and fixtures. Upon receiving actual notice of this Order by personal service, facsimile transmission or otherwise, all persons other than law enforcement officials acting within the course and scope of their official duties, are (without the express written permission of the Receiver) prohibited from: (a) entering such premises; (b) removing anything from such premises; or, (c) destroying, concealing or erasing anything on such premises.

20. In order to execute the express and implied terms of this Order, the Receiver is authorized to change door locks to the premises described above. The Receiver shall have exclusive control of the keys. The Receivership Entities, or any other person acting or purporting to act on their behalf, are ordered not to change the locks in any manner, nor to have duplicate keys made, nor shall they have keys in their possession during the term of the receivership.

21. The Receiver is authorized to open all mail directed to or received by or at the offices or post office boxes of the Receivership Entities, and to inspect all mail opened prior to the entry of this Order, to determine whether items or information therein fall within the mandates of this Order.

22. Upon the request of the Receiver, the United States Marshal Service, in any judicial district, is hereby ordered to assist the Receiver in carrying out his duties to take possession, custody and control of, or identify the location of, any assets, records or other materials belonging to the Receivership Estates.

VI. Notice to Third Parties

23. The Receiver shall promptly give notice of his appointment to all known officers, directors, agents, employees, shareholders, creditors, debtors, managers and general and limited partners of the Receivership Entities, as the Receiver deems necessary or advisable to effectuate the operation of the receivership.

24. All persons and entities owing any obligation, debt, or distribution with respect to an ownership interest to any Receivership Entity shall, until further ordered by this Court, pay all such obligations in accordance with the terms thereof to the Receiver and its receipt for such payments shall have the same force and effect as if the Receivership Entity had received such payment.

25. In furtherance of his responsibilities in this matter, the Receiver is authorized to communicate with, and/or serve this Order upon, any person, entity or government office that he deems appropriate to inform them of the status of this matter and/or the financial condition of the Receivership Estates. All government offices which maintain public files of security interests in real and personal property shall, consistent with such office's applicable procedures, record this Order upon the request of the Receiver or the SEC.

26. The Receiver is authorized to instruct the United States Postmaster to hold and/or reroute mail which is related, directly or indirectly, to the business, operations or activities of any of the Receivership Entities ("Receiver's Mail"), including all mail addressed to, or for the benefit of, the Receivership Entities. The Postmaster shall not comply with, and shall immediately report to the Receiver, any change of address or other instruction given by anyone other than the Receiver concerning the Receiver's Mail. The Receivership Entities shall not open any of the Receiver's Mail and shall immediately turn over such mail, regardless of when received, to the Receiver. All personal mail of any individual Receivership Entities, and/or any mail appearing to contain privileged information, and/or any mail not falling within the mandate of the Receiver, shall be released to the named addressee by the Receiver. The foregoing instructions shall apply to any proprietor, whether individual or entity, of any private mailbox, depository, business or service, or mail courier or delivery service, hired, rented or used by the Receivership Entities. The Receivership Entities shall not open a new mailbox, or take any steps or make any arrangements to receive mail in contravention of this Order, whether through the U.S. mail, a private mail depository or courier service.

27. Subject to payment for services provided, any entity furnishing water, electric, telephone, sewage, garbage or trash removal services to the Receivership Entities shall maintain

such service and transfer any such accounts to the Receiver unless instructed to the contrary by the Receiver.

VII. Injunction Against Interference with Receiver

29. The Receivership Entities and all persons receiving notice of this Order by personal service, facsimile or otherwise, are hereby restrained and enjoined from directly or indirectly taking any action or causing any action to be taken, without the express written agreement of the Receiver, which would:

A. Interfere with the Receiver's efforts to take control, possession, or management of any Receivership Property; such prohibited actions include but are not limited to, using self-help or executing or issuing or causing the execution or issuance of any court attachment, subpoena, replevin, execution, or other process for the purpose of impounding or taking possession of or interfering with or creating or enforcing a lien upon any Receivership Property;

B. Hinder, obstruct or otherwise interfere with the Receiver in the performance of his duties; such prohibited actions include but are not limited to, concealing, destroying or altering records or information;

C. Dissipate or otherwise diminish the value of any Receivership Property; such prohibited actions include but are not limited to, releasing claims or disposing, transferring, exchanging, assigning or in any way conveying any Receivership Property, enforcing judgments, assessments or claims against any Receivership Property or any Receivership Entity, attempting to modify, cancel, terminate, call, extinguish, revoke or accelerate (the due date), of any lease, loan, mortgage, indebtedness, security agreement or other agreement executed by any Receivership Entity or which otherwise affects any Receivership Property; or,

D. Interfere with or harass the Receiver, or interfere in any manner with the exclusive jurisdiction of this Court over the Receivership Estates.

30. The Receivership Entities shall cooperate with and assist the Receiver in the performance of his duties.

31. The Receiver shall promptly notify the Court and SEC counsel of any failure or apparent failure of any person or entity to comply in any way with the terms of this Order.

VIII. Stay of Litigation

32. As set forth in detail below, and excluding the instant proceeding, all police or regulatory actions and actions of the Commission related to the above-captioned enforcement action, and the proceedings specified in the Court's Order Granting the Receiver's Emergency Motion to Lift Litigation Injunction as to Certain Garnishment Proceedings [ECF No. 112], the following proceedings are stayed until further Order of this Court:

> All civil legal proceedings of any nature, including, but not limited to, bankruptcy proceedings, arbitration proceedings, foreclosure actions, default proceedings, or other actions of any nature involving: (a) the Receiver, in his capacity as Receiver; (b) any Receivership Property, wherever located; (c) any of the Receivership Entities, including subsidiaries and partnerships; or, (d) any of the Receivership Entities' past or present officers, directors, managers, agents, or general or limited partners sued for, or in connection with, any action taken by them while acting in such capacity of any nature, whether as plaintiff, defendant, third-party plaintiff, third-party defendant, or otherwise (such proceedings are hereinafter referred to as "Ancillary Proceedings").

33. The parties to any and all Ancillary Proceedings are enjoined from commencing or continuing any such legal proceeding, or from taking any action, in connection with any such proceeding, including, but not limited to, the issuance or employment of process.

34. All Ancillary Proceedings are stayed in their entirety, and all Courts having any jurisdiction thereof are enjoined from taking or permitting any action until further Order of this Court. Further, as to a cause of action accrued or accruing in favor of one or more of the Receivership Entities against a third person or party, any applicable statute of limitation is tolled during the period in which this injunction against commencement of legal proceedings is in effect as to that cause of action.

IX. Managing Assets

35. For each of the Receivership Estates, the Receiver shall establish one or more custodial accounts at a federally insured bank to receive and hold all cash equivalent Receivership Property ("Receivership Funds").

36. The Receiver's deposit account shall be entitled "Receiver's Account, Estate of [Receivership Entity]" together with the name of the action.

37. The Receiver may, without further Order of this Court, transfer, compromise, or otherwise dispose of any Receivership Property, other than real estate, in the ordinary course of business, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such Receivership Property.

38. Subject to Paragraph 39, immediately below, the Receiver is authorized to locate, list for sale or lease, engage a broker for sale or lease, cause the sale or lease, and take all necessary and reasonable actions to cause the sale or lease of all real property in the Receivership Estates, either at public or private sale, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such real property.

39. Upon further Order of this Court, pursuant to such procedures as may be required by this Court and additional authority such as 28 U.S.C. §§ 2001 and 2004, the Receiver will be authorized to sell, and transfer clear title to, all real property in the Receivership Estates.

40. The Receiver is authorized to take all actions to manage, maintain, and/or wind-down business operations of the Receivership Estates, including making legally required payments to creditors, employees, and agents of the Receivership Estates and communicating with vendors, investors, governmental and regulatory authorities, and others, as appropriate.

41. The Receiver shall take all necessary steps to enable the Receivership Funds to obtain and maintain the status of a taxable "Settlement Fund," within the meaning of Section 468B of the Internal Revenue Code and of the regulations, when applicable, whether proposed,

temporary or final, or pronouncements thereunder, including the filing of the elections and statements contemplated by those provisions. The Receiver shall be designated the administrator of the Settlement Fund, pursuant to Treas. Reg. § 1.468B-2(k)(3)(i), and shall satisfy the administrative requirements imposed by Treas. Reg. § 1.468B-2, including but not limited to (a) obtaining a taxpayer identification number, (b) timely filing applicable federal, state, and local tax returns and paying taxes reported thereon, and (c) satisfying any information, reporting or withholding requirements imposed on distributions from the Settlement Fund. The Receiver shall cause the Settlement Fund to pay taxes in a manner consistent with treatment of the Settlement Fund as a "Qualified Settlement Fund." The Receivership Entities shall cooperate with the Receiver in fulfilling the Settlement Funds' obligations under Treas. Reg. § 1.468B-2.

X. Investigate and Prosecute Claims

42. Subject to the requirement, in Section VIII above, that leave of this Court is required to resume or commence certain litigation, the Receiver is authorized, empowered and directed to investigate, prosecute, defend, intervene in or otherwise participate in, compromise, and/or adjust actions in any state, federal or foreign court or proceeding of any kind as may in his discretion, and in consultation with SEC counsel, be advisable or proper to recover and/or conserve Receivership Property.

43. Subject to his obligation to expend receivership funds in a reasonable and cost-effective manner, the Receiver is authorized, empowered and directed to investigate the manner in which the financial and business affairs of the Receivership Entities were conducted and (after obtaining leave of this Court) to institute such actions and legal proceedings, for the benefit and on behalf of the Receivership Estate, as the Receiver deems necessary and appropriate; the Receiver may seek, among other legal and equitable relief, the imposition of constructive trusts,

disgorgement of profits, asset turnover, avoidance of fraudulent transfers, rescission and restitution, collection of debts, and such other relief from this Court as may be necessary to enforce this Order. Where appropriate, the Receiver should provide prior notice to Counsel for the Commission before commencing investigations and/or actions.

44. The Receiver hereby holds, and is therefore empowered to waive, all privileges, including the attorney-client privilege, held by all entity Receivership Entities.

45. The receiver has a continuing duty to ensure that there are no conflicts of interest between the Receiver, his Retained Personnel (as that term is defined below), and the Receivership Estate.

XI. Bankruptcy Filing

46. The Receiver may seek authorization of this Court to file voluntary petitions for relief under Title 11 of the United States Code ("Bankruptcy Code") for the Receivership Entities. If a Receivership Entity is placed in bankruptcy proceedings, the Receiver may become, and may be empowered to operate each of the Receivership Estates as, a debtor in possession. In such a situation, the Receiver shall have all of the powers and duties as provided a debtor in possession under the Bankruptcy Code to the exclusion of any other person or entity. Pursuant to Paragraph 4 above, the Receiver is vested with management authority for all entity Receivership Entities and may therefore file and manage a Chapter 11 petition.

47. The provisions of Section VIII above bar any person or entity, other than the Receiver, from placing any of the Receivership Entities in bankruptcy proceedings.

XII. Liability of Receiver

48. Until further Order of this Court, the Receiver shall not be required to post bond or give an undertaking of any type in connection with his fiduciary obligations in this matter.

49. The Receiver and his agents, acting within scope of such agency ("Retained Personnel") are entitled to rely on all outstanding rules of law and Orders of this Court and shall not be liable to anyone for their own good faith compliance with any order, rule, law, judgment, or decree. In no event shall the Receiver or Retained Personnel be liable to anyone for their good faith compliance with their duties and responsibilities as Receiver or Retained Personnel, nor shall the Receiver or Retained Personnel be liable to anyone for any actions taken or omitted by them except upon a finding by this Court that they acted or failed to act as a result of malfeasance, bad faith, gross negligence, or in reckless disregard of their duties.

50. This Court shall retain jurisdiction over any action filed against the Receiver or Retained Personnel based upon acts or omissions committed in their representative capacities.

51. In the event the Receiver decides to resign, the Receiver shall first give written notice to the Commission's counsel of record and the Court of its intention, and the resignation shall not be effective until the Court appoints a successor. The Receiver shall then follow such instructions as the Court may provide.

XIII. Recommendations and Reports

52. If the Receiver deems it necessary, the Receiver is authorized to develop a plan for the fair, reasonable, and efficient recovery and liquidation of all remaining, recovered, and recoverable Receivership Property ("Liquidation Plan") for review by the Court. The Receiver shall file the Liquidation Plan in the above-captioned action, with service copies to counsel of record.

53. Within thirty (30) days after the end of each calendar quarter, the Receiver shall file and serve a full report and accounting of each Receivership Estate ("Quarterly Status Report"), reflecting (to the best of the Receiver's knowledge as of the period covered by the report) the

existence, value, and location of all Receivership Property, and of the extent of liabilities, both those claimed to exist by others and those the Receiver believes to be legal obligations of the Receivership Estates.

54. The Quarterly Status Report shall contain the following:

A. A summary of the operations of the Receiver;

B. The amount of cash on hand, the amount and nature of accrued administrative expenses, and the amount of unencumbered funds in the estate;

C. A schedule of all the Receiver's receipts and disbursements (attached as Exhibit A to the Quarterly Status Report), with one column for the quarterly period covered and a second column for the entire duration of the receivership;

D. A description of all known Receivership Property, including approximate or actual valuations, anticipated or proposed dispositions, and reasons for retaining assets where no disposition is intended;

E. A description of liquidated and unliquidated claims held by the Receivership Estate, including the need for forensic and/or investigatory resources; approximate valuations of claims; and anticipated or proposed methods of enforcing such claims (including likelihood of success in: (i) reducing the claims to judgment; and, (ii) collecting such judgments);

F. A list of all known creditors with their addresses and the amounts of their claims;

G. The status of Creditor Claims Proceedings, after such proceedings have been commenced; and,

H. The Receiver's recommendations for a continuation or discontinuation of the receivership and the reasons for the recommendations.

55. On the request of the Commission, the Receiver shall provide the Commission with any documentation that the Commission deems necessary to meet its reporting requirements, that is mandated by statute or Congress, or that is otherwise necessary to further the Commission's mission.

XIV. Fees, Expenses and Accountings

56. Subject to Paragraphs 57 – 63 immediately below, the Receiver need not obtain Court approval prior to the disbursement of Receivership Funds for expenses in the ordinary course of the administration and operation of the receivership. Further, prior Court approval is not required for payments of applicable federal, state or local taxes.

57. Subject to Paragraph 58 immediately below, the Receiver is authorized to solicit persons and entities ("Retained Personnel") to assist him in carrying out the duties and responsibilities described in this Order. The Receiver shall not engage any Retained Personnel without first obtaining an Order of the Court authorizing such engagement.

58. The Receiver and Retained Personnel are entitled to reasonable compensation and expense reimbursement from the Receivership Estates as described in the "Billing Instructions for Receivers in Civil Actions Commenced by the U.S. Securities and Exchange Commission" ("Billing Instructions") agreed to by the Receiver. Such compensation shall require the prior approval of the Court.

59. Within forty-five (45) days after the end of each calendar quarter, the Receiver and Retained Personnel shall apply to the Court for compensation and expense reimbursement from the Receivership Estates ("Quarterly Fee Applications"). At least thirty (30) days prior to filing each Quarterly Fee Application with the Court, the Receiver will serve upon counsel for the SEC a complete copy of the proposed Application, together with all exhibits and relevant billing information in a format to be provided by SEC staff.

60. All Quarterly Fee Applications will be interim and will be subject to cost benefit and final reviews at the close of the receivership. At the close of the receivership, the Receiver

will file a final fee application, describing in detail the costs and benefits associated with all litigation and other actions pursued by the Receiver during the course of the receivership.

61. Quarterly Fee Applications may be subject to a holdback of 20% of the amount of fees and expenses for each application filed with the Court. The total amounts held back during the course of the receivership will be paid out at the discretion of the Court as part of the final fee application submitted at the close of the receivership.

62. Each Quarterly Fee Application shall:

A. Comply with the terms of the Billing Instructions agreed to by the Receiver; and,

B. Contain representations (in addition to the Certification required by the Billing Instructions) that: (i) the fees and expenses included therein were incurred in the best interests of the Receivership Estate; and, (ii) with the exception of the Billing Instructions, the Receiver has not entered into any agreement, written or oral, express or implied, with any person or entity concerning the amount of compensation paid or to be paid from the Receivership Estate, or any sharing thereof.

63. At the close of the Receivership, the Receiver shall submit a Final Accounting, in a format to be provided by SEC staff, as well as the Receiver's final application for compensation and expense reimbursement.

DONE AND ORDERED in Fort Lauderdale, Florida, this 13th day of August, 2020.

RODOLFO A. RUIZ II
UNITED STATES DISTRICT JUDGE

Copies to: Counsel of Record

Exhibit “2”

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case No. 20-cv-23750-DPG

ROBERT MONTGOMERY, et al.,

Plaintiffs,

v.

ECKERT SEAMANS CHERIN & MELLIOT, LLC, et al. W. PAUCIULO, MICHAEL C. FURMAN, JOHN GISSAS, and DEAN VAGNOZZI,

Defendants.

[PROPOSED] ORDER GRANTING MOTION FOR ADMINISTRATIVE ORDER TEMPORARILY CLOSING CASE

THIS CAUSE came before the Court on the parties' Joint Notice of Stay and Motion for Administrative Order Temporarily Closing Case, filed on November __, 2020 ("Joint Motion") [ECF No. __]. In the Joint Motion, the parties have provided notice of a Stay of Litigation entered in related litigation and request the Court to enter an administrative order closing this matter for an indefinite period of time, pending the Court's consideration of a future motion to restore the case to active status. Given the entry of the Stay of Litigation in the related litigation and the potential overlap between the claims the Receiver may decide to pursue and the Plaintiffs' claims in this action, and to conserve the parties' and judicial resources, it is

ORDERED AND ADJUDGED that the Clerk of the Court is **DIRECTED** to mark this case **CLOSED** for statistical purposes only. The Court retains jurisdiction over this matter, and the case shall be restored to the active docket upon court order following the Court's consideration of a

motion from Plaintiffs requesting to proceed. This Order shall not prejudice the rights of the parties to this litigation.

DONE AND ORDERED in Miami, Florida, this _____ day of _____, 2020.

DARREN P. GAYLES
UNITED STATES DISTRICT JUDGE

cc: counsel of record

EXHIBIT E

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

DENNIS MELCHIOR, *et al.*	:	
on behalf of themselves	:	
***and all others similarly situated*,**	:	**CIVIL ACTION**
Plaintiffs,	:	
	:	
v.	:	
	:	
DEAN VAGNOZZI, *et al.*	:	**No. 20-5562**
Defendants.	:	

ORDER

AND NOW, this **12th** day of **April 2021**, upon consideration of Defendants Eckert Seamans Cherin & Mellott, LLC's and John W. Pauciulo's Motion to Stay Proceedings or in the Alternative to Dismiss Plaintiffs' Class Action Complaint, and the response and reply thereto, the Court orders and finds as follows:

1. The Motion to Stay (Document No. 54) is **GRANTED**.[1]

[1] Plaintiffs allege Defendants Dean Vagnozzi and his attorneys John W. Pauciulo and Eckert Seamans Cherin & Mellott, LLC ("Eckert") conspired to advertise, market, and sell unregistered securities backed by merchant cash advance loans to small businesses, and fraudulently induced them to purchase these risky securities. (Corr. Compl. ¶¶ 1-2.) Vagnozzi owned, controlled, and was the corporate alter ego of non-party ABetterFinancialPlan.com LLC d/b/a/ A Better Financial Plan ("ABFP"). (*Id.* ¶ 90.) The SEC sued ABFP and Vagnozzi, among others, for securities fraud violations related to these same merchant cash advance securities ("SEC Action"). (Defs.' Ex. A, SEC Action Am. Compl.) ABFP is in Receivership, and the court in the SEC Action ordered a stay of all litigation "involving[]…any of the Receivership Entities' past or present officers, directors, managers, agents, or general or limited partners…." (Defs.' Ex. B, SEC Action Am. Order Appointing Receiver at ¶ 32.) The SEC Action Order states that such proceedings "are stayed in their entirety, and all Courts having any jurisdiction thereof are enjoined from taking or permitting any action until further Order of this Court." (*Id.* ¶ 34.) The SEC Action is ongoing, and a trial in that case is currently scheduled for December 6, 2021.

Vagnozzi is an agent of the Receivership Entity ABFP, and this case against him is subject to the stay Order in the SEC Action. (*See* Pls.' Resp. in Opp. at 9.) However, Plaintiffs argue that the stay should not extend to Moving Defendants Pauciulo and Eckert—who are not agents of a Receivership Entity—and note that the Receiver did not file a Notice of Stay in this action, despite being aware of the Complaint. (*Id.*) Moving Defendants argue that because Vagnozzi is a Defendant, the SEC Action stay Order extends to this entire action. (Defs.' Mot. at 6; Defs.' Reply

2. The Motion to Dismiss (Document No. 54) is **DENIED without prejudice**.

3. The case is stayed in its entirety until further Order of this Court.

BY THE COURT:

/s/ Berle M. Schiller
Berle M. Schiller, J.

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at 2-3.) The Court agrees with Moving Defendants that the plain language of the litigation stay Order in the SEC Action indicates that this case should be stayed in its entirety. The Court also concludes that balancing the relevant factors weighs in favor of granting a stay.

"[T]he power to stay proceedings is incidental to the power inherent in every court to control the disposition of the causes on its docket…." *Bechtel Corp. v. Loc. 215, Laborers' Int'l Union of N. Am., AFL-CIO*, 544 F.2d 1207, 1215 (3d Cir. 1976) (quoting *Landis v. N. Am. Co.*, 299 U.S. 248, 254 (1936)). However, the applicant for a stay "must make out a clear case of hardship or inequity in being required to go forward...." *CTF Hotel Holdings, Inc. v. Marriott Int'l, Inc.*, 381 F.3d 131, 139 (3d Cir. 2004) (quoting *Landis*, 299 U.S. at 255). In determining whether to grant a stay, courts should consider: "(1) the length of the stay requested; (2) the 'hardship or inequity' that the movant would face from a denial of the stay; (3) the injury that the stay would inflict upon the non-movant; and (4) whether a stay would simplify issues and promote judicial economy." *Am. Builders Ins. Co. v. Keystone Insurers Grp., Inc.*, Civ. A. No. 19-1497, 2020 WL 4903827, at *2 (M.D. Pa. Aug. 20, 2020).

Here, Moving Defendants seek a stay of this action only until termination of the litigation stay in the SEC Action, and a trial in that case is set to begin in nine months. This is a relatively short period of time and not an indefinite duration. Moving Defendants have also argued that they would suffer hardship in defending this action without the ability to seek discovery from the Receivership Entities. (Defs.' Reply at 4-5.) Plaintiffs' claims against Moving Defendants rely upon the conduct of Moving Defendants in concert with Vagnozzi and non-party Receivership Entities. (*See generally* Corr. Compl. ¶¶ 148-61, 227-50, 284-90, 295-300.) The interconnectedness of Plaintiffs' claims against all Defendants supports Moving Defendants' arguments concerning the hardship of defending against these claims without a stay. *Cf. Trusted Transportation Sols., LLC v. Guarantee Ins. Co.*, Civ. A. No. 16-7094, 2018 WL 2187379, at *6 (D.N.J. May 11, 2018) (denying stay where claims against moving defendants were "separate and independent" from claims against defendants subject to bankruptcy automatic stay). Meanwhile, Plaintiffs argue they will be prejudiced by a stay because they will have to wait to recover their lost investments, but they have not articulated any specific injury they will suffer from a stay of this short duration. Finally, a brief stay of this case will avoid Plaintiffs' claims proceeding piecemeal against various Defendants and thereby promotes judicial economy.

EXHIBIT F

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

DENNIS MELCHIOR; LINDA LETIER; TERESA KIRK-JUNOD; ROBERT HAWRYLAK; JOSEPH F. BROCK; JR.; RAYMOND G. HEFFNER; JOHN MADDEN; THOMAS D. GREEN; MAUREEN A. GREEN; DOMINICK BELLIZZIE; JANET KAMINSKI; CYNTHIA BUTLER; WILLIAM BUTLER; EDWARD WOODS; GLEN W. COLE, JR.; JOHN BUTLER; ROBERT BETZ; MICHAEL D. GROFF; SHAWN P. CARLIN; MARCY H. KERSHNER; JOHN W. HARVEY; LAURIE H. SUTHERLAND; WILLIAM M. SUTHERLAND; BRUCE CHASAN; RANDAL BOYER, JR. AS POA FOR CHANTAL BOYER; ROY MILLS; JACE A. WEAVER; GEORGE S. ROADKNIGHT; ROBERT DELROCCO; LEONARD GOLDSTEIN; DAVID JAKEMAN; FRED BARAKAT; NEIL BENJAMIN; MARK NEWKIRK; MICHAEL SWAN; BARBARA BARR; MICHAEL BARR; JOSEPH CAMAIONI; JORDAN LEPOW; MARILYN SWARTZ; ROBERT L. YORI; JOAN L. YORI; MARK A. TARONE; RAYMOND D. FERGIONE; RAYMOND BRUCE BOEHM; ROBIN LYNN BOEHM; PATRICIA CROSSIN-CHAWAGA; CHARLES P. MOORE; JAMES E. HILTON; DOUGLAS C. KUNKEL; BONNIE LEE BEEMAN; ERNEST S. LAVORINI; ELIZABETH ANN DOYLE; JOSEPH GREENBERG; PAUL J. DAVIS; WILLIAM P. BETZ, JR.; and DONALD DEMPSEY, on behalf of themselves and all others similarly situated,

Plaintiffs,

vs.

DEAN VAGNOZZI;
CHRISTA VAGNOZZI;
ALBERT VAGNOZZI;
ALEC VAGNOZZI;
SHANNON WESTHEAD;
JASON ZWIEBEL;
ANDREW ZUCH;
MICHAEL TIERNEY;
PAUL TERENCE KOHLER;
JOHN MYURA;

Case No.: 2:20-cv-05562

Electronically Filed

PLAINTIFFS' MEMORANDUM OF LAW IN SUPPORT OF MOTION FOR RECONSIDERATION OF ORDER STAYING PROCEEDINGS

JOHN W. PAUCIULO;
ECKERT SEAMANS CHERIN & MELLOTT, LLC;
SPARTAN INCOME FUND, LLC;
PISCES INCOME FUND LLC;
CAPRICORN INCOME FUND I, LLC;
MERCHANT SERVICES INCOME FUND, LLC;
COVENTRY FIRST LLC;
PILLAR LIFE SETTLEMENT FUND I, L.P.;
PILLAR II LIFE SETTLEMENT FUND, L.P.;
PILLAR 3 LIFE SETTLEMENT FUND, L.P.;
PILLAR 4 LIFE SETTLEMENT FUND, L.P.;
PILLAR 5 LIFE SETTLEMENT FUND, L.P.;
PILLAR 6 LIFE SETTLEMENT FUND, L.P.;
PILLAR 7 LIFE SETTLEMENT FUND, L.P.;
PILLAR 8 LIFE SETTLEMENT FUND, L.P.;
ATRIUM LEGAL CAPITAL, LLC;
ATRIUM LEGAL CAPITAL 2, LLC;
ATRIUM LEGAL CAPITAL 3, LLC;
ATRIUM LEGAL CAPITAL 4, LLC;
FALLCATCHER, INC.;
PROMED INVESTMENT CO., L.P.; and
WOODLAND FALLS INVESTMENT FUND, LLC,

Defendants.

PLAINTIFFS' MEMORANDUM OF LAW IN SUPPORT OF MOTION FOR RECONSIDERATION OF ORDER STAYING PROCEEDINGS

INTRODUCTION

"That the adage 'justice delayed is justice denied' may by now be trite, that makes it no less true."[1]

Plaintiffs in the above-captioned action hereby move this Court to reconsider its Order of April 12, 2021 (ECF No. 67) ("April 12 Order"), which granted Defendants Eckert Seamans Cherin & Mellott, LLC's ("Eckert") and John W. Pauciulo's ("Pauciulo") (Pauciulo and Eckert are referred to as the "Eckert Defendants") Motion to Stay Proceedings, and in support thereof state as follows.

ARGUMENT

I. Standard for Reconsideration

Federal Rule of Civil Procedure 59(e) allows a party to bring a motion for reconsideration in order to correct "manifest errors of law or fact or to present newly discovered evidence." *Harsco Corp. v. Zlotnicki*, 779 F.2d 906, 909 (3d Cir. 1985); *see also Cohen v. F.D.I.C.*, No. CIV.A. 91-CV-3944, 2003 WL 21419155, at *1 (E.D. Pa. June 19, 2003) (granting Rule 59(e) motion). The Third Circuit has stated that the party seeking reconsideration must demonstrate "at least one of the following grounds: (1) an intervening change in the controlling law; (2) the availability of new evidence that was not available when the court granted the motion...; or (3) the need to correct a clear error of law or fact or to prevent manifest injustice." *Max's Seafood Café ex rel. Lou-Ann, Inc. v. Quinteros*, 176 F.3d 669, 677 (3d Cir. 1999).

Plaintiffs seek reconsideration under the second prong – new evidence.

[1] *Laforge v. Consol. Rail Corp*., No. CIV A 87-6314, 1988 WL 38321, at*1 (E.D. Pa. Apr. 22, 1988) (Gawthrop, J.) (emphasis added).

II. Reconsideration is Warranted Due to the Extension of the Trial Date in the SEC Action and Newly Asserted Competing Claims that May Deplete the Eckert Defendants' Financial Resources

Reconsideration of this Court's April 12 Order staying the litigation is warranted because two of the key factors that supported this Court's decision have changed.[2] As stated in the April 12 Order: "In determining whether to grant a stay, courts should consider: '(1) the length of the stay requested; (2) the 'hardship or inequity' that the movant would face from a denial of the stay; (3) the injury that the stay would inflict upon the non-movant; and (4) whether a stay would simplify issues and promote judicial economy.'" *Am. Builders Ins. Co. v. Keystone Insurers Grp., Inc.*, Civ. A. No. 19-1497, 2020 WL 4903827, at *2 (M.D. Pa. Aug. 20, 2020).

The first factor considered by the Court in staying this litigation is the length of the stay requested. At the time the briefing on the Eckert Defendants' motion to stay closed,[3] the trial date in the SEC Action was set for August 30, 2021. *See* Declaration of Eric Lechtzin at Exhibit A (*SEC v. Complete Business Solutions Group, Inc.*, No. 9:20-cv-81205, at ECF No. 279 (S.D. Fla.)). On March 30, 2021, the U.S.D.C. for the Southern District of Florida entered an Amended Order Setting Jury Trial Schedule (ECF No. 521), which has postponed the beginning of the trial until December 6, 2021. *See* Declaration of Eric Lechtzin at Exhibit B.

Even if the court in the SEC Action does not extend the schedule again and the trial begins on December 6, 2021, there is no guarantee that the litigation in the SEC Action will be concluded

[2] It should be noted that the Eckert Defendants are not among the Receivership Entities, nor are they in possession of Receivership assets. Furthermore, Plaintiffs notified the Receiver about the filing of this action, but the Receiver did not move to stay this case, as he did in the Delaware and Florida class actions. *See* Plaintiffs' Opposition to Defendants Eckert Seamans Cherin & Mellott, LLC's and John W. Pauciulo's Motion to Stay Proceedings, or in the Alternative, to Dismiss Plaintiffs' Class Action Complaint, ECF No. 62 at 9.

[3] Briefing closed with the filing of Defendants' Reply in Support of Motion to Stay Proceedings, on March 10, 2021 (ECF No. 65).

after a two-week trial. On the contrary, it is likely that there will be post-trial appeals that will greatly prolong the case.[4] Furthermore, the Receivership could continue long after the underlying litigation is fully resolved. Presumably the Eckert Defendants will seek to extend the stay of this case until the Receivership is also concluded. Thus, the purported "short duration" of the stay is likely to be anything but short.

Second, in granting the stay, this Court expressed concern that Plaintiffs "have not articulated any specific injury they will suffer from a stay of this short duration." April 12 Order at n.1. While Plaintiffs believe that any delay in their ability to recover the millions in investment losses is a significant hardship, the threat of new, competing claims against the Eckert Defendants presents an even greater hardship.

Specifically, after briefing on the motion to stay closed, a group of seventeen (17) individuals who had retained the Eckert Defendants to represent them in the formation of seventeen (17) so-called "agent funds," which were created for the purpose of selling unregistered securities backed by Par Funding merchant cash advance loans, brought a legal malpractice lawsuit against the Eckert Defendants in the Philadelphia Court of Common Pleas. The Complaint in *Parker et al. v. John W. Pauciulo et al.*, Dec. Term 2020, No. 00892 (filed March 16, 2021), is attached to the Declaration of Eric Lechtzin as Exhibit C. The litigation in the *Parker* legal malpractice action arises from the same nucleus of operative facts as the instant case, *i.e.*, the sales of unregistered securities backed by Par Funding merchant cash advance loans. The plaintiffs in *Parker* are seeking a monetary recovery from the same defendants as Plaintiffs here – the Eckert

[4] As Plaintiffs previously argued, imposing a stay measured by the duration of another case is disfavored. *See Am. Builders Ins. Co.*, 2020 WL 4903827, at *2 (rejecting defendant's argument that it was not seeking an indefinite stay where a proposed stay would be in place until completion of related proceedings); *Jaludi v. Citigroup*, 2020 WL 7086142, at *5 (M.D. Pa. Aug. 12, 2020) (denying motion to stay where length of the requested stay was indefinite).

Defendants. Given the finite financial resources of the Eckert Defendants (the extent of which is presently unknown to Plaintiffs), there is a substantial risk that such resources will be severely depleted before Plaintiffs will be able to prosecute their claims in this Court. Thus, Plaintiffs will face a hardship due to competing claims if they are not permitted to move forward with this litigation promptly.

CONCLUSION

For the foregoing reasons, Plaintiffs respectfully requests that the Court reconsider its Order staying the proceedings and reactivate this litigation.

Dated: April 21, 2021

Respectfully submitted,

By: */s/Eric Lechtzin*

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Interim Chair of Plaintiffs' Executive Committee

*Admitted *Pro Hac Vice*

CERTIFICATE OF SERVICE

I hereby certify that on April 21, 2021, I electronically filed the foregoing document with the Clerk of the Court using the electronic filing system, which sends notice to all counsel of record.

By: */s/Eric Lechtzin*
Eric Lechtzin

EXHIBIT G

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

DENNIS MELCHIOR; LINDA LETIER; TERESA KIRK-JUNOD; ROBERT HAWRYLAK; JOSEPH F. BROCK; JR.; RAYMOND G. HEFFNER; JOHN MADDEN; THOMAS D. GREEN; MAUREEN A. GREEN; DOMINICK BELLIZZIE; JANET KAMINSKI; CYNTHIA BUTLER; WILLIAM BUTLER; EDWARD WOODS; GLEN W. COLE, JR.; JOHN BUTLER; ROBERT BETZ; MICHAEL D. GROFF; SHAWN P. CARLIN; MARCY H. KERSHNER; JOHN W. HARVEY; LAURIE H. SUTHERLAND; WILLIAM M. SUTHERLAND; BRUCE CHASAN; RANDAL BOYER, JR. AS POA FOR CHANTAL BOYER; ROY MILLS; JACE A. WEAVER; GEORGE S. ROADKNIGHT; ROBERT DELROCCO; LEONARD GOLDSTEIN; DAVID JAKEMAN; FRED BARAKAT; NEIL BENJAMIN; MARK NEWKIRK; MICHAEL SWAN; BARBARA BARR; MICHAEL BARR; JOSEPH CAMAIONI; JORDAN LEPOW; MARILYN SWARTZ; ROBERT L. YORI; JOAN L. YORI; MARK A. TARONE; RAYMOND D. FERGIONE; RAYMOND BRUCE BOEHM; ROBIN LYNN BOEHM; PATRICIA CROSSIN-CHAWAGA; CHARLES P. MOORE; JAMES E. HILTON; DOUGLAS C. KUNKEL; BONNIE LEE BEEMAN; ERNEST S. LAVORINI; ELIZABETH ANN DOYLE; JOSEPH GREENBERG; PAUL J. DAVIS; WILLIAM P. BETZ, JR.; and DONALD DEMPSEY, on behalf of themselves and all others similarly situated, Plaintiffs, vs. DEAN VAGNOZZI; CHRISTA VAGNOZZI; ALBERT VAGNOZZI; ALEC VAGNOZZI; SHANNON WESTHEAD; JASON ZWIEBEL;	:	Case No.: 2:20-cv-05562-BMS

ANDREW ZUCH;	:
MICHAEL TIERNEY;	:
PAUL TERENCE KOHLER;	:
JOHN MYURA;	:
JOHN W. PAUCIULO;	:
ECKERT SEAMANS CHERIN & MELLOTT, LLC;	:
SPARTAN INCOME FUND, LLC;	:
PISCES INCOME FUND LLC;	:
CAPRICORN INCOME FUND I, LLC;	:
MERCHANT SERVICES INCOME FUND, LLC;	:
COVENTRY FIRST LLC;	:
PILLAR LIFE SETTLEMENT FUND I, L.P.;	:
PILLAR II LIFE SETTLEMENT FUND, L.P.;	:
PILLAR 3 LIFE SETTLEMENT FUND, L.P.;	:
PILLAR 4 LIFE SETTLEMENT FUND, L.P.;	:
PILLAR 5 LIFE SETTLEMENT FUND, L.P.;	:
PILLAR 6 LIFE SETTLEMENT FUND, L.P.;	:
PILLAR 7 LIFE SETTLEMENT FUND, L.P.;	:
PILLAR 8 LIFE SETTLEMENT FUND, L.P.;	:
ATRIUM LEGAL CAPITAL, LLC;	:
ATRIUM LEGAL CAPITAL 2, LLC;	:
ATRIUM LEGAL CAPITAL 3, LLC;	:
ATRIUM LEGAL CAPITAL 4, LLC;	:
FALLCATCHER, INC.;	:
PROMED INVESTMENT CO., L.P.; and	:
WOODLAND FALLS INVESTMENT FUND, LLC,	:
Defendants.	:

DEFENDANTS ECKERT SEAMANS CHERIN & MELLOTT, LLC'S AND JOHN W. PAUCIULO'S OPPOSITION TO PLAINTIFFS' MOTION FOR RECONSIDERATION OF ORDER STAYING PROCEEDINGS

Defendants Eckert Seamans Cherin & Mellott, LLC ("Eckert") and John W. Pauciulo ("Pauciulo") respectfully submit this opposition to Plaintiffs' Motion for Reconsideration of Order Staying Proceedings.

I. INTRODUCTION

On April 21, 2021, the Court granted Defendants Eckert's and Pauciulo's Motion to Stay the Proceedings ("Motion to Stay") based on the broad stay in the SEC Action.

Unsatisfied with the Court's order, Plaintiffs have moved for reconsideration, purportedly based on "new evidence." But Plaintiffs really seek a second bite of the apple. For the reasons set forth below, neither of Plaintiffs' two "new" pieces of evidence actually is new. First, Plaintiffs rely on the new trial date in the SEC Action, which was set after the close of briefing, but before the Court ruled on the Motion to Stay. This is not new evidence, and in fact, the Court cited to the new date of December 2021 in its opinion. In any event, the new trial date is only three and a half months after the original trial date.

Second, Plaintiffs rely on an allegedly newly filed legal malpractice case in Pennsylvania state court, but again, this information is not new because while the malpractice plaintiffs recently filed their complaint, they had already filed a praecipe for writ of summons in December 2020. Even if the malpractice action is considered "new evidence," the existence of the malpractice action does not support Plaintiffs' argument that this action should not be stayed pending the SEC Action.

II. BRIEF PROCEDURAL HISTORY

On January 16, 2021, Eckert and Pauciulo filed a Motion to Stay Proceedings, or in the Alternative, to Dismiss Plaintiffs' Class Action Complaint (ECF 54). Plaintiffs filed their Opposition on February 19, 2021 (ECF 62), and Eckert and Pauciulo filed their Reply in Support of their Motion to Stay on March 3, 2021 (ECF 65).

On April 12, 2021, the Court granted Eckert's and Pauciulo's Motion to Stay (ECF 67). The Court relied on the broad stay in the SEC Action, which ordered a stay of all litigation "involving[]…any of the Receivership Entities' past or present officers, directors, managers, agents, or general or limited partners," in granting the stay. Order, fn. 1. The Court agreed with Defendants Eckert and Pauciulo that "the plain language of the litigation stay Order

in the SEC Action indicates that this case should be stayed in its entirety." *Id.* Further, the Court explained that "balancing the relevant factors weighs in favor of granting a stay." *Id.*

On April 21, 2021, unsatisfied with the Court's decision to stay this action, Plaintiffs' filed a Motion for Reconsideration of the Order Staying Proceedings (ECF 68).

III. LEGAL STANDARD

As set forth in Plaintiffs' brief, Federal Rule of Civil Procedure 59(e) allows motions for reconsideration in three limited circumstances: (1) intervening change in the controlling law, (2) availability of new evidence that was not available when the court granted the motion, or (3) the need to correct a clear error of law or fact or to prevent manifest injustice. Pl. Br. (citing *Max's Seafood Café ex rel. Lou-Ann, Inc. v. Quinteros*, 176 F.3d 669, 677 (3d Cir. 1999)).

What Plaintiffs' brief does not address is that "reconsideration is an extraordinary remedy, that is granted very sparingly." *Bolick v. Pennsylvania*, CV 05-5455 (AET), 2006 WL 8460204, at *1 (E.D. Pa. Oct. 20, 2006). "A motion for reconsideration 'is not a vehicle for registering disagreement with the court' initial decision, for rearguing matters already addressed by the court, or for raising arguments that could have been raised before but were not.'" *Abutidze v. Harold Fisher & Sons, Inc.*, CV 04-1578, 2007 WL 9807444, at *1, n.1 (E.D. Pa. Oct. 30, 2007) (citations omitted). In other words, a motion for reconsideration is not an opportunity for the movant to get a "second bite at the apple." *Id.*

IV. ARGUMENT

Plaintiffs make two arguments in favor of reconsideration based upon the claimed "new evidence" element. Pl. Br. at 1. Each argument fails.

First, Plaintiffs argue that because the trial date in the SEC Action was extended by three and a half months after the close of briefing, the Court should reconsider its ruling to

stay this action. *Id.* at 2-3. But, the trial date is not "new evidence" before the Court at this juncture. While Plaintiffs are correct that the extension occurred after the briefing concluded on March 10, 2021, it occurred before the Court issued its Order. In fact, the Court was aware of the new date and cited to it in its Order. Specifically, the Court stated that "[t]he SEC Action is ongoing, and a trial in that case is currently scheduled for December 6, 2021." Order at fn. 1 (emphasis added). Therefore, the change in the trial date change cannot be considered new evidence.[1]

Second, Plaintiffs rely on a claim that a malpractice action was recently filed against the Defendants in Pennsylvania state court, captioned *Parker et al. v. John W. Pauciulo et al.*, Dec. Term 2020, No. 00892 (filed March 16, 2021). While the complaint was filed on March 16, 2021, the *Parker* plaintiffs filed a praecipe for writ of summons on December 16, 2020, well before close of briefing in this action. The existence of the *Parker* action therefore is not "new evidence that was not available when the court granted the motion." *Quinteros*, 176 F.3d 669 at 677.

Even if the *Parker* action was considered new evidence, it does not change the analysis as to why the Court ordered this action to be stayed. It remains true that Eckert and Pauciulo would be prejudiced if the Court's Order granting a stay is overturned. The allegations here are almost identical to those pled in the SEC Action, as well as the Florida and Delaware Actions discussed in Eckert's and Pauciulo's Motion to Stay, and all the allegations relate to conduct allegedly perpetrated through the Receivership Entities (as defined in the Motion to Stay). Further, any discovery in this action would require discovery from the Receivership

[1] Plaintiffs also argue that a stay is improper because there is no guarantee that the litigation in the SEC Action will conclude after a two-week trial. Pl. Br. at 2-3. This argument could have been raised in Plaintiffs' opposition brief and was not.

Entities and related persons but would be impossible to obtain because of the stay order in the SEC Action. In fact, many of the same discovery limitations that hinder the defense of this case are applicable to the *Parker* action and Defendants will be filing a motion seeking a stay in the *Parker* action. As the Court noted in its Order, "a brief stay of this case will avoid Plaintiffs' claims proceeding piecemeal against various Defendants and thereby promotes judicial economy." Therefore, allowing this action to go forward, in light of the broad stay in the SEC Action and in light of *Parker* action, would not promote judicial economy.

V. CONCLUSION

For the reasons set forth herein, the Court should deny Plaintiffs' Motion for Reconsideration of Order Staying Proceedings.

Dated: April 28, 2021

Respectfully submitted,

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Attorneys for Defendants Eckert Seamans Cherin & Mellott, LLC and John W. Pauciulo

CERTIFICATE OF SERVICE

The undersigned certifies that on April 28, 2021, a true and correct copy of the foregoing was electronically filed with the Clerk of the Court for the Eastern District of Pennsylvania using the CM/ECF system. Notice of this filing will be sent to all parties by operation of the Court's electronic filing system. Parties may access this filing through the Court's CM/ECF system.

/s/ Jay A. Dubow
Jay A. Dubow

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

Dennis Melchior, *et al.*, on behalf of themselves and all others similarly situated,	:	
Plaintiffs,	:	Case No.: 2:20-cv-05562-BMS
vs.	:	
Dean Vagnozzi, *et al.*,	:	
Defendants.	:	

[PROPOSED] ORDER

AND NOW, on this _____ day of _____ 2021, upon consideration of Plaintiffs' Motion for Reconsideration of Order Staying Proceedings, and Defendants Eckert Seamans Cherin & Mellott, LLC's and John W. Pauciulo's Opposition thereto, the Court orders and finds that Plaintiffs' Motion is **DENIED**.

BY THE COURT:

_____
Hon. Berle M. Schiller, U.S.D.J.

EXHIBIT C

COURT OF COMMON PLEAS PHILADELPHIA COUNTY
FIRST JUDICIAL DISTRICT OF PENNSYLVANIA
TRIAL DIVISION – CIVIL

PARKER, et al.	December Term, 2020
Plaintiffs,	No. 00892
v.	COMMERCE PROGRAM
PAUCIULO, et al.	Control No.: 21046299
Defendants.	

ORDER

AND NOW, this 26th day of May 2021, upon consideration of Defendants' Motion to Stay Proceedings, supporting memorandum of law, and any response thereto, it is hereby **ORDERED** that the proceedings are **STAYED** pending termination of the litigation stay in the SEC Action.

While Plaintiffs' Answer in Opposition to Defendants' Motion to Stay Proceedings clearly has merit, many of the entities and parties, including but not limited to Dean Vagnozzi, will be sought for discoverable information which the SEC Action precludes. Should this Court not grant Defendants' Motion to Stay, the instant action clearly would be frustrated and undoubtedly will cause additional discovery of entities and individuals of the SEC Action once the SEC Action stay is lifted.

BY THE COURT:

LEON W. TUCKER, J.

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UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA

Securities & Exchange Commission,

Plaintiff,

v.

Complete Business Solutions Group, Inc., et al.

Defendants.
_____/

Case No.: 9:20-cv-81205-RAR

[PROPOSED] ORDER GRANTING MOTION TO LIFT STAY

THIS CAUSE having come before the Court upon the motion (the "Motion") filed by non-parties Mark Nardelli, Francis Cassidy, David Gollner and Christopher McMorrow to lift the litigation stay in this action so that *Parker, et al. v. Pauciulo, et al.,* December Term 2020 No. 00892, filed in the Pennsylvania Court of Common Pleas, Philadelphia County (the "Parker Action") may proceed, and the Court, having reviewed the Motion and all other submissions by the parties, and otherwise being fully advised in the premises, hereby

ORDERS AND ADJUDGES as follows:

The Motion is hereby GRANTED, and the stay of litigation in this action is lifted solely as to the Parker Action.

Dated: _____

_____

RODOLFO A. RUIZ, II, U.S.D.J.

cc: All counsel of record