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.

_____/

DEFENDANT, DEAN VAGNOZZI'S RENEWED MOTION TO LIFT STAY OF LITIGATION

NOW COMES Defendant, Dean Vagnozzi ("Vagnozzi"), by and through his undersigned counsel, and hereby submits this Renewed Motion to Lift Stay of Litigation ("Motion"). In support of his Motion, Vagnozzi states the following:

BACKGROUND

1. This Motion is filed consistent with the Court's August 26, 2022 Text Order, which noted, "to the extent Defendant Vagnozzi is seeking to renew his request that the Court lift the litigation stay so as to allow him to pursue his individual claims against Eckert Seamans and John W. Pauciulo, *see* [1377] - especially given that the SEC no longer opposes lifting the litigation stay for this purpose, *see* [1377-2] - Defendant Vagnozzi shall file a proper motion for the Court's consideration." See ECF # 1383.

2. As set forth further herein, the relevant circumstances have materially changed and, as a result, Vagnozzi is renewing his request for the Court to lift the litigation stay so that he can pursue his personal legal malpractice claims against his lawyers.

3. Vagnozzi was the victim of egregiously negligent legal services and false representations that have ruined his professional career.

4. In early 2016, Vagnozzi retained John W. Pauciulo, Esquire ("Pauciulo") and his law firm, Eckert Seamans Cherin & Mellot, LLC ("Eckert Seamans"), to conduct due diligence on PAR Funding with the express understanding that Vagnozzi wanted a thorough and comprehensive investigation on PAR Funding because he had never done business with the entity or its principals.

5. Pauciulo held himself out as a former SEC enforcement attorney with expertise in securities law, touting that he was the head of the financial transactions department at Eckert Seamans, a large national firm.

6. Pauciulo and Eckert Seamans billed Vagnozzi substantial fees to conduct due diligence on PAR Funding and its principals, as well as to form multiple entities, to draft all of the offering documents related to those entities, and to ensure that Vagnozzi was in complete compliance with state and federal securities laws.

7. Unbeknownst to Vagnozzi, Pauciulo engaged in an amateurish, lazy, incomplete, and dangerously inadequate due diligence and provided Vagnozzi with grossly negligent legal services and false representations.

8. As a result of Pauciulo's legal malpractice, Vagnozzi's professional reputation and ability to earn a living have been ruined.

9. Vagnozzi now struggles to make ends meet for his family, all the while defending himself in multiple proceedings that arise directly from Pauciulo's legal malpractice.

10. For these reasons, on April 23, 2021, Vagnozzi instituted a lawsuit in Pennsylvania state court against Pauciulo and Eckert Seamans seeking damages personal to Vagnozzi. A true and correct copy of the complaint filed in Pennsylvania state court against Pauciulo and Eckert Seamans ("Pennsylvania Action") is attached as **Exhibit "A."**

11. The causes of action Vagnozzi has asserted against Eckert Seamans and Pauciulo expressly seek only personal damages to Vagnozzi. See Ex. A, Complaint at ¶ 2 ("This is an action brought only by Vagnozzi personally for damages he has suffered.")

12. Vagnozzi had an attorney-client relationship with Pauciulo and Eckert Seamans in his personal capacity, which Pauciulo and Eckert Seamans admit. See **Exhibit "B,"** Eckert and Pauciulo Answer to State Court Malpractice Complaint at ¶ 10 ("It is admitted only that Pauciulo represented Vagnozzi until their attorney-client relationship ended in 2020.")

13. Although Vagnozzi asserted only personal claims seeking his personal damages based on his personal attorney-client relationship with Pauciulo and Eckert Seamans, the Receiver and Eckert Seamans have been imposing a stay on his malpractice claims in the Pennsylvania Action under the Stay of Litigation provisions in this Court's Amended Receivership Order.

14. The Pennsylvania Action has been stayed for over a year since July 6, 2021. See July 6, 2021 Order from Pennsylvania Court of Common Pleas, attached as **Exhibit "C."**

15. On September 1, 2021, after the Pennsylvania Court stayed his malpractice action, and while Vagnozzi was seeking reconsideration of that Order, Vagnozzi sought clarification from this Court and/or limited relief from the stay. See ECF # 742.

16. The Receiver, Pauciulo and Eckert Seamans opposed Vagnozzi's request for relief from the stay. See ECF # 763 (Receiver Opposition), 767-1 (Eckert Seamans' Opposition).

17. On September 21, 2021, the Court denied Vagnozzi's motion for clarification and request for relief from the stay. See ECF # 788.

18. Close to a year later, the circumstances have materially changed such that the Court should grant Vagnozzi relief from the stay to pursue his claims.

19. For one, Vagnozzi has settled with the SEC, resulting in a stipulated Permanent Injunction (ECF # 1006) and a consented Final Judgment against Vagnozzi. See ECF # 1160, ECF #1163.

20. Vagnozzi has also reached a settlement with the Receiver concerning payment terms.

21. On March 31, 2022, the Receiver filed a Notice of Settlement with Dean J. Vagnozzi, setting forth the principal terms of Vagnozzi's settlement with the Receiver. See ECF # 1203.

22. Second, the SEC has since prosecuted claims against Pauciulo for his significant role in the PAR Funding investments at the heart of this enforcement action.

23. Recently, on July 7, 2022, the SEC entered an Order imposing remedial sanctions and a cease-and-desist order against Pauciulo for the legal advice he provided to Vagnozzi. That SEC Order was entered by agreement and is attached hereto as **Exhibit "D."**

24. That SEC Order states as follows:

> These proceedings arise out of attorney Pauciulo's role in a multi-million dollar unregistered offering fraud through his involvement with the unregistered and fraudulent offerings of multiple private investment funds created to invest in Complete Business Solutions Group, d/b/a Par Funding ("CBSG"). Pauciulo made material misstatements and omissions in private placement memoranda ("PPMs") he prepared for many of these private investment funds and in in-person and video presentations he made to prospective investors and investors.... However, Pauciulo knew or was reckless in not knowing that there was no exemption from registration available for the CBSG offering or some of the private investment fund offerings because CBSG and some of the private

> investment funds engaged in a general solicitation. By engaging in this conduct, Pauciulo violated Sections 5(a), 5(c) and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

Exhibit "D," SEC Order at ¶ 1.

25. Lastly, and perhaps most importantly, the SEC – the government agency that initiated this enforcement action – has recently taken the position that the personal malpractice claims against Eckert Seamans and Pauciulo should proceed.

26. In this regard, on August 25, 2022, Vagnozzi received notice from the Securities and Exchange Commission's Senior Trial Counsel in this matter, Amie Riggle Berlin, that the SEC now supports lifting the Litigation Stay for personal malpractice claims against Eckert Seamans and John Pauciulo to the extent such claims were asserted by individuals and non-receivership entities based on their own attorney-client relationship with Eckert. See **Exhibit "E,"** Berlin 8/25/22, 10:34 AM email.

27. Although Ms. Berlin's initial email indicated she "would need more information" about Vagnozzi's claims "to provide [the SEC's] position," in subsequent communications, after Vagnozzi's counsel clarified that Vagnozzi's claims were in his name only and were based on a personal attorney-client relationship – admitted by Eckert and Pauciulo – Ms. Berlin indicated that the stay should be lifted so that Vagnozzi too could pursue his malpractice claims. See **Exhibit "F,"** Berlin to G. Bochetto 8/25/22, 2:22 PM email.

ARGUMENT AND MEMORANDUM OF LAW

Vagnozzi respectfully requests that this Honorable Court grant limited relief from the stay to pursue his personal legal malpractice action against his former attorneys, strictly for his personal damages.

> The purposes of a receivership are varied, but the purpose of imposing a stay of litigation is clear. A receiver must be given a chance to do the important job of

> marshaling and untangling a company's assets without being forced into court by every investor or claimant. Nevertheless, an appropriate escape valve, which allows potential litigants to petition the court for permission to sue, is necessary so that litigants are not denied a day in court during a lengthy stay.

United States v. Acorn Tech. Fund, L.P., 429 F.3d 438, 443 (3d Cir. 2005). In determining whether to lift a receivership stay, courts have adopted a three-part test:

> (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.

S*.E.C. v. Wencke*, 742 F.2d 1230, 1231 (9th Cir. 1984). Here, all three factors support lifting the stay.

The first *Wencke* factor requires a court to consider "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." 742 F.2d at 1231. This factor "essentially balances the interests in preserving the receivership estate with the interests" of the movant. *S.E.C. v. Stanford Int'l Bank Ltd.,* 424 F. App'x 338, 341 (5th Cir.2011); *S.E.C. v. Illarramendi*, No. 3:11CV78 JBA, 2012 WL 234016 (D. Conn. Jan. 25, 2012) (same); *Schwartzman v. Rogue Int'l Talent Grp., Inc.,* CIV.A. 12–5255, 2013 WL 460218 (E.D.Pa. Feb. 7, 2013) (first factor requires court "to balance the Receiver's interest in maintaining the status quo with any injury the moving party may suffer if the stay remains in place"); *U.S. v. ESIC Capital, Inc.,* 675 F.Supp. 1462, 1463 (D.Md.1987) (court must assess "the competing interests of the injury to the moving party versus preserving the status quo").

Refusing Vagnozzi relief from the stay will ***not*** genuinely preserve the relevant status quo; it will only cause Vagnozzi and his family to suffer further substantial injury. As detailed herein, Vagnozzi has been seriously harmed by Pauciulo's grossly negligent legal services and false

representations. (*See* Complaint, **Exhibit "A."**) Pauciulo's acts and omissions have stripped Vagnozzi of his business, reputation, and ability to earn a living. Vagnozzi has had to enter onerous settlements with the SEC and the Receiver. As noted in Vagnozzi's earlier motion for relief, Vagnozzi was then, and is now, struggling to provide for his family. *See* ECF # 742, Ex. E, Affidavit of Dean Vagnozzi.

Vagnozzi does not seek any relief beyond that stemming from the harm to him personally. He does not seek to recover damages recoverable by any Receivership Entity. He makes this explicitly clear in the Pennsylvania Action's complaint. Vagnozzi is neither bringing that action on behalf of any Receivership Entity nor is he seeking any relief that a Receivership Entity may recover. (*See* **Exhibit "A**," Complaint at ¶ 2) ("This is an action brought only by Vagnozzi personally for the damages he has suffered."). It is worth repeating: *no Receivership Property is at stake in Vagnozzi's Pennsylvania Action*. Furthermore, the Receiver's powers and duties remain unaffected by the Pennsylvania Action, since they all directly concern the marshalling of Receivership Property and protection of Receivership Entities; neither of which are impacted in anyway by the Pennsylvania Action. Indeed, even if the Receiver believes that the Receivership Entities also have claims against Pauciulo and Eckert Seamans, that no longer serves as a basis to stay Vagnozzi's claims. The Receiver has had more than ample time to assess those claims and assert them. There is no reason why the Receiver cannot simultaneously prosecute claims against Pauciulo and Eckert Seamans on behalf of Receivership Entities while Vagnozzi is pursuing personal claims.

The second *Wencke* factor requires courts to analyze the point of time in a receivership in which a motion to lift a litigation stay is made. There is no "clear cut-off date after which a stay should be presumptively lifted." *Acorn Tech. Fund, L.P.,* 429 F.3d at 450. The timing factor is

fact-specific and "based on the number of entities, the complexity of the scheme, and any number of other factors." *Stanford Int'l Bank Ltd.,* 424 F. App'x at 341; *see also S.E.C. v. Vescor Capital Corp.,* 599 F.3d 1189, 1197 (10th Cir.2010) ("the timing factor is case-specific"). For example, on the timing factor, the Third Circuit in *Acorn Tech.* noted,

> [a] Maryland district court partially lifted a stay to allow a foreclosure action against property on which the receivership estate also had a judgment lien. *United States v. ESIC Capital, Inc.,* 685 F.Supp. 483 (D.Md.1988). The district court admitted that the receivership was only two years old, but concluded that the merits of the asserted claim were "substantial," and that the movant would suffer "substantial injury" if the claim were not allowed to proceed. *Id.* at 485-86.

Acorn Tech., 429 F.3d at 444.

Here, the status of the receivership weighs in favor of lifting the stay. This enforcement action was instituted by the SEC two years ago. Since then, Vagnozzi has settled the SEC's action and has reached an agreement with the Receiver. The SEC has also resolved its separate enforcement action against Pauciulo, imposing remedial sanctions and a cease-and-desist order against Pauciulo for the legal advice he provided to Vagnozzi. The SEC has recently taken the position that the Court's stay should be lifted as to Vagnozzi's malpractice claims against Pauciulo and Eckert Seamans.

The Receiver has no reason to interfere with Vagnozzi's legal malpractice action because it does not concern any Receivership Property and does not otherwise interfere with the Receiver's powers and duties. *See* Amended Receivership Order, ¶ 7. It is the purpose of the Receiver to marshal and untangle property of investors and Receivership Entities, not to unnecessarily frustrate a personal action that has no impact on the Receiver's powers and duties and does not negatively impact any investor. *Acorn Tech.*, 429 F.3d at 443. The second factor weighs strongly in favor of granting relief from the litigation injunction.

The last factor focusses on the merits of the stayed action. Vagnozzi's Pennsylvania Action is meritorious. "A district court need only determine whether the party has ***colorable*** claims to assert which justify lifting the receivership stay." *Acorn Tech.,* 429 F.3d at 449 (emphasis added.) "The more meritorious a movant's underlying claim, the more heavily this factor will weigh in the movant's favor." *United States v. JHW Greentree Cap., L.P.*, No. 3:12-CV-00116 VLB, 2014 WL 1669261 (D. Conn. Feb. 10, 2014). "[I]f a claim may have merit-and factual development may be necessary to assess this-the district court will have to address the other *Wencke* factors." *Acorn*, 429 F.3d at 444.

Vagnozzi has filed the requisite "certificates of merit" based on an expert opinion certifying the claims are meritorious. There is no question that Pauciulo failed to exercise ordinary skill and knowledge and such failure proximately caused immense damages to Vagnozzi's personally. *see generally* Complaint, **Exhibit "A."** The SEC's sanction Order concludes Pauciulo either knew or was reckless in representing the PAR Funding notes were exempted securities. The SEC's sanction Order, and its newly stated position that the personal claims against Pauciulo and Eckert Seamans should proceed, strongly supports the merits of Vagnozzi's claims.

Finally, it also must be noted that, aside from Dean Vagnozzi being victimized by Pauciulo and Eckert Seamans, there are apparently other victims of Pauciulo's extreme departure from acceptable professional standards. Indeed, Vagnozzi's Counsel has learned that there were other clients of Pauciulo and Eckert Seamans, unrelated to PAR Funding, who, like Vagnozzi, were duped into selling unregistered promissory notes based on Pauciulo's faulty advice, resulting in the filing of regulatory actions as early as 2017. *See, e.g., In the Matter of Retirement Surety LLC, et al.*, Initial Decision at p. 5, SEC File No. 3-18061 (Apr. 18, 2018)("Rose stated that the Verto Note offerings caught his attention because he thought 'it was not a security' based on the 'advice

by [Schantz] and his attorneys,' including John Pauciulo."); *SEC v. William R. Schantz III, et al.*, Complaint in Civil Action No. 1:17-cv-03115 (May 4, 2017) (involving Pauciulo client Schantz, "The Notes sales constituted unregistered sales of securities for which no applicable registration exemption existed and, thus, violated the securities sale registration provisions of the federal securities laws.") Vagnozzi's Counsel learned of these regulatory actions only after they were contacted by a lawyer in Massachusetts, who represented she too was representing yet another victim of Pauciulo, which, upon information and belief, also involved the illegal sale of unregistered investment notes based on Pauciulo's advice.

The malpractice claims against Pauciulo and Eckert Seamans are of a very serious nature. Pauciulo caused a tremendous amount of damages to Vagnozzi and others and Pauciulo and his former law firm should no longer benefit by the Court's litigation stay. It is time for those claims to proceed and for Pauciulo and Eckert Seamans to answer for their wrongful conduct.

CONCLUSION

WHEREFORE, based on the foregoing, and the pleadings set forth in the Pennsylvania Action's complaint, Defendant Dean Vagnozzi respectfully requests that this Honorable Court lift the litigation Stay in the Amended Receivership Order to allow Vagnozzi to pursue his legal malpractice claim in his individual capacity against Pauciulo and Eckert Seamans.

REQUEST FOR HEARING

Defendant Dean Vagnozzi respectfully requests that this Honorable Court hold a hearing to address this Motion and any responses thereto. A hearing is desired for this Motion because of the important issues at stake and the serious repercussions if the Motion is denied. Dean Vagnozzi's counsel anticipate argument to last no more than forty-five (45) minutes.

CERTIFICATE OF GOOD FAITH CONFERENCE

I HEREBY CERTIFY that, pursuant to Local Rule 7.1, I contacted and conferred with the attorneys for the Receiver in a good faith effort to resolve the issues raised in this motion and, based on those communications, state that the Receiver opposes this motion. The SEC, however, as noted, does not oppose lifting the stay to allow Vagnozzi to pursue his personal claims against Pauciulo and Eckert Seamans.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the foregoing document was electronically filed on August 30, 2022 with the CM/ECF filing portal, which will send a notice of electronic filing to all counsel of record.

Respectfully submitted, this 30th day of August, 2022.

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EXHIBIT A

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DEAN VAGNOZZI	:	COURT OF COMMON PLEAS
	:	PHILADELPHIA COUNTY
Plaintiff,	:	
v.	:	
	:	APRIL TERM, 2021
JOHN W. PAUCIULO, ESQUIRE	:	
and	:	NO. 002115
ECKERT SEAMANS CHERIN & MELLOTT, LLC	:	
	:	**JURY TRIAL DEMANDED**
Defendants	:	
	:	

NOTICE

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, PA 19107
Telephone: (215) 238 -6333

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 notificacion. Hace falta asentar una comparesencia escrita o en persona o con un abogado y entregar a la corte en forma escrita sus defensas o sus objeciones 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 decidir a favor del demandante y requier que usted cumpla con 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 INMEDIATAMENTE, 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.

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DEAN VAGNOZZI	:	COURT OF COMMON PLEAS
	:	PHILADELPHIA COUNTY
Plaintiff,	:	
v.	:	
	:	APRIL TERM, 2021
JOHN W. PAUCIULO, ESQUIRE	:	
and	:	NO. 002115
ECKERT SEAMANS CHERIN & MELLOTT, LLC	:	
	:	**JURY TRIAL DEMANDED**
Defendants	:	
	:	

COMPLAINT

Plaintiff, Dean Vagnozzi, hereby files this Complaint against Defendants, jointly and severally, for Defendants' wrongful conduct and the damages he has sustained personally, and in support thereof avers as follows:

INTRODUCTION

This is a legal malpractice action arising out of the long-standing representation of Dean Vagnozzi by Defendants John W. Pauciulo, Esquire ("Pauciulo") and his law firm, Eckert Seamans Cherin & Mellott, LLC ("Eckert," or "Eckert Firm") (collectively, "Defendants") in connection with the creation of various investment funds formed for the express purpose of investing in alternative income-producing opportunities.

Defendants, who held themselves out as securities and corporate law specialists,[1] were engaged by Vagnozzi to perform "due diligence" on each of the investment situations, and to create investment vehicles that complied with all state and federal securities laws.

In this regard, Defendants were engaged to prepare various Private Placement Memoranda ("PPM") which, among other things, were supposed to contain required disclosures about the risks of the investment and to be properly registered with the U.S. Securities and Exchange Commission ("SEC"), or properly exempted from such registration.

In July 2020, most of Plaintiff's assets were either seized or frozen by the United States District Court for the Southern District of Florida in an action brought by the SEC, and along with that, the assets of most of Plaintiff's businesses and many of his investment vehicles. The Florida Federal Court's intervention was in connection with a lawsuit brought by the SEC against an entity known as PAR Funding, alleging significant securities law violations with respect to the Vagnozzi PPMs. The SEC has stated in that litigation that the PPMs prepared by Pauciulo and Eckert were woefully incomplete, inaccurate, and contrary to various state and federal securities laws, and that they were in direct violation of the registration requirements. Such SEC allegations have subjected Vagnozzi to enormous adverse consequences and widespread negative publicity.

Whether the SEC's lawsuit against Par Funding is meritorious or not, Vagnozzi has suffered and will continue to suffer enormous personal and professional damage purely by virtue of Defendants' reckless and negligent representation as detailed herein. That is, even if everything the SEC has alleged against PAR Funding is false, and even though it is beyond dispute that

[1] See sample portions of Defendant's web-site attached hereto as Exhibit "A" and located at https:/www.eckertseamans.com/our-people/john-w-pauciulo.

Vagnozzi scrupulously invested every dollar raised with investors exactly as he should have, and paid every investor every penny they earned, Plaintiff herein has been and remains profoundly damaged because of Defendants' failure to comply with the "registration" and "risk disclosure" requirements set forth in the state and federal securities laws.

This case can be best understood from the words spoken by Defendants themselves, which was recorded for playback to Vagnozzi's clients:

> Q: Can I be sure this is legal?
>
> A: [Defendant Pauciulo speaking] Frankly, Dean spent a lot of money with me and my law firm. This kind of legal compliance is complicated. And because it is complicated, we spend a lot of time on it and that time results in expense. And Dean has spent, and continues to spend, a lot money to make sure things are done the right way.

I. PARTIES

1. Plaintiff Dean Vagnozzi ("Vagnozzi") is an individual citizen and resident of the Commonwealth of Pennsylvania, who, at all relevant times, resided in Collegeville, Pennsylvania.

2. Vagnozzi did business both individually and through a variety of entities, the umbrella of which was known as "abetterfinancialplan.com, LLC." ("ABFP.") Vagnozzi also established various "funds" with differing descriptive names. This is an action brought only by Vagnozzi personally for the damages he has suffered.

3. Defendant Pauciulo is an individual citizen of the Commonwealth of Pennsylvania who is licensed to practice law in the Commonwealth of Pennsylvania, and a "Member" of the law firm Eckert Firm, with offices located at 50 S. 16th Street, 22nd Floor, Philadelphia, PA 19102.

4. Defendant Eckert Firm is a limited liability company organized for the purpose of providing legal services to the public including, but not limited to, the aforementioned Plaintiff, with offices located at 50 S. 16th Street, 22nd Floor, Philadelphia, PA 19102.

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

II. JURISDICTION AND VENUE

6. This Court has personal jurisdiction over Defendants because the principal place of business of Pauciulo and Eckert is located in Philadelphia County.

7. Venue is proper in Philadelphia since the vast majority of Defendants' conduct giving rise to these claims occurred in Philadelphia County, the legal services provided to Plaintiffs was performed in Philadelphia County, and Defendant Eckert regularly conducts business in Philadelphia County.

III. FACTS COMMON TO ALL COUNTS

A. The beginning of the Attorney-Client Relationship

8. Plaintiff first met Pauciulo in or around 2004, when he was looking for an attorney who could represent him in connection with joining other investors to buy real estate.

9. Pauciulo, then an attorney at the Philadelphia law firm of White & Williams, held himself out as a specialist in corporate and securities law, and touted the fact that he was formerly an "enforcement lawyer" with the Securities and Exchange Commission.

10. Thus began a long series of representations by Pauciulo of Vagnozzi.

11. As time progressed, Pauciulo became intimately familiar with and advisory towards all of Vagnozzi's personal and business affairs.

12. Plaintiff was never provided (either individually or as part of any entity or fund created) with an engagement letter, either by Pauciulo or the law firm of White & Williams, or

later the Eckert Firm, in violation of their own procedures and contrary to the requirements of the Rules of Professional Conduct.

13. During the first ten years of this representation (2004-2014), Vagnozzi experienced more and more success, and fundamentally relied upon Pauciulo's (and the respective law firms he worked for) advice and guidance regarding every aspect of his business operations.

14. Pauciulo's first "investment vehicle" representation of Plaintiff was in connection with the formation of an entity to invest in real estate and to comply with all state and federal laws.

15. Later, Pauciulo represented Vagnozzi in connection with creating other entities for purposes of investments in real estate and various life settlement funds (for purposes of investing in life insurance policies), which included ensuring such funds complied with securities laws.

B. Vagnozzi meets "Joe Mack."

16. In the Spring of 2016, Vagnozzi first met an individual going by the name of "Joe Mack" at a Philadelphia area golf course.

17. During that first encounter, Joe Mack explained he was in the "merchant cash advance" business, and that, essentially, his business would make "advances" to small and mid-sized businesses which need fast funding. Because of delays involved in securing conventional loans at banks, Mack explained, an entire market for such rapid funding was underserviced and ripe for investment opportunity. In exchange for such rapid advances, the merchants would assign the right to receive a portion of their accounts receivable.

18. Mack explained that his company "Complete Business Solutions Group, LLC" (doing business as "PAR Funding") was expert at deciding which merchants to make advances to, and was regularly collecting lucrative interest payments.

19. During this golf-course encounter, and a subsequent meeting at Mack's Old City Philadelphia office, Mack was also interested to learn that Vagnozzi was in the business of looking for investment opportunities for his clients, and was impressed with Vagnozzi's track record and superb reputation in the community.

20. Following the initial encounters, Vagnozzi wanted to be very careful about conducting any business with PAR Funding, which he had never heard of before.

21. Vagnozzi thus contacted his (by then) long-time trusted counsel, Pauciulo, to conduct a deep dive, due diligence background check on PAR Funding, including the personal background history of all of its principals, its financial condition and performance, its reputation for integrity, and all of its business operations and cash advance practices.

22. Pauciulo, by then a member at the Eckert Firm in its Philadelphia headquarters, eagerly took on the assignment, assuring Vagnozzi he was an expert at conducting such due diligence, and assured Vagnozzi he would do a thorough job.

23. Thereafter, Pauciulo billed Vagnozzi personally tens of thousands of dollars to conduct such due diligence on PAR Funding and its principals, and Vagnozzi paid such fees with the understanding that Defendants performed a thorough and professional due diligence.

24. Unbeknownst to Vagnozzi, Pauciulo and Eckert engaged in an amateurish, lazy, incomplete, and dangerously inadequate due diligence.

25. For example, some of the many issues clearly apparent, or that should have been clearly apparent, to Pauciulo and Eckert during such due diligence were the following:

a. Pauciulo reviewed no audited financial statements of PAR Funding, but rather only looked at internal compilations.

b. Pauciulo reviewed no verified or audited documents of PAR Funding concerning the default rates on the merchant cash advances, and conducted no testing of any kind regarding default rates.

c. The name "Joe Mack" was an alias for the real name Joseph LaForte.

d. Joe Laforte a/k/a Joe Mack, was involved in the business for PAR Funding.

e. Pauciulo reviewed no expert or audited analysis of any PAR Funding underwriting policies, and undertook no efforts to determine the actual practices of PAR Funding in implementing underwriting policies.

26. As part of their so-called "due diligence," neither Pauciulo nor Eckert ever:

a. Examined actual books of original entry of PAR Funding.

b. Engaged any accountants to test the accuracy of the financial presentations given to him by PAR.

c. Examined or tested any lending, advance or underwriting policies implemented by PAR.

d. Interviewed the outside accountants for PAR Funding.

e. Interviewed any customers or merchants doing business with Par Funding.

f. Verified whether the underwriting policies of PAR were being consistently implemented regarding decisions to make cash advances.

g. Verified who at Par Funding was being paid what compensations.

h. Determined whether there was any concentrations of cash advances to merchants who may have had any connections to or control by any of the principals of PAR Funding or "Joe Mack."

i. Conducted an adequate lien search, the amount of such liens, or the reason the liens existed.

j. Determined or tested the accuracy of the default rates reported by PAR Funding.

k. Determined or tested who were the "control" person(s) at PAR Funding as defined by state and federal securities law.

27. Pauciulo, when advising Vagnozzi, gave PAR Funding a "clean bill of health" and advised Vagnozzi that PAR was a credible, viable, and a highly successful operation. To quote Pauciulo, he told Vagnozzi: "there are no red flags," "they are very organized," "they gave me everything I asked for."

28. Defendants were well aware that at no time ever was Vagnozzi:

a. Employed in any way, shape, or form by PAR Funding.

b. A member of the Board of Directors of PAR Funding.

c. Any kind of consultant to or agent of PAR Funding.

d. A shareholder or owner in any form of PAR Funding.

e. Provided any direct access to internal documents, records, or proprietary information by PAR Funding.

29. As such, Defendants were completely aware that Vagnozzi was relying on them to perform a thorough due diligence on PAR Funding and relying on the Defendants' approval of the representations made by PAR Funding as to its business operations, financial condition, default rates, and underwriting policies.

30. Vagnozzi's reliance on Defendants in this regard was reasonable, especially since he specifically engaged Defendants to advise him on such issues.

C. Vagnozzi Begins Doing Business with PAR Funding

31. Relying on Pauciulo's advice, Vagnozzi then in August 2016 embarked upon structuring an arrangement with PAR to do business with it.

32. Initially, the form of that arrangement was as a "Finder," by which Vagnozzi would be compensated by PAR based on amounts invested in PAR by investors found by Vagnozzi. Vagnozzi was provided with a "Finders Agreement" by PAR, which Pauciulo reviewed and advised Vagnozzi to sign. Pauciulo specifically advised Vagnozzi that he would not need to be a licensed "Broker" as or when serving as a Finder for PAR, and that the Finders Agreement was in compliance with all securities laws.

33. From August 2016 until late December 2017, Vagnozzi worked with PAR Funding as a Finder and referred many investors to it. During that period, PAR Funding:

a. Treated each of Vagnozzi's investors with professionalism and respect.

b. Answered any questions any such investors had.

c. Allowed investors to tour its facilities, witness its operations, and speak to its personnel.

d. Made every payment promised, on time, and in full.

D. A Change in Approach

34. With this initial success in mind, Vagnozzi then consulted with Pauciulo in 2017 about altering the arrangement with PAR from a "Finder" to a "Fund" model.

35. A Fund model would be for Vagnozzi to create an investment vehicle by which numerous investors could pool their monies, have that vehicle invest in PAR in larger amounts and on more favorable terms than could be accomplished in the Finders Model, and by which the Fund could earn as a management fee the spread between the amount of interest PAR Funding

paid the Fund and the lesser amount of interest the Fund would pay the investor.

36. Pauciulo was enthusiastic in assuring Vagnozzi that this Fund model was a sound, legal, and advisable way of proceeding, and that he could and would make sure that all necessary legal compliance would be strictly obtained.

37. Creating the Fund model necessarily included creating an entity that Vagnozzi's investors could invest in, which in turn would invest in PAR Funding by lending PAR money pursuant to promissory notes bearing very favorable interest rates. This structure necessarily included paying the investors a lesser amount of interest than the Fund was to receive from PAR Funding, and was specifically endorsed and approved by Defendants.

38. As part of having Vagnozzi's clients invest in such a fund entity, various state and federal securities laws come into play, which are extremely complicated and important, and which carry stern penalties if violated.

39. Two key questions in the creating the Fund model were:

a. Would the investment vehicles constitute "securities," and if so, what state and federal registration requirements would apply; and

b. Regardless of the answer to the foregoing question, what "disclosures" about the nature of the investments and the attendant risk factors need to be made to the investors prior to making their investment in order to be in compliance with applicable laws, rules, and regulations.

40. These are extremely complex questions, and the consequences of failing to be in full compliance are generally understood within the securities-law community to be severe.

41. Even sophisticated investors and promoters (e.g., those with MBA's or JD degrees) must rely on "specialty-lawyers" with a high level of training and experience in securities law

matters, since "registration" and "disclosure of risk factors" are highly defined terms within the law of securities.

42. This was the position Vagnozzi was in when deciding whether to convert from a Finder model to a Fund model under the careful guidance and advice of Defendants.

43. Defendants assured Vagnozzi of their expertise in such representation.

44. Defendants knew what Vagnozzi didn't know, and knew Vagnozzi had no training or competence in these complex areas of law. Defendants knew they were in a position of far superior knowledge than Vagnozzi, and assured Vagnozzi he and his clients could rely upon them for advice.

45. Vagnozzi, too, knew he had no training in or understanding of the complex web of state and federal securities law, and repeatedly explained to Defendants he was relying on their guidance.

46. Thus, Vagnozzi was completely reliant on the advice of Defendants in how to proceed when converting to the "Fund" model for purposes of doing further business with PAR Funding.

47. At no time would Vagnozzi have ever began using the Fund model without the express advice by Defendants that doing so would be in complete compliance with all state and federal laws and regulations.

48. At or about this time frame, Vagnozzi first learned that Joe Mack's real name was Joe LaForte, and that he had a criminal background.

49. When Vagnozzi raised this with Pauciulo, Pauciulo said he already knew of it, but explicitly told Vagnozzi that LaForte's conviction was so long ago, that it did not represent any kind of barrier to do business with him, and that "everyone deserves a second chance." Pauciulo

emphasized to Vagnozzi that LaForte's criminal conviction was "not material," and neither was the fact that he used an alias, and need not ever be disclosed to investors.

50. On the strength of this advice, in or about December 2017 and January 2018, Vagnozzi accepted Defendants' advice to create a "Private Placement Memorandum" ("PPM"), to create a fund for investment in PAR Funding, and to prepare accompanying "Subscription Agreements."

51. That initial fund was known as "ABFP Income Fund 1." (The PPM for this Fund 1 is attached hereto as Exhibit "B," while the Subscription Agreement is attached hereto as Exhibit "C.")

52. Notably absent from the PPM or the Subscription Agreement for Fund 1 was any discussion of or disclosure about:

a. PAR Funding as an entity.

b. The actual past financial history or performance of PAR Funding.

c. Any operating history of PAR Funding.

d. Any information about Joe Mack, Joe LaForte, his criminal convictions, or about any other principal or control person of PAR.

e. Any information about PAR's corporate structure or related entities.

f. Any information or background history of any of PAR's officers and directors, or their ownership structure.

g. Any information about PAR's interest rates charged, collection methods, or loss ratios.

h. Whether the funds raised were intended for investing in PAR Funding.

E. Creation of an Investment Fund

53. In January, 2018, the ABFP Income Fund 1 ("Fund 1") was created, and over the next eight months took in over $19,000,000 from 73 clients, all utilizing the PPMs and Subscription Agreements prepared by the Defendants.

54. The entirety of the funds raised in Fund 1 were used for investment with PAR Funding.

55. Defendants were intimately aware of all aspects of Fund 1, and the fact that all the monies raised from investors in Fund 1 were to be invested with PAR Funding.

56. Defendants were also aware that every investor found by Vagnozzi during his services as a "Finder" only invested in PAR and not any other merchant cash business.

57. When Defendants drafted the PPM and Subscription Agreement, such disclosures were not made to the investors in Fund 1.

58. Fund 1 was successful, and all of Vagnozzi's clients who invested in Fund 1 received all agreed-upon payments.

59. Defendants also specifically advised Plaintiff that the promissory notes issued by Fund 1 need not be registered with the SEC, because of the exemption under "Regulation D" involving offerings to private investors, not members of the public.

F. Vagnozzi Radio Advertisements

60. Defendants were at all times thoroughly familiar with the manner in which Vagnozzi located members of the general public to become his clients.

61. Defendants were at all times aware of the frequent radio advertisements sponsored by Vagnozzi, the content of which were repeatedly reviewed in advance with Defendants.

62. The radio advertisements clearly solicit members of the general public to contact Vagnozzi and his companies regarding a variety of investment opportunities.

63. Pauciulo also attended many meetings, dinners, and promotional events sponsored by Vagnozzi to attract members of the general public as potential clients.

64. Indeed, Pauciulo appeared on numerous videos and recordings that were played to and for the benefit of potential clients, personally assured potential clients that Vagnozzi and his entities were in full compliance with all securities laws, and that all required disclosures were contained within the PPMs.

65. Consider, for example, Pauciulo's video recorded comments as follows:

a. "*Question posed on video screen* – "What is Your History with Dean?"

> "Dean and I have worked together now for many years. I think since 2004. And we've created funds to invest in a pretty wide variety of industries and businesses. One of the things I really like about my job is I get to look into all different kinds of business and see how they run, see how they work, see how and why they're profitable. There's a lot of ways to make money out there. There's a lot of different kinds of businesses, a lot of different kinds of investments. Everybody's familiar with the public markets and the stock market and mutual funds and those kinds of things. But there's another world outside the public markets that maybe a lot of retail investors maybe aren't familiar with, and they're not familiar with it because a stock broker can't and won't sell them to you. What Dean has done is to identify different types of investments whether it be real estate, whether it be life settlements or other alternative investment classes and together Dean and I have created a model where a retail investor can get involved in a kind of asset class that on his own, may or may not have the financial wherewithal to do. Or maybe has the wherewithal but doesn't want to put sort of all his eggs in one basket, so to speak. But as part of the diversified portfolio, it's an opportunity to put money in a lot of alternative asset classes separate and apart from public and traded securities on the stock market or stock exchange."

b. *Question posed on video screen "What's Unique About a Better Financial Plan?*

> "I work with clients to identify market opportunities and

> investment opportunities, and we do that in a couple different ways. The first step is usually due diligence and just looking at an opportunity and trying to determine whether it's worthwhile. Once we identify them, we prepare documents that allow the promoter – the principal behind the fund to create a fund and bring in investment dollars and that's done also in a couple steps but a big part of that the drafting or creation of a what's called a Private Placement Memorandum, sometimes you'll hear people refer to it as a PPM or and offering book or a circular book…different words for the same thing. The private placement is the tool through which an investor can invest into a company. So every time you sell a security, it either has to be registered with the SEC or there's got to be an exemption, and we operate under exemptions from the registration requirements. And when you look at those rules and they're kind of long and they're complicated but they...we are all about Placement Memorandum is the disclosure document. It's the instrument through which the investor makes an informed decision and makes a decision about whether they want to get involved with something. And that document's intended to provide a prospective investor with all the information that a reasonable person would want to know, or information they want to have in order to make an informed investment decision. So ideally an investor can pick up the Private Placement Memorandum, read it, understand the risks involved in the investment, understand the nature of the investment, and understand the industry or the business that's involved in the investment. It really should be a comprehensive document that somebody can use to inform themselves and make an investment decision."

c. *Question posed on video screen – "Can I Be Sure This is Legal?"*

> "Frankly Dean spent a lot of money with me and my law firm. This kind of legal compliance is complicated. And because it's complicated, we spend a lot of time on it and that time results in expense. And Dean has spent, and continues to spend a lot of money to make sure things are done the right way."

66. Time after time, Defendants advised Vagnozzi that he and each of the Funds were in complete compliance with all state and federal securities laws and regulations.

67. At no time ever did Defendants tell, advise, or in any way warn Vagnozzi that he should cease any such advertisements or discontinue any such meetings, dinners, or promotional events, nor did Defendants ever tell, advise, or counsel Vagnozzi that, in view of such

advertisements and events, the Funds needed to be publicly registered with the Securities and Exchange Commission and the various state securities commissions. In fact, Pauciulo regularly told Vagnozzi that the language of the radio advertisement was "good" because it was "generic," and thus was not a general solicitation of the public "in the eyes of the law."

68. Further, Defendants were specifically aware that PAR Funding had represented to them as well as to Vagnozzi that it had "the best default rate" in the merchant cash advance industry, that it had "the best underwriting policies," and had provided documentation purporting a 1% -2% default rate.

69. Defendants were specifically aware of and approved that Vagnozzi, when asked by potential clients and investors, about default rates and underwriting policies, Vagnozzi would repeat what PAR Funding represented in this regard.

70. Indeed, Pauciulo was present at various meetings, dinners, and events where Vagnozzi stated what Par Funding had represented its underwriting policies and default rates to be, and at no time ever advised or suggested to Vagnozzi not to make such statements or to alter his statements in any way

71. Though engaged to do so, Defendants never undertook any efforts to test the accuracy of PAR Funding underwriting policies or default rates. At the same time, Defendants were misrepresenting to Vagnozzi that Defendants had conducted all due diligence necessary so that Vagnozzi, in making such representations about PAR Funding, was in full compliance with all state and federal securities laws.

G. Creation of Additional Investment Funds

72. In or about August, 2018, Vagnozzi consulted with Pauciulo and Defendants about creating a second fund for investment in PAR, ABFP Income Fund 2 ("Fund 2").

73. In connection with Fund 2, Vagnozzi specifically asked Pauciulo whether it should be disclosed that, like the proceeds of Fund 1, the proceeds of Fund 2 would be used primarily for investment in PAR Funding (with a small amount intended for non "cash-advance" investment), and whether any details about PAR or Joe LaForte should be disclosed in the Fund 2 PPM.

74. Pauciulo specifically advised Vagnozzi:

a. There was no need whatsoever to disclose that the proceeds of Fund 2 would be invested with PAR Funding, only that it would be invested in the "merchant cash advance" industry, so as to maintain flexibility to be able to invest the funds with any other "cash advance" lender.

b. There was no need to refer to Joseph LaForte, for the same reason cited in (a), above, and no reasons to ever disclose LaForte's criminal conviction "because it was more than 10 years old."

c. There was no need to disclose any of the inherent business risks of PAR Funding's operations or financial condition, since there was no need to ever refer to PAR Funding.

75. All told, Defendants represented Vagnozzi in the creation of the following funds, each with a separate PPM and Subscription Agreement, each with a distinct and different group of investors, and as to each Defendants charged distinct legal fees and rendered "registration" and "disclosure" advice:

Date	**Fund**	**Amount Raised**	**Percentage Invested in PAR**
Jan. 2018	ABFP Fund 1	$19 million	100%
Aug. 2018	ABFP Fund 2	$8 million	80% (20% non-MCA)
Mar. 2019	ABFP Fund 3	$28 million	100%
Aug, 2019	ABFP Fund 4	$21 million	100%
Nov. 2019	ABFP Fund 6	$17 million	100%

H. Other Investment Vehicles

76. Separately, Defendants also represented Vagnozzi in the creation of additional "multi-purpose" Funds, each with a distinct and separate group of investors, for which Defendants charged distinct legal fees, each with a separate PPM, as follows:

March 2018	Multi-Strategy Investment Fund 1	$17 million	Approx. 65% life ins. 35% PAR
Fall 2019	Multi-Strategy Investment Fund 2	$15 million	Approx. 80% life ins. 20% PAR

77. Separate and aside from the foregoing, Defendants also represented Vagnozzi in non-PAR-Funding funds for investment in life-insurance policies, each with distinct and separate group of investors, for which Defendants charged distinct legal fees, each with a separate PPM, as follows:

Date	**Fund**	**Amount Raised**	**What**
March 2010	Pillar Fund 1	$4 million	Life Settlement
May 2011	Pillar Fund 2	$3.3 million	Life Settlement
March 2012	Pillar Fund 3	$3 million	Life Settlement
April 2013	Pillar Fund 4	$4.2 million	Life Settlement
March 2014	Pillar Fund 5	$4.9 million	Life Settlement
Aug. 2015	Pillar Fund 6	$6.2 million	Life Settlement
May 2016	Pillar Fund 7	$11 million	Life Settlement
February 2017	Pillar Fund 8	$11.1 million	Life Settlement

78. Over the span of all these years, Defendants also represented Vagnozzi in the creation of Funds separate and apart from merchant cash advance or life insurance, each with a distinct and separate group of investors, for which Defendants charged distinct legal fees, each with a PPM as follows:

July 2017	Atrium Capital 1	$7 million	Litigation Funding
June 2018	Atrium Capital 2	$6 million	Litigation Funding
Jan. 2020	Atrium Capital 3	$10 million	Litigation Funding
Early 2020	Atrium Capital 4	$5 million	Litigation Funding

I. Defendants' Complete Immersion in Plaintiff's Businesses

79. With each new fund, Pauciulo became more deeply involved with the totality of Vagnozzi's business, including:

a. Interacting with members of Vagnozzi's business management team and employees.

b. Interacting with potential clients and investors sourced by Vagnozzi personally and through radio advertisements.

c. Sometimes attending weekly "team meetings" with Vagnozzi and his staff at Vagnozzi's offices.

d. Reviewing and approving written communications with clients and potential clients and investors in the Funds

e. Attending and speaking at dinners and meetings sponsored by Vagnozzi with potential clients and investors, and approving Vagnozzi's statements and representations at such dinners and meetings.

f. Appearing with Vagnozzi on various video recordings touting his (Pauciulo's) expertise in securities law and the viability and integrity of the PPMs he was creating in furtherance of investment in PAR Funding, and approving of all of Vagnozzi's statements and presentations on such videos.

g. Providing guidelines to follow with radio advertisements undertaken by Vagnozzi to solicit potential clients and investors from the general public.

80. Separately, Defendants also represented Vagnozzi in establishing funds for investment of life settlement policies.

81. Again, Pauciulo and Eckert were intricately involved in all aspects of creating the entities and drafting the PPMs and Subscription Agreements used as investment vehicles in the life insurance investments.

82. Defendants were well aware of the business structure of Vagnozzi's businesses, and the fact that certain management fees (whether from PAR Funds, Life Settlement Funds, Multi-Strategy Funds, etc.) were paid into the accounts of ABFP Management Co., which is solely owned by Vagnozzi.

83. Vagnozzi never withheld information from Defendants, answered every question ever posed by Defendants, and shared all internal and proprietary information and documents with Defendants at all times.

84. Vagnozzi was at all times scrupulously careful to make sure:

a. All investor funds were maintained in segregated banks accounts and never comingled, whether for MCA Funds, Life Settlement Funds or Mixed Use Funds.

b. All investor funds were invested exactly as Defendants advised, and all payments received, whether from PAR Funding or other investment vehicles, were distributed to investors exactly as required.

c. All substantive communications with potential clients and investors were reviewed by Defendants.

85. During this process, Defendants were charging Vagnozzi and his businesses in excess of one million dollars in legal fees, which they shared amongst themselves.

86. Significantly, Defendants also began representing other individuals referred to them by Vagnozzi – for example, his brother, Albert Vagnozzi – to create funds for investments with PAR, also charging many more hundreds of thousands of dollars in legal fees.

87. All told, Defendants authored more than 25 PPMs for Vagnozzi, another 30 or so PPMs for third parties, and raised more than $100 million dollars, every penny of which was invested in PAR Funding, and another $100 million dollars in life settlements and real estate.

88. Throughout the entire process, upon the specific advice of Defendants, no PPM nor Subscription Agreement was ever registered with the SEC, and none ever disclosed:

a. That the investor monies would be solely invested in PAR.

b. The names, backgrounds, or criminal convictions of any of PAR's principals.

c. Any of the risk factors attendant to investing funds in PAR Funding.

89. Throughout this time period, Defendants had ample access and opportunity to conduct further due diligence as to PAR Funding and its principals, but never did so.

J. Things Begin to Go Sideways

90. In March 2020, with the onset of the Covid 19 pandemic, PAR Funding initially announced to Vagnozzi it was in a good position. But then shortly thereafter PAR Funding announced for the first time it would be unable to continue to make all payments in full to the investors who invested in the various Funds created by Vagnozzi and by the various third parties.

91. Vagnozzi carefully consulted with Defendants on how to handle the differing announcements that Par Funding had issued in March 2020, and what communications he should have with PAR, the many investors he sourced, and with third parties.

92. In this regard, Vagnozzi specifically asked Defendants to:

a. Review PAR's financial position and ability to continue to make payments to the various Funds as and when due.

b. Review PAR's ongoing operations and past and present lending practices.

c. Review the number and scope of defaults by merchants in the payments due PAR Funding.

d. Review whether PAR Funding was involved in any litigation with its merchants, and if so, to what extent and with how many merchants.

e. Review whether the principals of PAR Funding were taking excess compensation so as to prevent PAR from meeting its obligations to investors.

f. Determine prospects for future resumption of payments in full.

g. Determine whether any new risk factors emerged, whether any underwriting or collection policies changed, and whether the receivables from merchants were adversely affected.

93. Once again, Pauciulo and Eckert performed only the shallowest of due diligence, and failed to conduct any meaningful investigation or analysis of the foregoing issues.

94. Instead, unbeknownst to Vagnozzi, Pauciulo and Eckert only reviewed PAR's internally prepared financial statements, and a PAR document about the impact of Covid 19. Neither Pauciulo nor anyone else at Eckert performed any other review or analysis.

95. Here again, Defendants were specifically aware that Vagnozzi had no access to any inside or proprietary information of PAR Funding, and that Vagnozzi was relying on Defendants to perform a competent due diligence and provide Vagnozzi reliable results from such due diligence.

96. Significantly, by early 2020, PAR Funding had been the subject of numerous regulatory investigations by both the SEC and various state regulatory bodies.

97. Likewise, Vagnozzi and his various funds became the subject of regulatory investigations.

98. Both the securities regulators in the New York office of the SEC and the Commonwealth of Pennsylvania conducted investigations, the primary focus of which were whether Vagnozzi was working as a "broker" when working with PAR as a Finder, and if so, was Vagnozzi licensed as such, whether the Vagnozzi various and diverse PPMs were properly registered, and whether sufficient disclosures about PAR and its risks were made. The State of Texas also opened an investigation of Vagnozzi for the same reasons.

99. Defendants all along repeatedly assured Vagnozzi he was not acting as a "broker," that there was no need to become licensed as such, that his PPMs need not be registered, and that all required risk disclosures were made.

100. Because of the enormous expense and stress involved in defending the regulatory investigations, Vagnozzi was forced to settle the same on a "no admit/no deny" basis in July 2020, and forced to pay hundreds of thousands of dollars in fines and disgorgement.

101. Here again, Defendants, when preparing yet additional "Supplements" to the original PPMs, and when making additional written disclosures made no reference to or disclosure about any of Vagnozzi's regulatory investigations or settlements.

102. In this regard, in April of 2020, following PAR's announcement that it was suspending payments on the notes owned by the various Funds, Pauciulo then began drafting "Exchange Offers" between PAR Funding and the many investors in Vagnozzi's funds, by which PAR would pay and the investors would accept lesser payments of interest over a longer period of time.

103. It was Pauciulo and Eckert that determined the entire process, terms of, and disclosures concerning the Exchange Offers, and advised Vagnozzi how to proceed in all respects.

104. Indeed, Pauciulo appeared in April 2020 in another two videos distributed to investors, touting that the "Exchange Offers" were the best alternative for Vagnozzi and the investors to recover their previous investments in PAR, and that engaging in any litigation with PAR Funding would lead to adverse consequences including potentially a PAR bankruptcy.

105. In connection with negotiating with and having investors accept the "Exchange Offers," Defendants represented Vagnozzi in the creation of ABFP Parallel Funds 1, 2, 3, 4 and 6, each with a separate PPM, and prepared "Supplements" to the original PPMs, which were also distributed to all the affected investors and which purported to make full disclosures.

106. Here again, the SEC has alleged the Supplements were completely inadequate and not in compliance with state and federal law, and that the Parallel Funds were not properly registered.

K. The Fall-Catcher Scenario

107. Separate and aside from anything having to do with the PPMs relating to PAR Funding or merchant cash advances, Vagnozzi had preliminary discussions in May 2018 with an entity known as "Fall-Catcher," which was itself an investment vehicle.

108. In June of 2018, Vagnozzi met with Pauciulo and reviewed with him whether Vagnozzi could set up a PPM purely for investment by Vagnozzi's existing wealth management clients, and in turn have the Fund invest in Fall-Catcher.

109. After reviewing the matter, Pauciulo explicitly advised Vagnozzi not to use the PPM model, but rather to enter into a "Finders Agreement" with Fall-Catcher, by which Vagnozzi could directly refer his clients to Fall-Catcher for investment, and earn a finders fee.

110. Vagnozzi carefully and explicitly followed Pauciulo's advice, and entered into a Finders Agreement with Fall Catcher, which was drafted by Pauciulo.

111. Pauciulo advised Vagnozzi that such a finders arrangement was in complete compliance with all state and federal securities laws, and that he need not register as a broker.

112. Unfortunately, the New York office of the SEC opened an investigation of Vagnozzi for acting as an unregistered broker in connection with the $5 million dollars his clients directly invested in Fall-Catcher.

113. Vagnozzi was thus forced to agree to the disgorgement of $500,000 in commissions earned as a finder with Fall Catcher.

114. This complete mishandling by Defendants of the advice and services related to Fall Catcher itself brought about widespread adverse publicity.

115. Pauciulo easily could have correctly advised Vagnozzi to become a licensed broker, or easily could have set up a compliant Fund with a compliant PPM for Vagnozzi.

116. Had Pauciulo given Vagnozzi correct advice and competent service regarding Fall-Catcher, Vagnozzi personally would have been able to earn and retain the $500,000 in commissions, and would have avoided public embarrassment.

L. The Securities & Exchange Commission Litigation

117. The SEC scrutiny of PAR Funding resulted in the filing of an 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 other third-parties including Dean Vagnozzi.

118. Within days of the initiation of the SEC Florida Action, the Honorable Rodolfo A. Ruiz, II appointed a Receiver to immediately take over and operate PAR Funding.

119. In connection with the PPMs, Subscription Agreements, and Supplements prepared by Defendants, the SEC sued Vagnozzi and various of his funds and business entities alleging, among other things, that:

a. None of the PPMs or funds created by Defendants were ever properly registered with the SEC.

b. The PPMs – and later, the Supplements – prepared by Defendants contained woefully inadequate disclosures, including on such issues as:

i. Joe Mack's true name.

ii. The criminal background of Joe LaForte.

iii. The default rates on cash merchant advances experienced by PAR Funding.

iv. The management of the PAR Funding business operations.

v. The existence of prior regulatory actions and investigations against PAR Funding.

vi. The existence of prior regulatory action and investigations of Dean Vagnozzi and various of the funds established through the PPMs.

vii. The underwriting procedures employed by PAR Funding when making cash advances.

120. The following entities associated with Vagnozzi were named as Defendants by the SEC in its initial Florida action along with Vagnozzi:

a. A Better Financial Plan.Com LLC

b. ABFP Management Co., LLC

c. ABFP Income Fund, LLC

d. ABFP Income Fund 2, L.P.

121. Thereafter, additional Vagnozzi Funds and entities were added to the Florida Action, including various Pillar, Atrium, and ABFP Parallel entities.

122. As a result, an asset freeze was imposed upon Vagnozzi and all his related Funds and management entities.

123. At no time has any regulatory agency of the SEC ever alleged that Vagnozzi ever misappropriated any funds of any clients or investors or that he had any control over PAR Funding on the information they provided to Vagnozzi.

124. The only basis as alleged by the state regulators and in the litigation brought by the SEC were about matters that Defendants had specifically advised and represented Vagnozzi as to, and for which they were solely responsible in bringing about.

IV. DAMAGES

125. The damages sustained by Vagnozzi directly and proximately related to the malpractice, breach of fiduciary duty, and breach of contract by Defendants cannot be overstated, and includes at least the following:

a. Vagnozzi has been named to, and forced to defend, at great expense:

i. The Florida Action, brought by the United States Securities and Exchange Commission;

ii. Three class-action lawsuits: one in Florida, another in Delaware, and the third in Pennsylvania.

iii. Numerous other regulatory investigative proceedings by the SEC and various State regulatory commissions.

126. Vagnozzi's professional reputation in the wealth management, insurance, and income-investment industries has been destroyed.

127. Vagnozzi has had hundreds of thousands of dollars frozen from business and personal bank and stock accounts.

128. Vagnozzi has had imposed upon him various "Cease and Desist Orders" by various state and federal regulatory agencies, preventing him from conducting any of his businesses, and having to pay fines in the hundreds of thousands of dollars (now at least $700,000).

129. Vagnozzi's business operations – especially in the life insurance/life settlement and litigation funding areas – have been shut down and its assets seized, and he has personally lost the value of his ownership interests in such businesses.

130. Indeed, until the time Vagnozzi was subjected to the SEC litigation, he was widely considered one of the best and most effective life insurance salespersons in the Country. He was invited to speak, and did so, at countless conventions and industry seminars around the Country, was coveted by virtually every life insurance carrier looking to engage him as a representative, and had authored an inspirational book.

131. Because of Defendants' misconduct and profound negligence as described herein, Vagnozzi's ability to carry on any life insurance/settlement business has been destroyed. Vagnozzi went from earning seven figures a year in this regard to earning nothing.

132. The entirety of Vagnozzi's potential disgorgement liability and related fines and penalties to the SEC is now alleged to be in the many millions of dollars.

133. Vagnozzi and his family have been subjected to unrelenting, scathing media and permanent internet coverage in connection with the PAR Funding controversy and his role

(orchestrated by Defendants) in bringing millions of dollars of public investment dollars to it.

134. Vagnozzi has suffered and will continue to suffer enormous and ongoing personal humiliation, stress, and shame, and the widespread shunning of Vagnozzi and his family by virtue of all the adverse press coverage.

135. Vagnozzi has suffered substantial loss of money invested by him personally in the Funds and will, in the future, suffer a loss of his ability to raise funds and earn income in the future in any of the industries he previously operated within.

136. Vagnozzi was caused to waste monies paid to Defendants as legal fees for services that were illegal, inept, far below minimally acceptable standards within his, or any, field of law, and not in accordance with any contractual or fiduciary obligations, including hundreds of thousands of dollars in legal fees to defend the regulatory actions brought about solely by Defendants' conduct.

RELIEF REQUESTED

COUNT I – Negligence/Professional Malpractice

Plaintiff v. Both Defendants

137. Plaintiff hereby incorporates all other paragraphs of the Complaint as if set forth fully herein.

138. As more fully set forth above, Plaintiff, individually sought legal advice and services from Defendants.

139. Plaintiff personally paid Defendants huge amounts of legal fees.

140. The legal advice and services Plaintiff sought were within what Defendants professed to be in their professional competence and expertise.

141. Defendants expressly agreed to provide legal advice and services to Plaintiff.

142. Plaintiff reasonably believed that Defendants were competently representing him in connection with providing the aforementioned legal advice and services.

143. By virtue of the above, an express attorney-client relationship existed between Plaintiff and Defendants, though clearly in violation of the rules of Professional Conduct because of the non-existence of any engagement letters.

144. In addition, and in the alternative, an implied attorney-client relationship existed between Plaintiff and Defendants.

145. The acts and omissions of Pauciulo described herein occurred while Pauciulo was a partner, member, or authorized agent of Defendant Eckert, and within the scope of his authority with Eckert.

146. Defendant Eckert is also directly liable for its own negligent, reckless, or otherwise unlawful conduct, including but not limited to, an abject failure to properly supervise Pauciulo (and other firm attorneys) in connection with the legal advice and services provided to Plaintiff.

147. By virtue of the attorney-client relationship, each of the Defendants had a duty to Plaintiff to exercise ordinary skill and knowledge consistent with the applicable standard of care for attorneys licensed in Pennsylvania and practicing in the securities and corporate fields of law.

148. As more fully set forth above, each of the Defendants breached the duty to Plaintiff to exercise ordinary skill and knowledge consistent with the applicable standard of care for attorneys licensed in Pennsylvania, and in fact provided incompetent, illegal, and reckless advice and services.

149. As a direct and proximate result of the Defendants' conduct, Plaintiff has suffered and continues to suffer damages as fully set forth herein for which Defendants are liable, jointly and severally.

150. As a direct and proximate result of the Defendants' conduct, Plaintiff has incurred substantial legal fees and expenses that he wouldn't have otherwise had to incur or expend.

151. Defendants' conduct was outrageous and demonstrated a reckless indifference to the rights of Plaintiff, and Plaintiff is therefore entitled to punitive damages against each of the Defendants.

WHEREFORE, Plaintiff respectfully requests the relief set forth below in the Prayer for Relief.

COUNT II—Information Negligently Supplied for Others' Guidance
Restatement (Second) of Torts § 552

Plaintiff v. Both Defendants

152. Plaintiff hereby incorporates all other paragraphs of the Complaint as if fully set forth herein.

153. In the course of their business, profession, and employment, Defendants provided false, incorrect, and misleading information to Plaintiff, including false information about the Defendants' original due diligence into PAR Funding, false information about whether Plaintiff was permitted to advertise on the radio to the general public, and conduct meetings and events with such general public, without Plaintiff's funds being publicly registered with the state and federal securities regulators, about what disclosures to investors were and were not required, and about Defendants' subsequent due diligence about the Exchange Offers.

154. Defendants failed to exercise reasonable care and competence in obtaining or communicating correct information to Plaintiff about each of these foregoing matters, and the Eckert Firm failed to review in any meaningful way the correctness or falsity of the information Pauciulo was providing to the Plaintiff.

155. Defendants intended to supply such information for Plaintiff's guidance.

156. Plaintiff justifiably relied on such information in creating and advertising the various investment funds, and in conducting his various business activities in the manner advised by Defendants.

157. As a direct and proximate result of such false, incorrect, and misleading information and Plaintiff's justifiable reliance on it, Plaintiff has suffered and continues to suffer damages described herein for which Defendants are liable, jointly and severally.

158. Defendants' conduct was outrageous and demonstrated a reckless indifference to the rights of Plaintiff and Plaintiff is therefore entitled to punitive damages against each of them.

WHEREFORE, Plaintiff respectfully requests the relief set forth below in the Prayer for Relief.

COUNT III – Breach of Fiduciary Duty

Plaintiff v. Both Defendants

159. Plaintiff hereby incorporates all other paragraphs of the Complaint as if set forth herein.

160. By virtue of the attorney-client relationship, each of the Defendants owed Plaintiff a fiduciary duty.

161. Further, by way of their (purported) superior knowledge regarding securities law, and their knowledge that Plaintiff lacked such knowledge and was relying on Defendants' advice, Defendants took on a position of trust and special trust with Plaintiff.

162. As more fully set forth above, Defendants breached such fiduciary duties, exposing Vagnozzi to the SEC's allegations regarding failing to properly register the various funds under state and federal securities laws, failing to properly disclose the necessary and required risk factors in the various PPMs associated with the various investment funds, failing to properly disclose the

numerous material risks associated with investments in PAR Funding, misrepresenting to Plaintiffs they performed at least two separate, meaningful due diligence, investigations into PAR Funding when they did not, and failing to properly advise Plaintiff concerning his efforts to advertise his business to the general public.

163. As a direct and proximate result of such breaches of fiduciary duties, Plaintiff has suffered and continues to suffer damages for which Defendants are liable, jointly and severally.

164. Defendants' conduct was outrageous and demonstrated a reckless indifference to the rights of Plaintiff, and Plaintiff is therefore entitled to punitive damages against each of them.

WHEREFORE, Plaintiff respectfully requests the relief set forth below in the Prayer for Relief.

COUNT IV – Breach of Contract

Plaintiff v. Both Defendants

165. Plaintiff hereby incorporates all other paragraphs of the Complaint as if set forth herein.

166. As more fully set forth above, Plaintiff had an express and/or implied contract with Defendants to provide competent legal advice and services in connection with Plaintiff's rights, obligations, and liabilities in raising the various investment funds and investing money in such funds, including in PAR Funding, performing due diligence, investigations into PAR Funding, properly registering and/or obtaining exemptions from registering the investment funds with state and federal regulators, creating adequate PPMs under existing state and federal securities laws, and properly advising Plaintiff concerning advertising his business to the general public.

167. Defendants expressly or impliedly promised they were qualified to and would provide competent (and, indeed, expert) such legal advice and services.

168. As more fully set forth above, Defendants breached such contract by, among other things, failing to carry out its minimally required contractual responsibilities to Plaintiff in the providing of such legal advice and services.

169. Directly as a result of such breaches, Plaintiff has suffered and continues to suffer the consequent and foreseeable damages for which Defendants are liable, jointly and severally.

WHEREFORE, Plaintiff respectfully requests the relief set forth below in the Prayer for Relief.

V. PRAYER FOR RELIEF

Plaintiff respectfully requests that the Court enter judgment in his favor and against Defendants, jointly and severally, in an amount in excess of $50,000, to fully and fairly compensate him for all of his actual damages and losses, to award punitive damages, to award pre and post judgment interest, attorneys' fees, costs of suit, and such other relief as this Court deems just, legal, and equitable.

Respectfully Submitted,

BOCHETTO & LENTZ, P.C.

Date: __5/11/2021__

By: */s/ George Bochetto*

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Attorneys for Plaintiff

VERIFICATION

I, Dean Vagnozzi, Plaintiff in the instant action, verify that the statements made in the foregoing Complaint, to the best of my knowledge, true and correct. I understand that false statements knowingly made herein are subject to the perjury penalties of 18 Pa. C.S.A. §4904 relating to unsworn falsification to authorities.

Date: 5-11-2021

Dean Vagnozzi

EXHIBIT B

NOTICE TO PLEAD:

TO PLAINTIFF: YOU ARE HEREBY NOTIFIED TO FILE A WRITTEN RESPONSE TO THE ENCLOSED NEW MATTER WITHIN 20 (TWENTY) DAYS FROM SERVICE HEREOF OR A JUDGMENT MAY BE ENTERED AGAINST YOU.

/s/ Jay A. Dubow
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PHILADELPHIA COURT OF COMMON PLEAS
TRIAL DIVISION

DEAN VAGNOZZI Plaintiff, v. JOHN W. PAUCIULO, ESQUIRE and ECKERT SEAMANS CHERIN & MELLOTT, LLC Defendants	COURT OF COMMON PLEAS PHILADELPHIA COUNTY APRIL TERM, 2021 NO. 002115 **JURY TRIAL DEMANDED**

ANSWER AND NEW MATTER OF DEFENDANTS JOHN W. PAUCIULO AND ECKERT SEAMANS CHERIN & MELLOTT, LLC'S TO PLAINTIFF DEAN VAGNOZZI'S COMPLAINT

Defendants John W. Pauciulo ("Pauciulo") and Eckert Seamans Cherin & Mellott, LLC ("Eckert") (collectively, "Defendants") answer Plaintiff Dean Vagnozzi's ("Vagnozzi") Complaint and assert New Matter as follows:

INTRODUCTION[1]

The Complaint's Introduction violates Pennsylvania Rule of Civil Procedure 1022, which requires that one material allegation be pled per paragraph, rendering it difficult to respond. Moreover, the Complaint's Introduction contains self-serving conclusions of law to which no response is required. To the extent that a response is required, the averments set forth in the Complaint's Introduction are admitted in part and denied in part. It is admitted that Vagnozzi purports to bring a legal malpractice action arising out of the representation of Vagnozzi by Defendants in connection with the creation of investment funds for investments in alternative income-producing opportunities. It is admitted that Pauciulo is a lawyer who has experience in corporate and securities law. To the extent the Complaint's Introduction relies on Defendants' website, Defendants' website is a writing that speaks for itself, and Defendants refer to such writing for its content and deny any characterization thereof. It is also admitted that Vagnozzi engaged Defendants to provide legal services and that Pauciulo performed due diligence relating to some investment opportunities and funds and created investment vehicles that complied with all applicable laws, assuming that Vagnozzi followed the legal advice relating to those investment vehicles that was provided by Defendants. As part of the services provided to Vagnozzi,

[1] Defendants Pauciulo and Eckert hereby include each of the headings from Plaintiffs' Complaint for ease of reference but deny any averment of fact or characterization contained in each heading.

Defendants also prepared Private Placement Memoranda ("PPMs") which are writings that speak for themselves. Defendants refer to such writings for their contents and deny any characterization of such writings.

It is also admitted that the SEC filed an action in the United States District Court for the Southern District of Florida on July 24, 2020 captioned, *Securities & Exchange Commission v. Complete Business Solutions Group, Inc et al.,* Civil Docket No. 9:20-cv-81205-RAR. To the extent the averments in Vagnozzi's Introduction refer to or rely on writings, such writings speak for themselves, and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the extent the averments in Vagnozzi's Introduction are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

To the extent the averments in Vagnozzi's Introduction refer to or rely on recordings of Pauciulo, such recordings and any related transcripts speak for themselves, and Defendants refer to such recordings and/or writings for their content and terms and deny any characterization thereof. To the extent the averments in Vagnozzi's Introduction are inconsistent with such recordings and/or writings, the averments and characterizations are denied. By way of further response, after reasonable investigation, Defendants are without sufficient information or knowledge as to what Vagnozzi did with recordings of Pauciulo or to whom Vagnozzi showed recordings of Pauciulo and therefore deny the same.

The remaining averments in Vagnozzi's Introduction consist of legal conclusions to which no response is required. They are therefore denied. It is specifically denied that Defendants' actions or inactions caused any losses allegedly suffered by Vagnozzi.

I. PARTIES

1. Plaintiff Dean Vagnozzi ("Vagnozzi") is an individual citizen and resident of the Commonwealth of Pennsylvania, who, at all relevant times, resided in Collegeville, Pennsylvania.

ANSWER: Admitted upon information and belief.

2. Vagnozzi did business both individually and through a variety of entities, the umbrella of which was known as "abetterfinancialplan.com, LLC." ("ABFP.") Vagnozzi also established various "funds" with differing descriptive names. This is an action brought only by Vagnozzi personally for the damages he has suffered.

ANSWER: To the extent Paragraph 2 consists of legal conclusions, no response is required. To the extent a response is required, it is admitted only that Vagnozzi did business both individually and through different entities, including abetterfinancialplan.com, LLC ("ABFP"), and the remaining averments set forth in Paragraph 2 are denied.

3. Defendant Pauciulo is an individual citizen of the Commonwealth of Pennsylvania who is licensed to practice law in the Commonwealth of Pennsylvania, and a "Member" of the law firm Eckert Firm, with offices located at 50 S. 16th Street, 22nd Floor, Philadelphia, PA 19102.

ANSWER: Admitted.

4. Defendant Eckert Firm is a limited liability company organized for the purpose of providing legal services to the public including, but not limited to, the aforementioned Plaintiff, with offices located at 50 S. 16th Street, 22nd Floor, Philadelphia, PA 19102.

ANSWER: Admitted with the clarification that Eckert has multiple offices, including an office at 50 S. 16th Street, 22nd Floor, Philadelphia, PA 19102.

5. At all relevant times, Defendant Eckert acted by and through its authorized agents, servants, partners, members, associates, and employees, including Pauciulo, all of whom were

acting in the course and scope of their relationship with Eckert and the professional services it provides.

ANSWER: To the extent Paragraph 5 consists of legal conclusions, no response is required. To the extent a response is required, it is admitted only that Pauciulo is a member of Eckert and that Eckert has members, associates, and employees. The remaining averments set forth in Paragraph 5 are denied. By way of further response, it is denied that Eckert has any partners or servants.

II. JURISDICTION AND VENUE

6. This Court has personal jurisdiction over Defendants because the principal place of business of Pauciulo and Eckert is located in Philadelphia County.

ANSWER: Paragraph 6 consists of legal conclusions to which no response is required. It is denied that Eckert's principal place of business is located in Philadelphia County. However, Defendants do not contest jurisdiction.

7. Venue is proper in Philadelphia since the vast majority of Defendants' conduct giving rise to these claims occurred in Philadelphia County, the legal services provided to Plaintiffs was performed in Philadelphia County, and Defendant Eckert regularly conducts business in Philadelphia County.

ANSWER: Paragraph 7 consists of legal conclusions to which no response is required. However, Defendants do not contest venue.

III. FACTS COMMON TO ALL COUNTS

A. The beginning of the Attorney-Client Relationship

8. Plaintiff first met Pauciulo in or around 2004, when he was looking for an attorney who could represent him in connection with joining other investors to buy real estate.

ANSWER: Admitted.

9. Pauciulo, then an attorney at the Philadelphia law firm of White & Williams, held himself out as a specialist in corporate and securities law, and touted the fact that he was formerly an "enforcement lawyer" with the Securities and Exchange Commission.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo told Vagnozzi that he formerly worked for the Securities and Exchange Commission as a staff attorney in the Division of Enforcement. It is denied that Pauciulo "held himself out as a specialist in corporate and securities law."

10. Thus began a long series of representations by Pauciulo of Vagnozzi.

ANSWER: The averments in Paragraph 10 are vague and ambiguous. It is admitted only that Pauciulo represented Vagnozzi until their attorney-client relationship ended in 2020.

11. As time progressed, Pauciulo became intimately familiar with and advisory towards all of Vagnozzi's personal and business affairs.

ANSWER: Denied as stated. The averments in Paragraph 11 are vague and ambiguous as to what is meant by "intimately familiar with and advisory towards all of Vagnozzi's personal and business affairs." It is denied that Pauciulo was familiar with and advised Vagnozzi as to his personal and business affairs.

12. Plaintiff was never provided (either individually or as part of any entity or fund created) with an engagement letter, either by Pauciulo or the law firm of White & Williams, or later the Eckert Firm, in violation of their own procedures and contrary to the requirements of the Rules of Professional Conduct.

ANSWER: Denied. To the extent the averments of Paragraph 12 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is

required, Vagnozzi was provided with engagement letters by Pauciulo, Eckert, and White & Williams and signed such engagement letters.

13. During the first ten years of this representation (2004-2014), Vagnozzi experienced more and more success, and fundamentally relied upon Pauciulo's (and the respective law firms he worked for) advice and guidance regarding every aspect of his business operations.

ANSWER: Denied. The averments in Paragraph 13 are vague and ambiguous as to what is meant by "Vagnozzi experienced more and more success, and fundamentally relied upon Pauciulo's (and the respective law firms he worked for) advice and guidance regarding every aspect of his business operations." By way of further response, it is denied that Pauciulo provided advice and guidance regarding every aspect of Vagnozzi's "business operations," the full scope of which were and are unknown to Pauciulo.

14. Pauciulo's first "investment vehicle" representation of Plaintiff was in connection with the formation of an entity to invest in real estate and to comply with all state and federal laws.

ANSWER: Denied as stated. It is admitted that Pauciulo first represented Vagnozzi in connection with the formation of an entity to invest in real estate that complied with all state and federal laws.

15. Later, Pauciulo represented Vagnozzi in connection with creating other entities for purposes of investments in real estate and various life settlement funds (for purposes of investing in life insurance policies), which included ensuring such funds complied with securities laws.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo represented Vagnozzi in connection with creating other entities for investments in real estate and life settlement funds and that Pauciulo prepared documents relating to these entities in compliance with securities laws and provided advice about compliance with securities laws. It is denied that Pauciulo

controlled whether Vagnozzi complied with securities laws and followed any legal advice provided.

B. Vagnozzi meets "Joe Mack."

16. In the Spring of 2016, Vagnozzi first met an individual going by the name of "Joe Mack" at a Philadelphia area golf course.

ANSWER: After reasonable investigation, Defendants are without sufficient information or knowledge as to when or where Vagnozzi met Joe Mack, and the averments of Paragraph 16 are therefore denied.

17. During that first encounter, Joe Mack explained he was in the "merchant cash advance" business, and that, essentially, his business would make "advances" to small and mid-sized businesses which need fast funding. Because of delays involved in securing conventional loans at banks, Mack explained, an entire market for such rapid funding was underserviced and ripe for investment opportunity. In exchange for such rapid advances, the merchants would assign the right to receive a portion of their accounts receivable.

ANSWER: After reasonable investigation, Defendants are without sufficient information or knowledge as to what Joe Mack said to Vagnozzi, and the averments of Paragraph 17 are therefore denied.

18. Mack explained that his company "Complete Business Solutions Group, LLC" (doing business as "PAR Funding") was expert at deciding which merchants to make advances to, and was regularly collecting lucrative interest payments.

ANSWER: After reasonable investigation, Defendants are without sufficient information or knowledge as to what Joe Mack said to Vagnozzi, and the averments of Paragraph 18 are therefore denied.

19. During this golf-course encounter, and a subsequent meeting at Mack's Old City Philadelphia office, Mack was also interested to learn that Vagnozzi was in the business of looking for investment opportunities for his clients, and was impressed with Vagnozzi's track record and superb reputation in the community.

ANSWER: After reasonable investigation, Defendants are without sufficient information or knowledge as to Joe Mack's thoughts and perceptions of Vagnozzi, and the averments of Paragraph 19 are therefore denied.

20. Following the initial encounters, Vagnozzi wanted to be very careful about conducting any business with PAR Funding, which he had never heard of before.

ANSWER: After reasonable investigation, Defendants are without sufficient information or knowledge as to what Vagnozzi wanted, and the averments of Paragraph 20 are therefore denied.

21. Vagnozzi thus contacted his (by then) long-time trusted counsel, Pauciulo, to conduct a deep dive, due diligence background check on PAR Funding, including the personal background history of all of its principals, its financial condition and performance, its reputation for integrity, and all of its business operations and cash advance practices.

ANSWER: Denied as stated. It is admitted that Pauciulo sent a list of due diligence items to Complete Business Solutions Group, LLC d/b/a PAR Funding ("PAR"), which Pauciulo also showed to Vagnozzi. The requested due diligence list is a writing that speaks for itself, and Defendants refer to such writing for its content and deny any characterization of such writing. By way of further response, it is denied that Vagnozzi asked Pauciulo to conduct a background check on all of PAR's principals or that Vagnozzi engaged Pauciulo to do a "deep dive" background check on PAR.

22. Pauciulo, by then a member at the Eckert Firm in its Philadelphia headquarters, eagerly took on the assignment, assuring Vagnozzi he was an expert at conducting such due diligence, and assured Vagnozzi he would do a thorough job.

ANSWER: Denied as stated. It is admitted only that Pauciulo sent a list of due diligence items to PAR, which Pauciulo also showed to Vagnozzi. The remaining averments in Paragraph 22 are denied.

23. Thereafter, Pauciulo billed Vagnozzi personally tens of thousands of dollars to conduct such due diligence on PAR Funding and its principals, and Vagnozzi paid such fees with the understanding that Defendants performed a thorough and professional due diligence.

ANSWER: Denied. Pauciulo did not bill Vagnozzi "tens of thousands of dollars" to conduct due diligence on PAR. Paragraph 23 is further denied to the extent it suggests that Defendants did not perform thorough and professional due diligence.

24. Unbeknownst to Vagnozzi, Pauciulo and Eckert engaged in an amateurish, lazy, incomplete, and dangerously inadequate due diligence.

ANSWER: Denied. Pauciulo and Eckert did not engage in "amateurish, lazy, incomplete, and dangerously inadequate due diligence." Vagnozzi was apprised as to what due diligence Pauciulo and Eckert were doing.

25. For example, some of the many issues clearly apparent, or that should have been clearly apparent, to Pauciulo and Eckert during such due diligence were the following:

a. Pauciulo reviewed no audited financial statements of PAR Funding, but rather only looked at internal compilations.

ANSWER: Admitted. By way of further response, PAR stated that it did not have any audited financial statements, and Vagnozzi was aware that PAR stated that it did not have audited financial statements.

b. Pauciulo reviewed no verified or audited documents of PAR Funding concerning the default rates on the merchant cash advances, and conducted no testing of any kind regarding default rates.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo did not review verified or audited documents of PAR concerning the default rates on merchant cash advances, that he was not provided any such documents by PAR, and that he did not conduct testing regarding default rates. It is denied that Pauciulo was engaged to or otherwise had an obligation to do either, or could have conducted testing regarding default rates. By way of further response, Pauciulo sent a list of due diligence items to PAR, which Pauciulo also showed to Vagnozzi. Pauciulo also told Vagnozzi that PAR did not provide all documents and information that Pauciulo requested.

c. The name "Joe Mack" was an alias for the real name Joseph LaForte.

ANSWER: Admitted upon information and belief. By way of further response, it is denied that Vagnozzi asked Pauciulo to conduct a background check on any of PAR's principals.

d. Joe Laforte a/k/a Joe Mack, was involved in the business for PAR Funding.

ANSWER: Admitted. By way of further response, Vagnozzi by his own admission in Paragraphs 16-19 knew that Joe Mack was involved in the business for PAR and that this information was not shared by Vagnozzi with Pauciulo.

e. Pauciulo reviewed no expert or audited analysis of any PAR Funding underwriting policies, and undertook no efforts to determine the actual practices of PAR Funding in implementing underwriting policies.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo did not review an expert or audited analysis of PAR's underwriting policies or determine the actual practices of PAR in implementing underwriting policies and that he was not provided such documents by PAR. It is denied that Pauciulo was engaged to or otherwise had an obligation to do so. By way of further response, Pauciulo sent a list of due diligence items to PAR, which Pauciulo also showed to Vagnozzi. Pauciulo also told Vagnozzi that PAR did not provide all documents and information that Pauciulo requested.

26. As part of their so-called "due diligence," neither Pauciulo nor Eckert ever:

a. Examined actual books of original entry of PAR Funding.

ANSWER: Admitted in part, denied in part. Paragraph 26(a) is denied to the extent it suggests that Pauciulo or Eckert were asked by Vagnozzi to do so or were obligated to do so, or that the due diligence that was performed was inadequate.

b. Engaged any accountants to test the accuracy of the financial presentations given to him by PAR.

ANSWER: Admitted in part, denied in part. Paragraph 26(b) is denied to the extent it suggests that Pauciulo or Eckert were asked by Vagnozzi to do so or were obligated to do so, or that the due diligence that was performed was inadequate.

c. Examined or tested any lending, advance or underwriting policies implemented by PAR.

ANSWER: Admitted in part, denied in part. Paragraph 26(c) is denied to the extent it suggests that Pauciulo or Eckert were asked by Vagnozzi to do so or were obligated to do so, or that the due diligence that was performed was inadequate.

d. Interviewed the outside accountants for PAR Funding.

ANSWER: Admitted in part, denied in part. Paragraph 26(d) is denied to the extent it suggests that Pauciulo or Eckert were asked by Vagnozzi to do so or were obligated to do so, or that the due diligence that was performed was inadequate.

e. Interviewed any customers or merchants doing business with Par Funding.

ANSWER: Admitted in part, denied in part. Paragraph 26(e) is denied to the extent it suggests that Pauciulo or Eckert were asked by Vagnozzi to do so or were obligated to do so, or that the due diligence that was performed was inadequate.

f. Verified whether the underwriting policies of PAR were being consistently implemented regarding decisions to make cash advances.

ANSWER: Admitted in part, denied in part. Paragraph 26(f) is denied to the extent it suggests that Pauciulo or Eckert were asked by Vagnozzi to do so or were obligated to do so, or that the due diligence that was performed was inadequate.

g. Verified who at Par Funding was being paid what compensations.

ANSWER: Admitted in part, denied in part. Paragraph 26(g) is denied to the extent it suggests that Pauciulo or Eckert were asked by Vagnozzi to do so or were obligated to do so, or that the due diligence that was performed was inadequate.

h. Determined whether there was any concentrations of cash advances to merchants who may have had any connections to or control by any of the principals of PAR Funding or "Joe Mack."

ANSWER: Admitted in part, denied in part. Paragraph 26(h) is denied to the extent it suggests that Pauciulo or Eckert were asked by Vagnozzi to do so or were obligated to do so, or that the due diligence that was performed was inadequate.

i. Conducted an adequate lien search, the amount of such liens, or the reason the liens existed.

ANSWER: Denied. By way of further response, Pauciulo conducted a lien search and asked PAR who its other creditors were and the amounts that PAR had loaned. PAR refused to provide such information. Pauciulo told Vagnozzi of PAR's refusal.

j. Determined or tested the accuracy of the default rates reported by PAR Funding.

ANSWER: Admitted in part, denied in part. Paragraph 26(j) is denied to the extent it suggests that Pauciulo or Eckert were asked by Vagnozzi to do so or were obligated to do so, or that the due diligence that was performed was inadequate.

k. Determined or tested who were the "control" person(s) at PAR Funding as defined by state and federal securities law.

ANSWER: Admitted in part, denied in part. Paragraph 26(k) is denied to the extent it suggests that Pauciulo or Eckert were asked by Vagnozzi to do so or were obligated to do so, or that the due diligence that was performed was inadequate.

27. Pauciulo, when advising Vagnozzi, gave PAR Funding a "clean bill of health" and advised Vagnozzi that PAR was a credible, viable, and a highly successful operation. To quote Pauciulo, he told Vagnozzi: "there are no red flags," "they are very organized," "they gave me everything I asked for."

ANSWER: Denied. By way of further response, Pauciulo did not make the statements in Paragraph 27 but rather told Vagnozzi that PAR did not provide all documents and information that Pauciulo requested. Pauciulo thought that PAR's failure to provide all requested documents and information raised red flags, and Pauciulo told Vagnozzi this. In addition, Vagnozzi was

directly communicating with PAR's management at the same time Pauciulo was conducting due diligence.

28. Defendants were well aware that at no time ever was Vagnozzi:

a. Employed in any way, shape, or form by PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the averments in Paragraph 28(a), and the averments are therefore denied.

b. A member of the Board of Directors of PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the averments in Paragraph 28(b), and the averments are therefore denied.

c. Any kind of consultant to or agent of PAR Funding.

ANSWER: Denied. By way of further response, Vagnozzi was an agent of PAR because he acted as a finder.

d. A shareholder or owner in any form of PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the averments in Paragraph 28(d), and the averments are therefore denied.

e. Provided any direct access to internal documents, records, or proprietary information by PAR Funding.

ANSWER: Denied. By way of further response, Vagnozzi was directly communicating with PAR's management and receiving information from PAR.

29. As such, Defendants were completely aware that Vagnozzi was relying on them to perform a thorough due diligence on PAR Funding and relying on the Defendants' approval of the representations made by PAR Funding as to its business operations, financial condition, default rates, and underwriting policies.

ANSWER: Denied as stated. It is admitted only that Pauciulo sent a list of due diligence items to PAR, which Pauciulo also showed to Vagnozzi. Pauciulo also told Vagnozzi that PAR did not provide all documents and information that Pauciulo requested. By way of further response, Vagnozzi was directly communicating with PAR's management at the same time Pauciulo was conducting due diligence.

30. Vagnozzi's reliance on Defendants in this regard was reasonable, especially since he specifically engaged Defendants to advise him on such issues.

ANSWER: Denied. To the extent the averments of Paragraph 30 consist of legal conclusions, no response is required, and they are therefore denied.

C. Vagnozzi Begins Doing Business with PAR Funding

31. Relying on Pauciulo's advice, Vagnozzi then in August 2016 embarked upon structuring an arrangement with PAR to do business with it.

ANSWER: Denied. By way of further response, Vagnozzi did not advise Pauciulo and Pauciulo did not know at the time that Vagnozzi began structuring an arrangement with PAR to do business with it in August 2016.

32. Initially, the form of that arrangement was as a "Finder," by which Vagnozzi would be compensated by PAR based on amounts invested in PAR by investors found by Vagnozzi. Vagnozzi was provided with a "Finders Agreement" by PAR, which Pauciulo reviewed and advised Vagnozzi to sign. Pauciulo specifically advised Vagnozzi that he would not need to be a

licensed "Broker" as or when serving as a Finder for PAR, and that the Finders Agreement was in compliance with all securities laws.

ANSWER: Admitted in part, denied in part. To the extent the averments of Paragraph 32 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 32 are admitted in part, denied in part. It is admitted only that Pauciulo reviewed a Finders Agreement provided to him by Vagnozzi. Upon information and belief, Vagnozzi entered into the Finders Agreement and/or started acted as a finder before asking Pauciulo to review any agreement with PAR. It is denied that Pauciulo gave Vagnozzi advice about signing any finders agreement. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as the initial form of any arrangement between Vagnozzi and PAR, and the remaining averments of Paragraph 32 are therefore denied.

33. From August 2016 until late December 2017, Vagnozzi worked with PAR Funding as a Finder and referred many investors to it. During that period, PAR Funding:

a. Treated each of Vagnozzi's investors with professionalism and respect.

ANSWER: After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the averments in Paragraph 33(a), and they are therefore denied.

b. Answered any questions any such investors had.

ANSWER: After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the averments in Paragraph 33(b), and they are therefore denied.

c. Allowed investors to tour its facilities, witness its operations, and speak to its personnel.

ANSWER: After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the averments in Paragraph 33(c), and they are therefore denied.

d. Made every payment promised, on time, and in full.

ANSWER: After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the averments in Paragraph 33(d), and they are therefore denied.

D. A Change in Approach

34. With this initial success in mind, Vagnozzi then consulted with Pauciulo in 2017 about altering the arrangement with PAR from a "Finder" to a "Fund" model.

ANSWER: Admitted in part, denied in part. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what was in Vagnozzi's mind, and those averments are therefore denied. It is admitted that in 2017, Vagnozzi contacted Pauciulo about creating an investment vehicle to invest with PAR, the mechanics of which were not developed at that time but subsequently evolved and reflected Pauciulo's advice that investments should be made in other merchant cash advance companies and not only PAR.

35. A Fund model would be for Vagnozzi to create an investment vehicle by which numerous investors could pool their monies, have that vehicle invest in PAR in larger amounts and on more favorable terms than could be accomplished in the Finders Model, and by which the Fund could earn as a management fee the spread between the amount of interest PAR Funding paid the Fund and the lesser amount of interest the Fund would pay the investor.

ANSWER: Denied in part, admitted in part. The averments in Paragraph 35 are vague and ambiguous because it is unclear what is meant "by which numerous investors could pool their monies" or "Finders Model" and those averments are therefore denied. It is admitted only that Vagnozzi contacted Pauciulo about creating an investment vehicle controlled by Vagnozzi, ABFP Income Fund I ("ABFP Fund I"), that investors could invest in and that Vagnozzi would subsequently use to invest in merchant cash advance companies.

36. Pauciulo was enthusiastic in assuring Vagnozzi that this Fund model was a sound, legal, and advisable way of proceeding, and that he could and would make sure that all necessary legal compliance would be strictly obtained.

ANSWER: Denied as stated. It is admitted that Vagnozzi contacted Pauciulo about creating an investment vehicle controlled by Vagnozzi, ABFP Fund I, that investors could invest in and that Vagnozzi would subsequently use to invest in merchant cash advance companies. By way of further response, Pauciulo had multiple communications with Vagnozzi in which Pauciulo advised that the creation of such an investment fund would be legally compliant if Vagnozzi followed Pauciulo's advice in operating that entity.

37. Creating the Fund model necessarily included creating an entity that Vagnozzi's investors could invest in, which in turn would invest in PAR Funding by lending PAR money pursuant to promissory notes bearing very favorable interest rates. This structure necessarily included paying the investors a lesser amount of interest than the Fund was to receive from PAR Funding, and was specifically endorsed and approved by Defendants.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo drafted PPMs for the creation of entities which would in turn invest in PAR and other merchant cash advance companies and lend money pursuant to promissory notes with certain interest rates, and such structure was disclosed in the PPMs. By way of further response, the PPMs drafted by Pauciulo are written documents which speak for themselves and any characterization thereof is denied.

38. As part of having Vagnozzi's clients invest in such a fund entity, various state and federal securities laws come into play, which are extremely complicated and important, and which carry stern penalties if violated.

ANSWER: Denied. To the extent the averments of Paragraph 38 consist of legal conclusions, no response is required, and they are therefore denied.

39. Two key questions in the creating the Fund model were:

a. Would the investment vehicles constitute "securities," and if so, what state and federal registration requirements would apply; and

ANSWER: Denied. To the extent the averments of Paragraph 39(a) consist of legal conclusions, no response is required, and they are therefore denied.

b. Regardless of the answer to the foregoing question, what "disclosures" about the nature of the investments and the attendant risk factors need to be made to the investors prior to making their investment in order to be in compliance with applicable laws, rules, and regulations.

ANSWER: Denied. To the extent the averments of Paragraph 39(b) consist of legal conclusions, no response is required, and they are therefore denied.

40. These are extremely complex questions, and the consequences of failing to be in full compliance are generally understood within the securities-law community to be severe.

ANSWER: Denied. To the extent the averments of Paragraph 40 consist of legal conclusions, no response is required, and they are therefore denied.

41. Even sophisticated investors and promoters (e.g., those with MBA's or JD degrees) must rely on "specialty-lawyers" with a high level of training and experience in securities law matters, since "registration" and "disclosure of risk factors" are highly defined terms within the law of securities.

ANSWER: Denied. To the extent the averments of Paragraph 41 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 41 are denied.

42. This was the position Vagnozzi was in when deciding whether to convert from a Finder model to a Fund model under the careful guidance and advice of Defendants.

ANSWER: The averments in Paragraph 42 are vague and ambiguous because it is unclear what is meant by "the position Vagnozzi was in when deciding whether to convert from a Finder model to a Fund model" and they are therefore denied. By way of further response, Vagnozzi communicated to Pauciulo that he wanted to create a fund, but it is denied that Pauciulo advised Vagnozzi that he should "convert from a Finder model to a Fund model."

43. Defendants assured Vagnozzi of their expertise in such representation.

ANSWER: Denied as stated. By way of further response, Pauciulo had worked with Vagnozzi for more than ten years in prior similar matters and had provided advice regarding other funds created for other alternative investments.

44. Defendants knew what Vagnozzi didn't know, and knew Vagnozzi had no training or competence in these complex areas of law. Defendants knew they were in a position of far superior knowledge than Vagnozzi, and assured Vagnozzi he and his clients could rely upon them for advice.

ANSWER: Denied. By way of further response, Pauciulo and Eckert did not know what Vagnozzi did not know. In fact, Pauciulo knew that Vagnozzi had an undergraduate degree in accounting, had been employed as an accountant with an accounting firm and as a sale person with SAP, Deloitte Consulting and Anderson, was an experienced and sophisticated business person who personally purchased and sold real estate as an investment, who had authored a book on

investing strategies and held himself out to the public as an expert in investing, had previously been a registered representative affiliated with a broker-dealer, had been licensed to sell both insurance and securities, and had previously been involved with and managed over a dozen investment funds which raised and invested millions of dollars. Pauciulo gave Vagnozzi advice regarding securities laws many times over the course of his representation of Vagnozzi.

45. Vagnozzi, too, knew he had no training in or understanding of the complex web of state and federal securities law, and repeatedly explained to Defendants he was relying on their guidance.

ANSWER: Denied. By way of further response, Pauciulo and Eckert did not know what Vagnozzi did not know. In fact, Pauciulo knew that Vagnozzi had an undergraduate degree in accounting, had been employed as an accountant with an accounting firm and as a sale person with SAP, Deloitte Consulting and Anderson, was an experienced and sophisticated business person who personally purchased and sold real estate as an investment, who had authored a book on investing strategies and held himself out to the public as an expert in investing, had previously been a registered representative affiliated with a broker-dealer, had been licensed to sell both insurance and securities, and had previously been involved with and managed over a dozen investment funds which raised and invested millions of dollars. Pauciulo gave Vagnozzi advice regarding securities laws many times over the course of his representation of Vagnozzi.

46. Thus, Vagnozzi was completely reliant on the advice of Defendants in how to proceed when converting to the "Fund" model for purposes of doing further business with PAR Funding.

ANSWER: Denied. By way of further response, Vagnozzi did not ask Pauciulo for, and Pauciulo did not provide, advice about converting to a fund model when creating ABFP Fund I. Upon information and belief, Vagnozzi also relied on advice and information provided by PAR.

47. At no time would Vagnozzi have ever began using the Fund model without the express advice by Defendants that doing so would be in complete compliance with all state and federal laws and regulations.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Vagnozzi would have done, and the averments in Paragraph 47 are therefore denied.

48. At or about this time frame, Vagnozzi first learned that Joe Mack's real name was Joe LaForte, and that he had a criminal background.

ANSWER: After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to when Vagnozzi learned Joe Mack's real name or that he had a criminal background, and the averments in Paragraph 48 are therefore denied.

49. When Vagnozzi raised this with Pauciulo, Pauciulo said he already knew of it, but explicitly told Vagnozzi that LaForte's conviction was so long ago, that it did not represent any kind of barrier to do business with him, and that "everyone deserves a second chance." Pauciulo emphasized to Vagnozzi that LaForte's criminal conviction was "not material," and neither was the fact that he used an alias, and need not ever be disclosed to investors.

ANSWER: Denied. The averments in Paragraph 49 are vague and ambiguous because it is unclear which time period is being referenced, and they are therefore denied. By way of further response, Pauciulo told Vagnozzi about LaForte's criminal conviction the same day that Pauciulo learned that information and told Vagnozzi that the conviction did not disqualify LaForte from

operating a merchant cash advance business. Vagnozzi chose to continue doing business with LaForte and PAR after Pauciulo shared this information with Vagnozzi.

50. On the strength of this advice, in or about December 2017 and January 2018, Vagnozzi accepted Defendants' advice to create a "Private Placement Memorandum" ("PPM"), to create a fund for investment in PAR Funding, and to prepare accompanying "Subscription Agreements."

ANSWER: Denied as stated. The averments in Paragraph 50 are vague and ambiguous because it is unclear what "[o]n the strength of this advice" means, and they are therefore denied. By way of further response, after reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Vagnozzi was relying on when he engaged Defendants to create the PPM. It is admitted only that Vagnozzi asked Pauciulo to create a PPM for investments in merchant cash advance companies, including PAR.

51. That initial fund was known as "ABFP Income Fund 1." (The PPM for this Fund 1 is attached hereto as Exhibit "B," while the Subscription Agreement is attached hereto as Exhibit "C").

ANSWER: Admitted in part, denied in part. It is admitted that the initial fund was known as ABFP Fund I. The PPM and Subscription Agreement for ABFP Fund I are writings that speak for themselves, and Defendants refer to these writings for their content and deny any characterization thereof.

52. Notably absent from the PPM or the Subscription Agreement for Fund 1 was any discussion of or disclosure about:

a. PAR Funding as an entity.

b. The actual past financial history or performance of PAR Funding.

c. Any operating history of PAR Funding.

d. Any information about Joe Mack, Joe LaForte, his criminal convictions, or about any other principal or control person of PAR.

e. Any information about PAR's corporate structure or related entities.

f. Any information or background history of any of PAR's officers and directors, or their ownership structure.

g. Any information about PAR's interest rates charged, collection methods, or loss ratios.

h. Whether the funds raised were intended for investing in PAR Funding.

ANSWER: Denied. The PPM and Subscription Agreement for ABFP Fund I are writings that speak for themselves, and Defendants refer to these writings for their content and deny any characterization thereof. To the extent the averments in Paragraph 52(a)-(h) suggest that the PPM and Subscription Agreement were required to include any of the items listed in Paragraph 52(a)-(h), such averments consist of legal conclusions to which no response is required.

E. Creation of an Investment Fund

53. In January, 2018, the ABFP Income Fund 1 ("Fund 1") was created, and over the next eight months took in over $19,000,000 from 73 clients, all utilizing the PPMs and Subscription Agreements prepared by the Defendants.

ANSWER: Admitted in part, denied in part. It is admitted only that ABFP Fund I was created in or around January 2018. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether all clients utilized the PPMs or Subscription Agreements prepared by Defendants, and the remaining averments of Paragraph 53 are therefore denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or

knowledge as to whether ABFP Fund I took in over $19,000,000 from 73 clients over eight months, and the remaining averments of Paragraph 53 are therefore denied

54. The entirety of the funds raised in Fund 1 were used for investment with PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether the entirety of the funds raised in ABFP Fund I were used for investment with PAR, and the averments of Paragraph 54 are therefore denied. By way of further response, Pauciulo's advice to Vagnozzi was to invest in more than one merchant cash advance company and not solely PAR.

55. Defendants were intimately aware of all aspects of Fund 1, and the fact that all the monies raised from investors in Fund 1 were to be invested with PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether the entirety of the funds raised in ABFP Fund I were used for investment with PAR, and the averments of Paragraph 55 are therefore denied. By way of further response, Pauciulo's advice to Vagnozzi was to invest in more than one merchant cash advance company and not solely PAR. It is further specifically denied that Defendants "were intimately aware of all respects of Fund 1."

56. Defendants were also aware that every investor found by Vagnozzi during his services as a "Finder" only invested in PAR and not any other merchant cash business.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether every investor found by Vagnozzi during his services as a finder only invested in PAR, and the averments of Paragraph 56 are therefore denied.

57. When Defendants drafted the PPM and Subscription Agreement, such disclosures were not made to the investors in Fund 1.

ANSWER: Denied. The averments in Paragraph 57 are vague and ambiguous because it is unclear what disclosures are being referenced, and the averments are therefore denied. By way of further response, the PPM and Subscription Agreement are written documents that speak for themselves, and Defendants refer to these writings for their content and deny any characterization thereof.

58. Fund 1 was successful, and all of Vagnozzi's clients who invested in Fund 1 received all agreed-upon payments.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether all of Vagnozzi's clients who invested in ABFP Fund I received all agreed-upon payments, and the averments of Paragraph 58 are therefore denied.

59. Defendants also specifically advised Plaintiff that the promissory notes issued by Fund 1 need not be registered with the SEC, because of the exemption under "Regulation D" involving offerings to private investors, not members of the public.

ANSWER: To the extent Paragraph 59 consists of legal conclusions, no response is required. To the extent a response is required, the averments set forth in Paragraph 59 are denied. By way of further response, Pauciulo provided Vagnozzi with legal advice, that if followed, would comply with all securities laws.

F. Vagnozzi Radio Advertisements

60. Defendants were at all times thoroughly familiar with the manner in which Vagnozzi located members of the general public to become his clients.

ANSWER: Admitted in part, denied in part. The averments in Paragraph 60 are vague and ambiguous because no time period is specified, and they are therefore denied. It is admitted only that at certain times, Pauciulo became aware that Vagnozzi used certain methods to reach potential clients. By way of further response, Vagnozzi often did not discuss such methods with Pauciulo before employing such methods.

61. Defendants were at all times aware of the frequent radio advertisements sponsored by Vagnozzi, the content of which were repeatedly reviewed in advance with Defendants.

ANSWER: Denied. Pauciulo was not aware at all times of the frequent radio advertisements sponsored by Vagnozzi. By way of further response, Pauciulo was generally aware that Vagnozzi was using radio advertisements, but it is denied that Defendants were advised by Vagnozzi about the frequency of any radio advertisements and that Defendants reviewed such advertisements in advance.

62. The radio advertisements clearly solicit members of the general public to contact Vagnozzi and his companies regarding a variety of investment opportunities.

ANSWER: Denied. To the extent Paragraph 62 consists of legal conclusions, no response is required. To the extent a response is required, the averments set forth in Paragraph 62 are denied. By way of further response, the radio advertisements are recordings which speak for themselves, and Pauciulo and Eckert refer to such recordings for their content and deny any characterization of such recordings.

63. Pauciulo also attended many meetings, dinners, and promotional events sponsored by Vagnozzi to attract members of the general public as potential clients.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo attended limited portions of some events organized by Vagnozzi at which clients and potential clients were also in

attendance. The characterization that Pauciulo attended many meetings, dinners, and promotional events is denied.

64. Indeed, Pauciulo appeared on numerous videos and recordings that were played to and for the benefit of potential clients, personally assured potential clients that Vagnozzi and his entities were in full compliance with all securities laws, and that all required disclosures were contained within the PPMs.

ANSWER: Admitted in part, denied in part. It is admitted only that Pauciulo appeared in some videos and recordings speaking generally about investments. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to who Vagnozzi showed such videos and recordings to and therefore deny the same. By way of further response, the videos and recordings speak for themselves, and Pauciulo and Eckert refer to such videos and recordings for their contents and deny any characterization thereof. It is specifically denied that Pauciulo discussed disclosures in specific PPMs in any video or recording.

65. Consider, for example, Pauciulo's video recorded comments as follows:

a. *"Question posed on video screen* - "What is Your History with Dean?"

> "Dean and I have worked together now for many years. I think since 2004. And we've created funds to invest in a pretty wide variety of industries and businesses. One of the things I really like about my job is I get to look into all different kinds of business and see how they run, see how they work, see how and why they're profitable. There's a lot of ways to make money out there. There's a lot of different kinds of businesses, a lot of different kinds of investments. Everybody's familiar with the public markets and the stock market and mutual funds and those kinds of things. But there's another world outside the public markets that maybe a lot of retail investors maybe aren't familiar with, and they're not familiar with it because a stock broker can't and won't sell them to you. What Dean has done is to identify different types of investments whether it be real estate, whether it be life settlements or other alternative investment classes and together Dean and I have created a model where a retail investor can get involved in a kind of asset class that on his own, may or may not have the financial wherewithal to do. Or maybe has the wherewithal but doesn't want to put sort of all his eggs in one basket, so to speak. But as part of the diversified portfolio, it's an opportunity to

put money in a lot of alternative asset classes separate and apart from public and traded securities on the stock market or stock exchange."

b. Question posed on video screen "What's Unique About a Better Financial Plan?

"I work with clients to identify market opportunities and investment opportunities, and we do that in a couple different ways. The first step is usually due diligence and just looking at an opportunity and trying to determine whether it's worthwhile. Once we identify them, we prepare documents that allow the promoter - the principal behind the fund to create a fund and bring in investment dollars and that's done also in a couple steps but a big part of that the drafting or creation of a what's called a Private Placement Memorandum, sometimes you'll hear people refer to it as a PPM or and offering book or a circular book.. .different words for the same thing. The private placement is the tool through which an investor can invest into a company. So every time you sell a security, it either has to be registered with the SEC or there's got to be an exemption, and we operate under exemptions from the registration requirements. And when you look at those rules and they're kind of long and they're complicated but they...we are all about Placement Memorandum is the disclosure document. It's the instrument through which the investor makes an informed decision and makes a decision about whether they want to get involved with something. And that document's intended to provide a prospective investor with all the information that a reasonable person would want to know, or information they want to have in order to make an informed investment decision. So ideally an investor can pick up the Private Placement Memorandum, read it, understand the risks involved in the investment, understand the nature of the investment, and understand the industry or the business that's involved in the investment. It really should be a comprehensive document that somebody can use to inform themselves and make an investment decision."

c. Question posed on video screen - "Can I Be Sure This is Legal? "

"Frankly Dean spent a lot of money with me and my law firm. This kind of legal compliance is complicated. And because it's complicated, we spend a lot of time on it and that time results in expense. And Dean has spent, and continues to spend a lot of money to make sure things are done the right way."

ANSWER: Denied. The videos speak for themselves, and Pauciulo and Eckert refer to such videos for their contents and deny any characterization thereof.

66. Time after time, Defendants advised Vagnozzi that he and each of the Funds were in complete compliance with all state and federal securities laws and regulations.

ANSWER: Denied as stated. The PPMs and related documents that Pauciulo drafted and the advice provided to Vagnozzi complied with all state and federal securities laws and regulations. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether Vagnozzi followed Pauciulo's advice and complied with all state and federal securities laws and regulations and therefore deny the same.

67. At no time ever did Defendants tell, advise, or in any way warn Vagnozzi that he should cease any such advertisements or discontinue any such meetings, dinners, or promotional events, nor did Defendants ever tell, advise, or counsel Vagnozzi that, in view of such advertisements and events, the Funds needed to be publicly registered with the Securities and Exchange Commission and the various state securities commissions. In fact, Pauciulo regularly told Vagnozzi that the language of the radio advertisement was "good" because it was "generic," and thus was not a general solicitation of the public "in the eyes of the law."

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo did not advise Vagnozzi that the Funds needed to be publicly registered. It is admitted that Pauciulo advised Vagnozzi that radio advertisements were acceptable so long as such advertisements were generic. It is denied that, at no time did Pauciulo warn Vagnozzi to cease or discontinue advertisements and events sponsored by Vagnozzi.

68. Further, Defendants were specifically aware that PAR Funding had represented to them as well as to Vagnozzi that it had "the best default rate" in the merchant cash advance industry, that it had "the best underwriting policies," and had provided documentation purporting a 1% -2% default rate.

ANSWER: Denied. After reasonable investigation, Defendants are without sufficient information or knowledge as to what PAR represented to Vagnozzi and those averments are

therefore denied. The averments in Paragraph 68 are also denied to the extent they are vague and ambiguous as to who was allegedly provided documentation purporting a 1%-2% default rate, and such averments are therefore denied. It is denied that PAR represented to Defendants that PAR had "the best default rate" in the merchant cash advance industry, or that it had "the best underwriting policies."

69. Defendants were specifically aware of and approved that Vagnozzi, when asked by potential clients and investors, about default rates and underwriting policies, Vagnozzi would repeat what PAR Funding represented in this regard.

ANSWER: Denied as stated. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Vagnozzi said to potential clients and investors, and those averments are therefore denied. Upon information and belief, what Vagnozzi said to potential investors was not based on advice from Defendants but on Vagnozzi's own discussions with PAR.

70. Indeed, Pauciulo was present at various meetings, dinners, and events where Vagnozzi stated what Par Funding had represented its underwriting policies and default rates to be, and at no time ever advised or suggested to Vagnozzi not to make such statements or to alter his statements in any way.

ANSWER: Denied. Pauciulo was not present when Vagnozzi talked about PAR's default rate and underwriting policies and did not advise Vagnozzi as to such statements.

71. Though engaged to do so, Defendants never undertook any efforts to test the accuracy of PAR Funding underwriting policies or default rates. At the same time, Defendants were misrepresenting to Vagnozzi that Defendants had conducted all due diligence necessary so

that Vagnozzi, in making such representations about PAR Funding, was in full compliance with all state and federal securities laws.

ANSWER: Admitted in part, denied in part. It is admitted that Defendants never tested the accuracy of PAR's underwriting policies or default rates. It is denied that Defendants were engaged to or otherwise had an obligation to do so. By way of further response, Pauciulo sent a list of due diligence items to PAR, which Pauciulo also showed to Vagnozzi . Pauciulo also told Vagnozzi that PAR did not provide all documents and information that Pauciulo requested. By way of further response, Vagnozzi was directly communicating with PAR's management at the same time Pauciulo was conducting due diligence.

G. Creation of Additional Investment Funds

72. In or about August, 2018, Vagnozzi consulted with Pauciulo and Defendants about creating a second fund for investment in PAR, ABFP Income Fund 2 ("Fund 2").

ANSWER: Admitted.

73. In connection with Fund 2, Vagnozzi specifically asked Pauciulo whether it should be disclosed that, like the proceeds of Fund 1, the proceeds of Fund 2 would be used primarily for investment in PAR Funding (with a small amount intended for non "cash-advance" investment), and whether any details about PAR or Joe LaForte should be disclosed in the Fund 2 PPM.

ANSWER: Denied. The Fund 2 PPM is a writing that speaks for itself, and Defendants refer to such writing for its contents and deny any characterization of such writing. By way of further response, Pauciulo advised Vagnozzi that he should invest in multiple cash advance companies and not solely PAR.

74. Pauciulo specifically advised Vagnozzi:

a. There was no need whatsoever to disclose that the proceeds of Fund 2 would be invested with PAR Funding, only that it would be invested in the "merchant cash advance" industry, so as to maintain flexibility to be able to invest the funds with any other "cash advance" lender.

ANSWER: Denied as stated. Pauciulo advised Vagnozzi that he should invest in multiple cash advance companies and not solely PAR.

b. There was no need to refer to Joseph LaForte, for the same reason cited in (a), above, and no reasons to ever disclose LaForte's criminal conviction "because it was more than 10 years old."

ANSWER: Denied as stated. Pauciulo advised Vagnozzi that he should invest in multiple cash advance companies and not solely PAR and that LaForte's criminal conviction for mortgage fraud did not need to be disclosed because it was more than ten years old and did not disqualify him from operating a merchant cash advance company.

c. There was no need to disclose any of the inherent business risks of PAR Funding's operations or financial condition, since there was no need to ever refer to PAR Funding.

ANSWER: Denied as stated. Pauciulo advised Vagnozzi that he should invest in multiple cash advance companies and not solely PAR, and the PPMs included an extensive description of potential risk factors when investing in merchant cash advance companies in general.

75. All told, Defendants represented Vagnozzi in the creation of the following funds, each with a separate PPM and Subscription Agreement, each with a distinct and different group of investors, and as to each Defendants charged distinct legal fees and rendered "registration" and "disclosure" advice:

Date	**Fund**	**Amount Raised**	**Percentage Invested in PAR**
Jan. 2018	ABFP Fund 1	$19 million	100%

Aug. 2018	ABFP Fund 2	$8 million	80% (20% non-MCA)
Mar. 2019	ABFP Fund 3	$28 million	100%
Aug, 2019	ABFP Fund 4	$21 million	100%
Nov. 2019	ABFP Fund 6	$17 million	100%

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert represented Vagnozzi in the creation of those funds. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether the funds each had a distinct and different group of investors, and the amount raised and the percentage invested in PAR for each fund, and such averments are therefore denied.

H. Other Investment Vehicles

76. Separately, Defendants also represented Vagnozzi in the creation of additional "multi-purpose" Funds, each with a distinct and separate group of investors, for which Defendants charged distinct legal fees, each with a separate PPM, as follows:

March 2018	Multi-Strategy Investment Fund 1	$17 million	Approx. 65% life ins. 35% PAR
Fall 2019	Multi-Strategy Investment Fund 2	$15 million	Approx. 80% life ins. 20% PAR

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert represented Vagnozzi in the creation of those funds. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether the funds each had a distinct and different group of investors, and the amount raised and the percentage invested in PAR for each fund, and such averments are therefore denied.

77. Separate and aside from the foregoing, Defendants also represented Vagnozzi in non-PAR-Funding funds for investment in life-insurance policies, each with distinct and separate

group of investors, for which Defendants charged distinct legal fees, each with a separate PPM, as follows:

Date	Fund	Amount Raised	What
March 2010	Pillar Fund 1	$4 million	Life Settlement
May 2011	Pillar Fund 2	$3.3 million	Life Settlement
March 2012	Pillar Fund 3	$3 million	Life Settlement
April 2013	Pillar Fund 4	$4.2 million	Life Settlement
March 2014	Pillar Fund 5	$4.9 million	Life Settlement
Aug. 2015	Pillar Fund 6	$6.2 million	Life Settlement
May 2016	Pillar Fund 7	$11 million	Life Settlement
February 2017	Pillar Fund 8	$11.1 million	Life Settlement

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert represented Vagnozzi in the creation of those funds. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether the funds each had a distinct and different group of investors, and the amount raised and the percentage invested in PAR for each fund, and such averments are therefore denied.

78. Over the span of all these years, Defendants also represented Vagnozzi in the creation of Funds separate and apart from merchant cash advance or life insurance, each with a distinct and separate group of investors, for which Defendants charged distinct legal fees, each with a PPM as follows:

July 2017	Atrium Capital 1	$7 million	Litigation Funding
June 2018	Atrium Capital 2	$6 million	Litigation Funding
Jan. 2020	Atrium Capital 3	$10 million	Litigation Funding
Early 2020	Atrium Capital 4	$5 million	Litigation Funding

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert represented Vagnozzi in the creation of those funds. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether the funds each had a distinct

and different group of investors, and the amount raised and the percentage invested in PAR for each fund, and such averments are therefore denied.

I. Defendants' Complete Immersion in Plaintiff's Businesses

79. With each new fund, Pauciulo became more deeply involved with the totality of Vagnozzi's business, including:

ANSWER: Denied. Pauciulo was not "deeply involved with the totality of Vagnozzi's businesses."

a. Interacting with members of Vagnozzi's business management team and employees.

ANSWER: Admitted.

b. Interacting with potential clients and investors sourced by Vagnozzi personally and through radio advertisements.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo interacted with clients and investors on occasion at the request of Vagnozzi. It is denied that Pauciulo knew how such clients and investors were sourced by Vagnozzi.

c. Sometimes attending weekly "team meetings" with Vagnozzi and his staff at Vagnozzi's offices.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo sometimes attended meetings at ABFP with Vagnozzi and his staff. It is denied that Pauciulo attended such weekly "team meetings" on a regular basis.

d. Reviewing and approving written communications with clients and potential clients and investors in the Funds.

ANSWER: Denied as stated. Pauciulo reviewed some written communications that Vagnozzi intended to send to clients and investors in the Funds, but upon information and belief, Vagnozzi sent written communications to his clients and investors without sending them to Pauciulo for review in advance.

e. Attending and speaking at dinners and meetings sponsored by Vagnozzi with potential clients and investors, and approving Vagnozzi's statements and representations at such dinners and meetings.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo attended portions of and spoke at some dinners and meetings with clients and investors. It is denied that Pauciulo approved Vagnozzi's statements and representations at such dinners and meetings.

f. Appearing with Vagnozzi on various video recordings touting his (Pauciulo's) expertise in securities law and the viability and integrity of the PPMs he was creating in furtherance of investment in PAR Funding, and approving of all of Vagnozzi's statements and presentations on such videos.

ANSWER: Admitted in part, denied in part. It is admitted only that Pauciulo appeared on some video recordings discussing PPM's and private securities offering mechanics. It is denied that Pauciulo discussed the viability and integrity of PPMs created in furtherance of investment in PAR and other merchant cash advance companies and denied that Pauciulo approved all of Vagnozzi's statements.

g. Providing guidelines to follow with radio advertisements undertaken by Vagnozzi to solicit potential clients and investors from the general public.

ANSWER: Denied as stated. Pauciulo provided guidelines to Vagnozzi regarding radio advertisements, but Vagnozzi did not follow the advice provided by Pauciulo.

80. Separately, Defendants also represented Vagnozzi in establishing funds for investment of life settlement policies.

ANSWER: Admitted.

81. Again, Pauciulo and Eckert were intricately involved in all aspects of creating the entities and drafting the PPMs and Subscription Agreements used as investment vehicles in the life insurance investments.

ANSWER: Denied as stated. Pauciulo and Eckert represented Vagnozzi and created entities and drafted related documents including PPMs and Subscription Agreements used as investment vehicles in life insurance investments.

82. Defendants were well aware of the business structure of Vagnozzi's businesses, and the fact that certain management fees (whether from PAR Funds, Life Settlement Funds, Multi-Strategy Funds, etc.) were paid into the accounts of ABFP Management Co., which is solely owned by Vagnozzi.

ANSWER: Denied as stated. Pauciulo and Eckert represented Vagnozzi and certain of his businesses and were only aware that ABFP Management Co. received management fees and/or fees earned as serving as general partner in certain entities.

83. Vagnozzi never withheld information from Defendants, answered every question ever posed by Defendants, and shared all internal and proprietary information and documents with Defendants at all times.

ANSWER: Denied. By way of further response, Vagnozzi did not provide Defendants with full and complete information and/or documents on a number of occasions.

84. Vagnozzi was at all times scrupulously careful to make sure:

a. All investor funds were maintained in segregated banks accounts and never comingled, whether for MCA Funds, Life Settlement Funds or Mixed Use Funds.

ANSWER: After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the averments in Paragraph 84(a) and therefore deny the same.

b. All investor funds were invested exactly as Defendants advised, and all payments received, whether from PAR Funding or other investment vehicles, were distributed to investors exactly as required.

ANSWER: After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the averments in Paragraph 84(b) and therefore deny the same.

c. All substantive communications with potential clients and investors were reviewed by Defendants.

ANSWER: Denied. Vagnozzi did not share all written and oral communications with potential clients and investors for review by Pauciulo and Eckert.

85. During this process, Defendants were charging Vagnozzi and his businesses in excess of one million dollars in legal fees, which they shared amongst themselves.

ANSWER: Admitted in part, denied in part. It is admitted that Vagnozzi paid legal fees for the services that Defendants provided. It is denied that the amount of legal fees paid was in excess of one million dollars.

86. Significantly, Defendants also began representing other individuals referred to them by Vagnozzi - for example, his brother, Albert Vagnozzi - to create funds for investments with PAR, also charging many more hundreds of thousands of dollars in legal fees.

ANSWER: Denied as stated. Vagnozzi did refer clients to Pauciulo and Eckert but did not refer Albert Vagnozzi.

87. All told, Defendants authored more than 25 PPMs for Vagnozzi, another 30 or so PPMs for third parties, and raised more than $100 million dollars, every penny of which was invested in PAR Funding, and another $100 million dollars in life settlements and real estate.

ANSWER: Denied as stated. Defendants drafted PPMs and created investment vehicles through which clients raised money. It is further denied that $100 million were raised in life settlements and real estate.

88. Throughout the entire process, upon the specific advice of Defendants, no PPM nor Subscription Agreement was ever registered with the SEC, and none ever disclosed:

a. That the investor monies would be solely invested in PAR.

ANSWER: To the extent Paragraph 88(a) consists of legal conclusions, no response is required. To the extent a response is required, the averments set forth in Paragraph 88(a) are denied. The PPM and Subscription Agreement are writings that speak for themselves, and Defendants refer to these writings for their content and deny any characterization thereof. By way of further response, Paragraph 88(a) is further denied to the extent it suggests that there was a legal requirement to register with the SEC or disclose the information in Paragraph 88(a).

b. The names, backgrounds, or criminal convictions of any of PAR's principals.

ANSWER: To the extent Paragraph 88(b) consists of legal conclusions, no response is required. To the extent a response is required, the averments set forth in Paragraph 88(b) are denied. The PPM and Subscription Agreement are writings that speak for themselves, and Defendants refer to these writings for their content and deny any characterization thereof. By way of further response, Paragraph 88(b) is further denied to the extent it suggests that there was a legal requirement to register with the SEC or disclose the information in Paragraph 88(b).

c. Any of the risk factors attendant to investing funds in PAR Funding.

ANSWER: To the extent Paragraph 88(c) consists of legal conclusions, no response is required. To the extent a response is required, the averments set forth in Paragraph 88(c) are denied. The PPM and Subscription Agreement are writings that speak for themselves, and Defendants refer to these writings for their content and deny any characterization thereof. By way of further response, Paragraph 88(c) is further denied to the extent it suggests that there was a legal requirement to register with the SEC or disclose the information in Paragraph 88(c).

89. Throughout this time period, Defendants had ample access and opportunity to conduct further due diligence as to PAR Funding and its principals, but never did so.

ANSWER: Denied as stated. Defendants performed legal services as requested and at the direction of Vagnozzi. By way of further response, Vagnozzi never directed Defendants to conduct further or ongoing due diligence until March 2020 when PAR stopped making payments to its creditors, including Vagnozzi's funds.

J. Things Begin to Go Sideways

90. In March 2020, with the onset of the Covid 19 pandemic, PAR Funding initially announced to Vagnozzi it was in a good position. But then shortly thereafter PAR Funding announced for the first time it would be unable to continue to make all payments in full to the investors who invested in the various Funds created by Vagnozzi and by the various third parties.

ANSWER: Admitted in part, denied in part. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what PAR told Vagnozzi and therefore deny the same. It is admitted that Pauciulo became aware that PAR sent an email to Vagnozzi and other PAR creditors in which PAR said it would be unable to continue making payments in full to its creditors, which included the funds created by Vagnozzi.

91. Vagnozzi carefully consulted with Defendants on how to handle the differing announcements that Par Funding had issued in March 2020, and what communications he should have with PAR, the many investors he sourced, and with third parties.

ANSWER: Denied as stated. Vagnozzi consulted with Pauciulo about how to respond after PAR informed Vagnozzi that it was suspending payments to investors in or around March 2020.

92. In this regard, Vagnozzi specifically asked Defendants to:

a. Review PAR's financial position and ability to continue to make payments to the various Funds as and when due.

ANSWER: Admitted.

(i) Review PAR's ongoing operations and past and present lending practices.

ANSWER: Denied. Pauciulo was not asked by Vagnozzi to review PAR's ongoing operations and past and present lending practices.

b. Review the number and scope of defaults by merchants in the payments due PAR Funding.

ANSWER: Denied. Pauciulo was not asked by Vagnozzi to review the number and scope of defaults by merchants in the payments due to PAR.

c. Review whether PAR Funding was involved in any litigation with its merchants, and if so, to what extent and with how many merchants.

ANSWER: Denied. Pauciulo was not asked by Vagnozzi to review whether PAR was involved in litigation with its merchants.

d. Review whether the principals of PAR Funding were taking excess compensation so as to prevent PAR from meeting its obligations to investors.

ANSWER: Denied. Pauciulo was not asked by Vagnozzi to review whether PAR's principals were taking excess compensation so as to prevent PAR from meeting its obligations to investors.

e. Determine prospects for future resumption of payments in full.

ANSWER: Denied as stated. Pauciulo was asked by Vagnozzi to help him assess prospects for future resumption of payments.

f. Determine whether any new risk factors emerged, whether any underwriting or collection policies changed, and whether the receivables from merchants were adversely affected.

ANSWER: Denied. Pauciulo was not asked by Vagnozzi to determine whether any new risk factors emerged, whether any underwriting or collection policies changed, and whether the receivables from merchants were adversely affected.

93. Once again, Pauciulo and Eckert performed only the shallowest of due diligence, and failed to conduct any meaningful investigation or analysis of the foregoing issues.

ANSWER: Denied. Pauciulo and Eckert did not perform "shallow" due diligence and did not fail to conduct any meaningful investigation or analysis of the foregoing issues. By way of further response, Pauciulo discussed with Vagnozzi what due diligence would be conducted and Vagnozzi agreed to the scope of such due diligence.

94. Instead, unbeknownst to Vagnozzi, Pauciulo and Eckert only reviewed PAR's internally prepared financial statements, and a PAR document about the impact of Covid 19. Neither Pauciulo nor anyone else at Eckert performed any other review or analysis.

ANSWER: Denied. To the extent the averments of Paragraph 94 suggest that Pauciulo and Eckert's due diligence was deficient, the averments are denied. By way of further response, Pauciulo discussed with Vagnozzi what due diligence materials would be requested and Vagnozzi agreed to the scope of such due diligence, which would be limited to documents received from PAR's attorneys.

95. Here again, Defendants were specifically aware that Vagnozzi had no access to any inside or proprietary information of PAR Funding, and that Vagnozzi was relying on Defendants to perform a competent due diligence and provide Vagnozzi reliable results from such due diligence.

ANSWER: Denied. To the extent the averments of Paragraph 95 suggest that Pauciulo and Eckert's due diligence was deficient, the averments are denied. By way of further response, Vagnozzi told Pauciulo multiple times that Vagnozzi was having telephone calls and meetings with individuals at PAR on a regular basis. Vagnozzi asked Pauciulo to review documents provided by PAR, and Vagnozzi was aware of the limited scope of what PAR agreed to provide Pauciulo.

96. Significantly, by early 2020, PAR Funding had been the subject of numerous regulatory investigations by both the SEC and various state regulatory bodies.

ANSWER: After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to when PAR became the subject of regulatory investigations by the SEC and therefore deny the same. By way of further response, Pauciulo was aware of regulatory investigations in Texas, New Jersey and Pennsylvania, but did not become aware of an investigation of PAR by the SEC until the SEC filed its Complaint against PAR.

97. Likewise, Vagnozzi and his various funds became the subject of regulatory investigations.

ANSWER: Admitted.

98. Both the securities regulators in the New York office of the SEC and the Commonwealth of Pennsylvania conducted investigations, the primary focus of which were whether Vagnozzi was working as a "broker" when working with PAR as a Finder, and if so, was Vagnozzi licensed as such, whether the Vagnozzi various and diverse PPMs were properly registered, and whether sufficient disclosures about PAR and its risks were made. The State of Texas also opened an investigation of Vagnozzi for the same reasons.

ANSWER: Admitted in part, denied in part. It is admitted that the securities regulators in the New York office of the SEC and the Commonwealth of Pennsylvania and the State of Texas conducted investigations, but any characterization of such investigations is denied.

99. Defendants all along repeatedly assured Vagnozzi he was not acting as a "broker," that there was no need to become licensed as such, that his PPMs need not be registered, and that all required risk disclosures were made.

ANSWER: Denied. Pauciulo and Eckert provided advice to Vagnozzi regarding compliance with securities laws, and had Vagnozzi followed that advice then he would not need to be licensed as a broker and the PPMs would not need to be registered. However, it is denied that Vagnozzi followed the advice provided by Pauciulo and Eckert.

100. Because of the enormous expense and stress involved in defending the regulatory investigations, Vagnozzi was forced to settle the same on a "no admit/no deny" basis in July 2020, and forced to pay hundreds of thousands of dollars in fines and disgorgement.

ANSWER: Admitted in part, denied in part. It is admitted that Vagnozzi paid hundreds of thousands of dollars as part of settling the regulatory investigations in July 2020. The characterizations in Paragraph 100 are denied, including that Vagnozzi "was forced to settle."

101. Here again, Defendants, when preparing yet additional "Supplements" to the original PPMs, and when making additional written disclosures made no reference to or disclosure about any of Vagnozzi's regulatory investigations or settlements.

ANSWER: The averments in Paragraph 101 are vague and ambiguous, and without additional information, Pauciulo and Eckert are unable to form an opinion as to their truth. To the extent Paragraph 101 consists of legal conclusions, no response is required. To the extent a response is required, the averments set forth in Paragraph 101 are denied.

102. In this regard, in April of 2020, following PAR's announcement that it was suspending payments on the notes owned by the various Funds, Pauciulo then began drafting "Exchange Offers" between PAR Funding and the many investors in Vagnozzi's funds, by which PAR would pay and the investors would accept lesser payments of interest over a longer period of time.

ANSWER: Denied as stated. There were no exchange offers between PAR and the investors in Vagnozzi's funds.

103. It was Pauciulo and Eckert that determined the entire process, terms of, and disclosures concerning the Exchange Offers, and advised Vagnozzi how to proceed in all respects.

ANSWER: Admitted in part, denied in part. It is admitted only that Pauciulo provided certain advice regarding the Exchange Offers. It is denied that Pauciulo and Eckert determined the entire process, terms of, and disclosures concerning the Exchange Offers, which were business terms.

104. Indeed, Pauciulo appeared in April 2020 in another two videos distributed to investors, touting that the "Exchange Offers" were the best alternative for Vagnozzi and the investors to recover their previous investments in PAR, and that engaging in any litigation with PAR Funding would lead to adverse consequences including potentially a PAR bankruptcy.

ANSWER: Denied as stated. The videos described in Paragraph 104 are videos which speak for themselves. Pauciulo and Eckert refer to such videos for their content and deny any characterization of such videos.

105. In connection with negotiating with and having investors accept the "Exchange Offers," Defendants represented Vagnozzi in the creation of ABFP Parallel Funds 1, 2, 3, 4 and 6, each with a separate PPM, and prepared "Supplements" to the original PPMs, which were also distributed to all the affected investors and which purported to make full disclosures.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert represented Vagnozzi in the creation of ABFP Parallel Funds and that they prepared supplements to the original PPMs. It is denied that there were separate PPMs prepared. By way of further response, the supplements to the original PPMs are written documents that speak for themselves. Pauciulo and Eckert refer to such writings for their contents and deny any characterization thereof.

106. Here again, the SEC has alleged the Supplements were completely inadequate and not in compliance with state and federal law, and that the Parallel Funds were not properly registered.

ANSWER: Denied as stated. It is admitted that the SEC initiated an action against several defendants including Vagnozzi and PAR in late July 2020 in the U.S. District Court for the Southern District of Florida. The Complaint filed by the SEC against Vagnozzi and PAR and other

pleadings filed by the SEC are written documents which speak for themselves. Pauciulo and Eckert refer to such writings for their contents and deny any characterization thereof.

K. The Fall-Catcher Scenario

107. Separate and aside from anything having to do with the PPMs relating to PAR Funding or merchant cash advances, Vagnozzi had preliminary discussions in May 2018 with an entity known as "Fall-Catcher," which was itself an investment vehicle.

ANSWER: After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to Vagnozzi's discussions with Fall-Catcher, and therefore deny the same.

108. In June of 2018, Vagnozzi met with Pauciulo and reviewed with him whether Vagnozzi could set up a PPM purely for investment by Vagnozzi's existing wealth management clients, and in turn have the Fund invest in Fall-Catcher.

ANSWER: Admitted.

109. After reviewing the matter, Pauciulo explicitly advised Vagnozzi not to use the PPM model, but rather to enter into a "Finders Agreement" with Fall-Catcher, by which Vagnozzi could directly refer his clients to Fall-Catcher for investment, and earn a finder's fee.

ANSWER: Denied as stated. Pauciulo did not explicitly advise Vagnozzi not to use the PPM model but provided general advice to Vagnozzi, who decided to enter into a Finders Agreement with Fall-Catcher.

110. Vagnozzi carefully and explicitly followed Pauciulo's advice, and entered into a Finders Agreement with Fall Catcher, which was drafted by Pauciulo.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo drafted the Finders Agreement. The Finders Agreement is a written document that speaks for itself. Pauciulo

and Eckert refer to the Finders Agreement for its contents and deny any characterization thereof. By way of further response, after reasonable investigation, Pauciulo and Eckert are without sufficient as to whether Vagnozzi followed Pauciulo's advice, and those allegations are therefore denied.

111. Pauciulo advised Vagnozzi that such a finders arrangement was in complete compliance with all state and federal securities laws, and that he need not register as a broker.

ANSWER: Denied as stated. Pauciulo provided Vagnozzi legal advice, that if followed, would mean that Vagnozzi did not need to register as a broker.

112. Unfortunately, the New York office of the SEC opened an investigation of Vagnozzi for acting as an unregistered broker in connection with the $5 million dollars his clients directly invested in Fall-Catcher.

ANSWER: Admitted in part, denied in part. It is admitted that the New York office of the SEC investigated Vagnozzi in relation to Fall Catcher. The characterizations in Paragraph 112 are denied.

113. Vagnozzi was thus forced to agree to the disgorgement of $500,000 in commissions earned as a finder with Fall Catcher.

ANSWER: Admitted in part, denied in part. It is admitted that Vagnozzi paid $500,000 to settle. The characterizations in Paragraph 113 are denied.

114. This complete mishandling by Defendants of the advice and services related to Fall Catcher itself brought about widespread adverse publicity.

ANSWER: Denied. Pauciulo and Eckert did not "mishandle" advice or services relating to Fall Catcher.

115. Pauciulo easily could have correctly advised Vagnozzi to become a licensed broker, or easily could have set up a compliant Fund with a compliant PPM for Vagnozzi.

ANSWER: Denied. Pauciulo provided legal advice that was not followed by Vagnozzi.

116. Had Pauciulo given Vagnozzi correct advice and competent service regarding Fall-Catcher, Vagnozzi personally would have been able to earn and retain the $500,000 in commissions, and would have avoided public embarrassment.

ANSWER: Denied. Pauciulo provided legal advice that was not followed by Vagnozzi.

L. The Securities & Exchange Commission Litigation

117. The SEC scrutiny of PAR Funding resulted in the filing of an 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 other third-parties including Dean Vagnozzi.

ANSWER: Denied as stated. It is admitted that the SEC initiated an action against several defendants including Vagnozzi and PAR in late July 2020 in the U.S. District Court for the Southern District of Florida. The Complaint filed by the SEC against Vagnozzi and PAR and other pleadings filed by the SEC are written documents which speak for themselves. Pauciulo and Eckert refer to such writings for their contents and deny any characterization thereof.

118. Within days of the initiation of the SEC Florida Action, the Honorable Rodolfo A. Ruiz, II appointed a Receiver to immediately take over and operate PAR Funding.

ANSWER: It is admitted that the Honorable Rodolfo A. Ruiz, II issued an order appointing a receiver to oversee PAR.

119. In connection with the PPMs, Subscription Agreements, and Supplements prepared by Defendants, the SEC sued Vagnozzi and various of his funds and business entities alleging, among other things, that:

a. None of the PPMs or funds created by Defendants were ever properly registered with the SEC.

b. The PPMs - and later, the Supplements - prepared by Defendants contained woefully inadequate disclosures, including on such issues as:

(i) Joe Mack's true name.

(ii) The criminal background of Joe LaForte.

(iii) The default rates on cash merchant advances experienced by PAR Funding.

(iv) The management of the PAR Funding business operations.

(v) The existence of prior regulatory actions and investigations against PAR Funding.

(vi) The existence of prior regulatory action and investigations of Dean Vagnozzi and various of the funds established through the PPMs.

(vii) The underwriting procedures employed by PAR Funding when making cash advances.

ANSWER: The Complaint filed by the SEC against Vagnozzi and PAR and other pleadings filed by the SEC are written documents which speak for themselves. Pauciulo and Eckert refer to such writings for their contents and deny any characterization thereof.

120. The following entities associated with Vagnozzi were named as Defendants by the SEC in its initial Florida action along with Vagnozzi:

a. A Better Financial Plan.Com LLC

b. ABFP Management Co., LLC

c. ABFP Income Fund, LLC

d. ABFP Income Fund 2, L.P.

ANSWER: The Complaint filed by the SEC against Vagnozzi and PAR and other pleadings filed by the SEC are written documents which speak for themselves. Pauciulo and Eckert refer to such writings for their contents and deny any characterization thereof.

121. Thereafter, additional Vagnozzi Funds and entities were added to the Florida Action, including various Pillar, Atrium, and ABFP Parallel entities.

ANSWER: The Complaint filed by the SEC against Vagnozzi and PAR and other pleadings filed by the SEC are written documents which speak for themselves. Pauciulo and Eckert refer to such writings for their contents and deny any characterization thereof.

122. As a result, an asset freeze was imposed upon Vagnozzi and all his related Funds and management entities.

ANSWER: The Order appointing a Receiver and ordering an asset freeze is a written document which speaks for itself. Pauciulo and Eckert refer to such writings for its contents and deny any characterization thereof

123. At no time has any regulatory agency of the SEC ever alleged that Vagnozzi ever misappropriated any funds of any clients or investors or that he had any control over PAR Funding on the information they provided to Vagnozzi.

ANSWER: After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the averments in Paragraph 123 and therefore deny the same.

124. The only basis as alleged by the state regulators and in the litigation brought by the SEC were about matters that Defendants had specifically advised and represented Vagnozzi as to, and for which they were solely responsible in bringing about.

ANSWER: The averments in Paragraph 124 are vague and ambiguous, and without additional information, Pauciulo and Eckert are unable to form an opinion as to their truth, and they are therefore denied. It is specifically denied that Pauciulo and Eckert's actions or inactions caused harm to Vagnozzi.

IV. DAMAGES

125. The damages sustained by Vagnozzi directly and proximately related to the malpractice, breach of fiduciary duty, and breach of contract by Defendants cannot be overstated, and includes at least the following:

a. Vagnozzi has been named to, and forced to defend, at great expense:

(i) The Florida Action, brought by the United States Securities and Exchange Commission;

(ii) Three class-action lawsuits: one in Florida, another in Delaware, and the third in Pennsylvania.

(iii) Numerous other regulatory investigative proceedings by the SEC and various State regulatory commissions.

ANSWER: Denied. To the extent the averments of Paragraph 125 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo and Eckert's actions or inactions caused harm to Vagnozzi.

126. Vagnozzi's professional reputation in the wealth management, insurance, and income-investment industries has been destroyed.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the averments in Paragraph 126, and they are therefore denied. To the extent the averments of Paragraph 126 consist of legal conclusions, no response is required, and they are therefore denied.

127. Vagnozzi has had hundreds of thousands of dollars frozen from business and personal bank and stock accounts.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the averments in Paragraph 127, and they are therefore denied.

128. Vagnozzi has had imposed upon him various "Cease and Desist Orders" by various state and federal regulatory agencies, preventing him from conducting any of his businesses, and having to pay fines in the hundreds of thousands of dollars (now at least $700,000).

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the averments in Paragraph 128, and they are therefore denied.

129. Vagnozzi's business operations - especially in the life insurance/life settlement and litigation funding areas - have been shut down and its assets seized, and he has personally lost the value of his ownership interests in such businesses.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the averments in Paragraph 129, and they are therefore denied. It is specifically denied that Pauciulo and Eckert's actions or inactions caused harm to Vagnozzi.

130. Indeed, until the time Vagnozzi was subjected to the SEC litigation, he was widely considered one of the best and most effective life insurance salespersons in the Country. He was invited to speak, and did so, at countless conventions and industry seminars around the Country, was coveted by virtually every life insurance carrier looking to engage him as a representative, and had authored an inspirational book.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the averments in Paragraph 130, and they are therefore denied. It is specifically denied that Pauciulo and Eckert's actions or inactions caused harm to Vagnozzi.

131. Because of Defendants' misconduct and profound negligence as described herein, Vagnozzi's ability to carry on any life insurance/settlement business has been destroyed. Vagnozzi went from earning seven figures a year in this regard to earning nothing.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the averments in Paragraph 131, and they are therefore denied. To the extent the averments of Paragraph 131 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo and Eckert's actions or inactions caused harm to Vagnozzi.

132. The entirety of Vagnozzi's potential disgorgement liability and related fines and penalties to the SEC is now alleged to be in the many millions of dollars.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the averments in Paragraph 132, and they are therefore denied. To the extent the averments of Paragraph 132 consist of legal conclusions, no response is

required, and they are therefore denied. It is specifically denied that Pauciulo and Eckert's actions or inactions caused harm to Vagnozzi.

133. Vagnozzi and his family have been subjected to unrelenting, scathing media and permanent internet coverage in connection with the PAR Funding controversy and his role (orchestrated by Defendants) in bringing millions of dollars of public investment dollars to it.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the averments in Paragraph 133, and they are therefore denied. To the extent the averments of Paragraph 133 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo and Eckert's actions or inactions caused harm to Vagnozzi and that Pauciulo and Eckert "orchestrated" anything.

134. Vagnozzi has suffered and will continue to suffer enormous and ongoing personal humiliation, stress, and shame, and the widespread shunning of Vagnozzi and his family by virtue of all the adverse press coverage.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the averments in Paragraph 134, and they are therefore denied. To the extent the averments of Paragraph 134 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo and Eckert's actions or inactions caused harm to Vagnozzi.

135. Vagnozzi has suffered substantial loss of money invested by him personally in the Funds and will, in the future, suffer a loss of his ability to raise funds and earn income in the future in any of the industries he previously operated within.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the averments in Paragraph 135, and they are therefore

denied. To the extent the averments of Paragraph 135 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo and Eckert's actions or inactions caused harm to Vagnozzi.

136. Vagnozzi was caused to waste monies paid to Defendants as legal fees for services that were illegal, inept, far below minimally acceptable standards within his, or any, field of law, and not in accordance with any contractual or fiduciary obligations, including hundreds of thousands of dollars in legal fees to defend the regulatory actions brought about solely by Defendants' conduct.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the averments in Paragraph 136, and they are therefore denied. To the extent the averments of Paragraph 136 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo and Eckert's actions or inactions caused harm to Vagnozzi.

RELIEF REQUESTED

COUNT I - Negligence/Professional Malpractice

Plaintiff v. Both Defendants

137. Plaintiff hereby incorporates all other paragraphs of the Complaint as if set forth fully herein.

ANSWER: Pauciulo and Eckert incorporate all other paragraphs of the Answer as if fully set forth herein.

138. As more fully set forth above, Plaintiff, individually sought legal advice and services from Defendants.

ANSWER: It is admitted only that Plaintiff sought legal advice and services from Defendants.

139. Plaintiff personally paid Defendants huge amounts of legal fees.

ANSWER: It is admitted only that Vagnozzi paid legal fees to Defendants.

140. The legal advice and services Plaintiff sought were within what Defendants professed to be in their professional competence and expertise.

ANSWER: It is admitted that Defendants provided legal advice and services that were professionally competent.

141. Defendants expressly agreed to provide legal advice and services to Plaintiff.

ANSWER: It is admitted that Defendants agreed to provide legal advice and services to Vagnozzi, including as set forth in engagement letters. The engagement letters are writings that speaks for themselves, and Defendants refer to such writings for their contents and deny any characterization thereof.

142. Plaintiff reasonably believed that Defendants were competently representing him in connection with providing the aforementioned legal advice and services.

ANSWER: After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Vagnozzi believed, and such averments are therefore denied. By way of further response, Defendants were competently providing legal advice and services to Vagnozzi.

143. By virtue of the above, an express attorney-client relationship existed between Plaintiff and Defendants, though clearly in violation of the rules of Professional Conduct because of the non-existence of any engagement letters.

ANSWER: Admitted in part, denied in part. It is admitted that an attorney-client relationship existed between Vagnozzi and Defendants. To the extent the averments of Paragraph 143 consist of legal conclusions, no response is required, and they are therefore denied. To the

extent a response is required, the averments of Paragraph 143 are denied. By way of further response, Defendants provided engagement letters to Vagnozzi. The engagement letters are writings that speaks for themselves, and Defendants refer to such writings for their contents and deny any characterization thereof.

144. In addition, and in the alternative, an implied attorney-client relationship existed between Plaintiff and Defendants.

ANSWER: Admitted in part, denied in part. It is admitted that an attorney-client relationship existed between Vagnozzi and Defendants. To the extent the averments of Paragraph 144 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 144 are denied. By way of further response, Defendants provided engagement letters to Vagnozzi. The engagement letters are writings that speaks for themselves, and Defendants refer to such writings for their contents and deny any characterization thereof.

145. The acts and omissions of Pauciulo described herein occurred while Pauciulo was a partner, member, or authorized agent of Defendant Eckert, and within the scope of his authority with Eckert.

ANSWER: Denied. To the extent the averments of Paragraph 145 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, it is admitted only that Pauciulo is a member of Eckert who acted within the scope of his authority with Eckert, and the remaining the averments of Paragraph 145 are denied.

146. Defendant Eckert is also directly liable for its own negligent, reckless, or otherwise unlawful conduct, including but not limited to, an abject failure to properly supervise Pauciulo (and other firm attorneys) in connection with the legal advice and services provided to Plaintiff.

ANSWER: Denied. To the extent the averments of Paragraph 146 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 146 are denied.

147. By virtue of the attorney-client relationship, each of the Defendants had a duty to Plaintiff to exercise ordinary skill and knowledge consistent with the applicable standard of care for attorneys licensed in Pennsylvania and practicing in the securities and corporate fields of law.

ANSWER: Denied. To the extent the averments of Paragraph 147 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 147 are denied.

148. As more fully set forth above, each of the Defendants breached the duty to Plaintiff to exercise ordinary skill and knowledge consistent with the applicable standard of care for attorneys licensed in Pennsylvania, and in fact provided incompetent, illegal, and reckless advice and services.

ANSWER: Denied. To the extent the averments of Paragraph 148 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 148 are denied.

149. As a direct and proximate result of the Defendants' conduct, Plaintiff has suffered and continues to suffer damages as fully set forth herein for which Defendants are liable, jointly and severally.

ANSWER: Denied. To the extent the averments of Paragraph 149 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 149 are denied.

150. As a direct and proximate result of the Defendants' conduct, Plaintiff has incurred substantial legal fees and expenses that he wouldn't have otherwise had to incur or expend.

ANSWER: Denied. To the extent the averments of Paragraph 150 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 150 are denied.

151. Defendants' conduct was outrageous and demonstrated a reckless indifference to the rights of Plaintiff, and Plaintiff is therefore entitled to punitive damages against each of the Defendants.

ANSWER: Denied. To the extent the averments of Paragraph 151 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 151 are denied.

COUNT II—Information Negligently Supplied for Others'
Guidance Restatement (Second) of Torts § 552

Plaintiff v. Both Defendants

152. Plaintiff hereby incorporates all other paragraphs of the Complaint as if fully set forth herein.

ANSWER: Pauciulo and Eckert incorporate all other paragraphs of the Answer as if fully set forth herein.

153. In the course of their business, profession, and employment, Defendants provided false, incorrect, and misleading information to Plaintiff, including false information about the Defendants' original due diligence into PAR Funding, false information about whether Plaintiff was permitted to advertise on the radio to the general public, and conduct meetings and events with such general public, without Plaintiff's funds being publicly registered with the state and

federal securities regulators, about what disclosures to investors were and were not required, and about Defendants' subsequent due diligence about the Exchange Offers.

ANSWER: Denied. To the extent the averments of Paragraph 153 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 153 are denied.

154. Defendants failed to exercise reasonable care and competence in obtaining or communicating correct information to Plaintiff about each of these foregoing matters, and the Eckert Firm failed to review in any meaningful way the correctness or falsity of the information Pauciulo was providing to the Plaintiff.

ANSWER: Denied. To the extent the averments of Paragraph 154 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 154 are denied.

155. Defendants intended to supply such information for Plaintiff's guidance.

ANSWER: The averments of Paragraph 155 are vague and ambiguous, and Defendants are unable to answer such averments.

156. Plaintiff justifiably relied on such information in creating and advertising the various investment funds, and in conducting his various business activities in the manner advised by Defendants.

ANSWER: Denied. To the extent the averments of Paragraph 156 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 156 are denied. By way of further response, after reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as what Vagnozzi relied on or how he conducted his business activities, and they are therefore denied.

157. As a direct and proximate result of such false, incorrect, and misleading information and Plaintiff's justifiable reliance on it, Plaintiff has suffered and continues to suffer damages described herein for which Defendants are liable, jointly and severally.

ANSWER: Denied. To the extent the averments of Paragraph 157 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 157 are denied.

158. Defendants' conduct was outrageous and demonstrated a reckless indifference to the rights of Plaintiff and Plaintiff is therefore entitled to punitive damages against each of them.

ANSWER: Denied. To the extent the averments of Paragraph 158 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 158 are denied.

COUNT III - Breach of Fiduciary Duty

Plaintiff v. Both Defendants

159. Plaintiff hereby incorporates all other paragraphs of the Complaint as if set forth herein.

ANSWER: Pauciulo and Eckert incorporate all other paragraphs of the Answer as if fully set forth herein.

160. By virtue of the attorney-client relationship, each of the Defendants owed Plaintiff a fiduciary duty.

ANSWER: Denied. To the extent the averments of Paragraph 160 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 160 are denied.

161. Further, by way of their (purported) superior knowledge regarding securities law, and their knowledge that Plaintiff lacked such knowledge and was relying on Defendants' advice, Defendants took on a position of trust and special trust with Plaintiff.

ANSWER: Denied. To the extent the averments of Paragraph 161 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 161 are denied.

162. As more fully set forth above, Defendants breached such fiduciary duties, exposing Vagnozzi to the SEC's allegations regarding failing to properly register the various funds under state and federal securities laws, failing to properly disclose the necessary and required risk factors in the various PPMs associated with the various investment funds, failing to properly disclose the numerous material risks associated with investments in PAR Funding, misrepresenting to Plaintiffs they performed at least two separate, meaningful due diligence, investigations into PAR Funding when they did not, and failing to properly advise Plaintiff concerning his efforts to advertise his business to the general public.

ANSWER: Denied. To the extent the averments of Paragraph 162 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 162 are denied.

163. As a direct and proximate result of such breaches of fiduciary duties, Plaintiff has suffered and continues to suffer damages for which Defendants are liable, jointly and severally.

ANSWER: Denied. To the extent the averments of Paragraph 163 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 163 are denied.

164. Defendants' conduct was outrageous and demonstrated a reckless indifference to the rights of Plaintiff, and Plaintiff is therefore entitled to punitive damages against each of them.

ANSWER: Denied. To the extent the averments of Paragraph 164 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 164 are denied.

COUNT IV - Breach of Contract

Plaintiff v. Both Defendants

165. Plaintiff hereby incorporates all other paragraphs of the Complaint as if set forth herein.

ANSWER: Pauciulo and Eckert incorporate all other paragraphs of the Answer as if fully set forth herein.

166. As more fully set forth above, Plaintiff had an express and/or implied contract with Defendants to provide competent legal advice and services in connection with Plaintiff's rights, obligations, and liabilities in raising the various investment funds and investing money in such funds, including in PAR Funding, performing due diligence, investigations into PAR Funding, properly registering and/or obtaining exemptions from registering the investment funds with state and federal regulators, creating adequate PPMs under existing state and federal securities laws, and properly advising Plaintiff concerning advertising his business to the general public.

ANSWER: Denied. To the extent the averments of Paragraph 166 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 166 are denied. By way of further response, Defendants provided engagement letters to Vagnozzi. The engagement letters are a writings that speak for themselves, and Defendants refer to such writings for their contents and deny any characterization thereof.

167. Defendants expressly or impliedly promised they were qualified to and would provide competent (and, indeed, expert) such legal advice and services.

ANSWER: Denied. To the extent the averments of Paragraph 167 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 167 are denied. By way of further response, Defendants provided engagement letters to Vagnozzi. The engagement letters are writings that speaks for themselves, and Defendants refer to such writings for their contents and deny any characterization thereof.

168. As more fully set forth above, Defendants breached such contract by, among other things, failing to carry out its minimally required contractual responsibilities to Plaintiff in the providing of such legal advice and services.

ANSWER: Denied. To the extent the averments of Paragraph 168 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 168 are denied.

169. Directly as a result of such breaches, Plaintiff has suffered and continues to suffer the consequent and foreseeable damages for which Defendants are liable, jointly and severally.

ANSWER: Denied. To the extent the averments of Paragraph 169 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 169 are denied.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Vagnozzi, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

NEW MATTER

170. Defendants Pauciulo and Eckert hereby incorporate the preceding Paragraphs of the within Answer by reference as if set forth fully herein.

171. Pauciulo first met Vagnozzi in or around 2004 when Pauciulo was an attorney with the firm White & Williams.

172. Pauciulo first provided legal services to Vagnozzi and a group of other investors in connection with the formation of an entity to invest in real estate.

173. Following that initial engagement, Pauciulo provided legal services to Vagnozzi in connection with the formation of other entities that invested in real estate and life settlement funds.

174. Sometime after meeting individuals from PAR, Vagnozzi engaged Pauciulo to perform due diligence on PAR.

175. Pauciulo sent a list of due diligence items to PAR, which Pauciulo also showed to Vagnozzi.

176. PAR did not provide all of the information and documents that Pauciulo requested, and Pauciulo informed Vagnozzi of the same.

177. Vagnozzi communicated directly with PAR's management and principals, often times without Pauciulo's knowledge.

178. Vagnozzi contacted Pauciulo about creating an investment vehicle controlled by Vagnozzi, ABFP Income Fund I, that investors could invest in and that Vagnozzi would subsequently use to invest in merchant cash advance companies.

179. Pauciulo had multiple communications with Vagnozzi in which Pauciulo advised that the creation of such an investment company would be legally compliant if Vagnozzi followed Pauciulo's advice in operating that entity.

180. Pauciulo also advised Vagnozzi that he should invest in multiple merchant cash advance companies and not solely PAR, which was reflected in the PPM that Pauciulo drafted for Vagnozzi.

181. Pauciulo also drafted PPMs for investment fund owners introduced to him by Vagnozzi.

182. The PPMs for the investment funds contemplated investments in merchant advance companies and stated that "[t]he proceeds from the sales of the Notes will be used to purchase promissory notes and other similar debt instruments offered and sold by companies which provide 'Merchant Cash Advance' financing."

183. It was also understood that the investment funds' investments included promissory notes issued by PAR.

184. In addition, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks."

185. The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment."

186. Moreover, the PPMs stated that "[n]o persons have been authorized to make representations or to give any information with respect to the offering of the notes or the operations of the fund, except the information contained in this memorandum or provided as set forth below. This memorandum supersedes all prior oral or written information, if any, provided to investors with respect to the offering of the securities or the operations of the fund."

187. At least one individual ABFP employee who was also an investment fund owner, Michael Tierney, was designated by Vagnozzi as the individual responsible for overseeing the

relationship between Vagnozzi, his entity, and the investment funds and responsible for interacting with all other investors in connection with advice concerning PAR.

188. Vagnozzi acted inconsistent with the legal advice provided by Pauciulo and/or beyond the scope of the legal advice provided by Pauciulo on numerous occasions.

189. For example, on more than one occasion, Vagnozzi ignored the legal advice provided by Pauciulo and exceeded the number of investors in certain funds that he was counseled to have.

190. As another example, Vagnozzi ignored the legal advice by Pauciulo and acted outside the scope of a finder.

191. Pauciulo also provided legal advice to Vagnozzi about how to communicate with persons who responded to radio advertisements and mailers and how to comply with securities laws. Upon information and belief, Vagnozzi did not follow such advice.

192. Vagnozzi also distributed Pauciulo's biography page on Eckert's website to third parties without the permission of Pauciulo and Eckert.

193. Pauciulo and Eckert have lost business as a result of Vagnozzi's failure to follow Defendants' legal advice.

194. The SEC initiated an action against several defendants including Vagnozzi and PAR in late July 2020 in the U.S. District Court for the Southern District of Florida.

195. The Complaint fails to state a claim upon which relief can be granted.

196. Vagnozzi's claims are barred, in whole or in part, by the doctrine of in pari delicto.

197. Vagnozzi's claims are barred, in whole or in part, by the doctrine of unclean hands.

198. Vagnozzi's claims are barred, in whole or in part, by the gist of the action doctrine.

199. Vagnozzi's claims are barred, in whole or in part, by waiver, acquiescence, ratification, and/or estoppel.

200. Vagnozzi's claims are barred, in whole or in part, because Pauciulo and Eckert were not the proximate cause, cause-in-fact, or but-for cause of Vagnozzi's alleged injuries or harm.

201. Vagnozzi's claims are barred, in whole or in part, by Vagnozzi's failure to mitigate damages.

202. Vagnozzi's claims are barred, in whole or in part, by Vagnozzi's contributory negligence.

203. Vagnozzi's claims are barred, in whole or in part, because it would be inequitable to award damages to the extent they occurred or continued as a result of Vagnozzi's own actions and/or omissions, or those of Vagnozzi's agents or representatives.

204. Pauciulo and Eckert reserve the right to add one or more affirmative defenses if facts are discovered to support an additional affirmative defense.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Vagnozzi, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

Dated: June 1, 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)

CERTIFICATE OF SERVICE

I, Jay A. Dubow, Esquire, hereby certify that on or about June 1, 2021, a true and correct copy of the foregoing Answer and New Matter of Defendants John W. Pauciulo and Eckert Seamans Cherin & Mellott, LLC to Plaintiff Dean Vagnozzi's Complaint was served upon the following via the Court's electronic filing system and email:

BOCHETTO & LENTZ, P.C.
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Attorneys for Plaintiff

/s/ Jay A. Dubow
Jay A. Dubow (PA Bar No. 41741)

VERIFICATION

I, John W. Pauciulo, hereby verify that the facts set forth in the foregoing Answer to Complaint and New Matter of Defendant John W. Pauciulo are true and correct to the best of my knowledge, information and belief. I understand that the statements made herein are subject to the penalties of 18 Pa.C.S. § 4904, relating to unsworn falsification to authorities.

Dated: June 1, 2021

John W. Pauciulo

VERIFICATION

I, Timothy S. Coon, hereby verify that I am authorized to make this Verification on behalf of Defendant Eckert Seamans Cherin & Mellott, LLC ("Eckert Seamans") and that the facts set forth in the foregoing Answer to Complaint and New Matter of Defendant Eckert Seamans are true and correct to the best of my knowledge, information and belief. I understand that the statements made herein are subject to the penalties of 18 Pa.C.S. § 4904, relating to unsworn falsification to authorities.

Dated: June 1, 2021

Timothy S. Coon

Timothy S. Coon

PHILADELPHIA COURT OF COMMON PLEAS
TRIAL DIVISION

Dean Vagnozzi,	:	April Term, 2021
Plaintiff,	:	No.: 002115
vs.	:	
John W. Pauciulo, Esquire and Eckert Seamans Cherin & Mellott, LLC,	:	
Defendants.	:	

ORDER

AND NOW, this 6th day of July, 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:

LEON W. TUCKER, J.

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EXHIBIT D

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 11080 / July 7, 2022

SECURITIES EXCHANGE ACT OF 1934
Release No. 95205 / July 7, 2022

ADMINISTRATIVE PROCEEDING
File No. 3-20926

In the Matter of **JOHN W. PAUCIULO, Esq.,** **Respondent.**	**ORDER INSTITUTING PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 AND SECTIONS 4C AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 102(e) OF THE COMMISSION'S RULES OF PRACTICE, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that public administrative and cease-and-desist proceedings be, and hereby are, instituted against John W. Pauciulo, Esq. ("Respondent" or "Pauciulo") pursuant to Section 8A of the Securities Act of 1933 ("Securities Act") and Sections 4C[1] and 21C of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 102(e)(1)(iii) of the Commission's Rules of Practice.[2]

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[1] Section 4C provides, in relevant part, that:

> The Commission may censure any person, or deny, temporarily or permanently, to any person the privilege of appearing or practicing before the Commission in any way, if that person is found . . . (1) not to possess the requisite qualifications to represent others; (2) to be lacking in character or integrity, or to have engaged in unethical or improper professional conduct; or (3) to have willfully violated, or willfully aided and abetted the violation of, any provision of the securities laws or the rules and regulations issued thereunder.

[2] Rule 102(e)(1)(iii) provides, in pertinent part, that:

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Public Administrative Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Exchange Act of 1933 and Sections 4C and 21C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-And-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds[3] that:

A. SUMMARY

1. These proceedings arise out of attorney Pauciulo's role in a multi-million dollar unregistered offering fraud through his involvement with the unregistered and fraudulent offerings of multiple private investment funds created to invest in Complete Business Solutions Group, d/b/a Par Funding ("CBSG"). Pauciulo made material misstatements and omissions in private placement memoranda ("PPMs") he prepared for many of these private investment funds and in in-person and video presentations he made to prospective investors and investors. Among other things, Pauciulo said that the investments did not need to be registered with the SEC and that they complied with the securities laws and gave full disclosure to investors. However, Pauciulo knew or was reckless in not knowing that there was no exemption from registration available for the CBSG offering or some of the private investment fund offerings because CBSG and some of the private investment funds engaged in a general solicitation. By engaging in this conduct, Pauciulo violated Sections 5(a), 5(c) and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. RESPONDENT

2. Pauciulo, age 56, resides in Pennsylvania. He is an attorney licensed to practice in the Commonwealth of Pennsylvania. During the relevant time, Pauciulo served as the chair of his law firm's Financial Transactions Group.

> The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found…to have willfully violated, or willfully aided and abetted the violation of any provision of the Federal securities laws or the rules and regulations thereunder.

[3] The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

C. OTHER RELEVANT ENTITY AND INDIVIDUALS

3. CBSG is a Delaware corporation that was engaged in the merchant cash advance business. Neither CBSG nor any of its securities have ever been registered with the Commission in any capacity. In November 2018, the Pennsylvania Department of Banking and Securities filed a Consent Agreement and Order (the "Pennsylvania Order") against CBSG for selling securities through at least one unregistered sales agent. CBSG also is subject to a December 2018 Summary Cease and Desist Order issued by the New Jersey Bureau of Securities (the "New Jersey Order") for CBSG's offer and sale of unregistered securities. In February 2020, the Texas State Securities Board issued an Emergency Cease and Desist Order against CBSG and others, alleging fraud and registration violations (the "Texas Order"). In July 2020, the Commission charged CBSG, seven individuals, and various other entities, in an emergency action in federal district court for antifraud and securities registration violations (the "CBSG Action").

4. Dean J. Vagnozzi, age 53, resides in Collegeville, Pennsylvania, and is the sole owner of ABetterFinancialPlan.com, LLC d/b/a/ ABetterFinancialPlan ("ABFP"), which is an investment firm that offers alternative investments involving assets unrelated to the stock market. ABFP has never been registered with the Commission. Vagnozzi has a disciplinary history. On May 30, 2019, Vagnozzi d/b/a ABFP entered into a settlement with the Pennsylvania Department of Banking and Securities in connection with the sale of notes offered and sold by CBSG, in which he agreed to pay a penalty of $490,000 for violations of the Pennsylvania Securities Act of 1972. *See Commonwealth of Pennsylvania Department of Banking and Securities, Bureau of Securities Compliance and Examinations v. Dean J. Vagnozzi d/b/a Better Financial Plan, LLC*, Docket No. 190016 (SEC-OSC)(May 30, 2019).

5. Joseph W. LaForte, age 51, is a resident of Philadelphia, Pennsylvania. LaForte was an undisclosed control person of CBSG. In 2007, LaForte was convicted of state charges in New York for grand larceny and money laundering, sentenced to jail time, and ordered to pay $14.1 million in restitution. 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 sentenced to ten months incarceration, three years supervised release, and a $5,000 fine. He was released from jail in February 2011.

D. FACTS

6. CBSG engaged in an unregistered, fraudulent offering of securities in the form of notes (the "CBSG Notes") from August 2012 until July 2020, when the Commission obtained emergency injunctive relief from the federal district court to halt the offering. CBSG initially offered the CBSG Notes directly to the investing public, using a network of sales agents who solicited investors for CBSG in exchange for commissions.

7. CBSG switched its sales strategy in 2018 after Pennsylvania regulators launched an investigation into the sale of the CBSG Notes. CBSG began using what it called a "fund model," through which it raised investor money for CBSG's unregistered offering through sales agents located nationwide who operated their own private investment funds.

8. Pauciulo provided legal representation for one of the sales agents, Vagnozzi, who raised more than $100 million from investors for investment into CBSG through at least seven private investment funds (the "Vagnozzi Agent Funds"), and Pauciulo also provided legal representation for at least 25 other private investment funds formed to raise money for CBSG (collectively, with the Vagnozzi Agent Funds, the "Agent Funds").

9. The Agent Funds raised money from investors to be invested in CBSG's merchant cash advance business, and issued promissory notes to the investors. Then, the Agent Funds transferred the investor money to CBSG in exchange for 12-month promissory notes that CBSG issued to the Agent Funds in CBSG's unregistered offering. CBSG compensated the Agent Funds for soliciting investors and investing in the CBSG notes by paying the Agent Funds 20% interest on the CBSG notes. The Agent Funds then paid lesser returns to investors, ranging from 8% to 12% interest, and kept as their compensation the "spread" between the 20% received from CBSG and the 8% to 12% interest the Agent Funds paid investors.

10. Vagnozzi, with Pauciulo's assistance, created a turnkey operation to create the Agent Funds. Vagnozzi recruited other agents to start their own Agent Funds that would issue, offer, and sell promissory notes to investors. Vagnozzi introduced the agents he recruited to Pauciulo. Pauciulo provided legal representation to the agents and helped them create their own Agent Funds by drafting the offering documents necessary for the Agent Funds to issue promissory notes, including PPMs and the filing of Notices of Exempt Offering of Securities on Form D with the Commission in reliance on Rule 506(b).

11. From no later than January 2018 until at least July 31, 2019, Pauciulo attended and spoke at dinner seminars Vagnozzi held to solicit investors for the Vagnozzi Agent Funds. During at least one dinner presentation on July 31, 2019, Pauciulo told investors that the securities being offered were exempt from registration with the Commission. Pauciulo also spoke with potential investors by telephone and told them that the investment was legal and that it complied with the securities laws.

12. From no later than March 2018 through at least late 2019, Vagnozzi and the Agent Funds distributed a video to prospective investors featuring Pauciulo. Pauciulo knew when he filmed the video that it would be shown to potential investors. In the video, Pauciulo tells potential investors about his specialized experience as a securities law attorney and assures them that: (1) he and his law firm "…work very hard to make sure things are done the correct and appropriate way;" (2) he drafts a PPM to provide investors with "all the information that a reasonable person would want to know or information they want to have in order to make an informed investment decision;" and (3) he conducts due diligence and it is "… all about disclosure. Disclosure of risk, disclosure of the nature of the investment."

13. Pauciulo knew that Vagnozzi was advertising on the radio, and Pauciulo appeared on at least one radio show with Vagnozzi.

14. Through his legal representation of Vagnozzi, Pauciulo was aware in May 2019 that Vagnozzi had settled a regulatory action with the Commonwealth of Pennsylvania ordering him to pay a $490,000 fine based on his sales of the CBSG investment in violation of state law. Pauciulo was also aware that in February 2020, the Texas State Securities Board issued an

Emergency Cease and Desist Order against CBSG and others, including Vagnozzi, alleging fraud and registration violations. Pauciulo also knew since at least 2017, that LaForte, an undisclosed control person of CBSG, who was running the company, had a criminal history. LaForte had been convicted in 2007 of grand larceny and money laundering and had pled guilty in 2009 to federal criminal charges for conspiracy to operate an illegal gambling business.

15. Pauciulo was a necessary participant and substantial factor in the CBSG offering and in the offering of the seven Agent Funds Vagnozzi controlled, by virtue of his drafting of the Agent Funds' PPMs and signing Forms D claiming exemptions under Rule 506(b).

16. Pauciulo knew or was reckless in not knowing that there was no exemption from registration available for the CBSG offering that he and the Agent Funds participated in, because CBSG engaged in a general solicitation. Pauciulo also knew that Vagnozzi was engaged in a general solicitation through radio ads and dinner seminars, and thus, the seven Agent Funds Vagnozzi controlled had no exemption from registration.

17. Pauciulo made material misrepresentations and omissions to investors. Pauciulo told investors that the investments did not need to be registered with the SEC and that they complied with the securities laws. Pauciulo knew or was reckless in not knowing that there was no exemption available for the CBSG offering or the Vagnozzi Agent Funds offerings, and thus, the offerings needed to be registered with the SEC. Pauciulo touted Vagnozzi's investment experience in presentations and in the PPMs he prepared, but failed to disclose Vagnozzi's regulatory history and also failed to disclose LaForte's criminal history. Pauciulo made these omissions while telling investors and prospective investors that the PPMs he prepared contained all the information that a reasonable person would want to know in order to make an informed investment decision.

18. In approximately March 2020 during the beginning of the Covid-19 pandemic, CBSG's business began to fail and it stopped paying returns to some investors. Pauciulo appeared with Vagnozzi in two April 2020 video calls with the Vagnozzi Agent Funds investors to solicit them to exchange their Agent Funds' promissory notes for new promissory notes (the "Exchange Offering"). The new notes would be from the same Agent Funds issuers, but with lower interest rates and longer maturity dates, purportedly to allow CBSG to recover and begin making payments again. On the first video call, Pauciulo told investors that he would file a first priority lien against CBSG's assets and stated that no prior liens had been filed against CBSG. Pauciulo knew or was reckless in not knowing that prior liens against CBSG's assets existed. On the second video call, Pauciulo participated and listened while Vagnozzi assured investors that they would have security through the new notes because he would secure liens against CBSG. Pauciulo failed to disclose to investors in the two video calls or in the supplemental PPMs he drafted for the Exchange Offering that CBSG was the subject of several regulatory actions.

Findings

19. Based on the foregoing, the Commission finds that Pauciulo willfully violated Sections 5(a), 5(c) and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

20. Based on the foregoing, the Commission finds that Pauciulo engaged in conduct within the meaning of Section 4C(a)(3) of the Exchange Act and Rule 102(e)(1)(iii) of the Commission's Rules of Practice.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Pauciulo's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that**:**

A. Respondent shall cease and desist from committing or causing any violations and any future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent is denied the privilege of appearing or practicing before the Commission as an attorney.

C. After five years from the date of the Order, Respondent may request that the Commission consider Respondent's reinstatement by submitting an application to the attention of the Office of the General Counsel.

D. In support of any application for reinstatement to appear and practice before the Commission as an attorney, Respondent shall provide a certificate of good standing from each state bar where Respondent is a member.

E. In support of any application for reinstatement, Respondent shall also submit a signed affidavit truthfully stating, under penalty of perjury:

1. That Respondent has complied with the Commission suspension Order, and with any related orders and undertakings including any orders in this Order or any related Commission proceedings, including any orders requiring payment of disgorgement or penalties;

2. That Respondent is not currently suspended or disbarred as an attorney by a court of the United States (or any agency of the United States) or the bar or court of any state, territory, district, commonwealth, or possession;

3. That Respondent, since the entry of the Order, has not been convicted of a felony or a misdemeanor involving moral turpitude that would constitute a basis for a forthwith suspension from appearing or practicing before the Commission pursuant to Rule 102(e)(2);

4. That Respondent, since the entry of the Order:

a. has not been charged with a felony or a misdemeanor involving moral turpitude as set forth in Rule 102(e)(2) of the Commission's Rules of Practice, except for any charge concerning the conduct that was the basis for the Order;

b. has not been found by the Commission or a court of the United States to have committed a violation of the federal securities laws, and has not been enjoined from violating the federal securities laws, except for any finding or injunction concerning the conduct that was the basis for the Order;

c. has not been charged by the Commission or the United States with a violation of the federal securities laws, except for any charge concerning the conduct that was the basis for the Order;

d. has not been found by a court of the United States (or any agency of the United States) or any state, territory, district, commonwealth, or possession, or any bar thereof to have committed an offense (civil or criminal) involving moral turpitude, except for any finding concerning the conduct that was the basis for the Order;

e. has not been charged by the United States (or any agency of the United States) or any state, territory, district, commonwealth, or possession, civilly or criminally, with having committed an act of moral turpitude, except for any charge concerning the conduct that was the basis for the Order; and

f. has not been subject to disciplinary action by a bar, court or agency of any state for violations of applicable rules of professional conduct, except for any charge concerning the conduct that was the basis for the Order;

5. That Respondent's conduct is not at issue in any pending investigation of the Commission's Division of Enforcement or any criminal law enforcement investigation.

6. That Respondent is not the subject of any complaints to, or investigations by, the bar or court of any state, territory, district, commonwealth, or possession, except to the extent that such complaints concern the conduct that was the basis for the Order;

7. That Respondent has complied with any and all orders, undertakings, or other remedial, disciplinary, or punitive sanctions resulting from any action taken by the bar or court of any state, territory, district, commonwealth, or possession, or other regulatory body; and

8. That Respondent undertakes to notify the Office of General Counsel immediately in writing if any information submitted in support of the application for reinstatement becomes materially false or misleading or otherwise changes in any material way while the application is pending.

F. Respondent shall also provide a detailed description of:

1. Respondent's professional history since the imposition of the Order, including

(a) all job titles, responsibilities and role at any employer;

(b) the identification and description of any work performed for entities regulated by the Commission, and the persons to whom Respondent reported for such work;

2. The circumstances under which Respondent's membership in a state bar or any court for which Respondent was a member has lapsed or otherwise is no longer active and an explanation of why for each; and

3. Respondent's plans for any future appearance or practice before the Commission.

G. The Commission may conduct its own investigation to determine if the foregoing attestations are accurate.

H. If Respondent provides the documentation and attestations required in this Order and the Commission (1) discovers no contrary information therein, and (2) determines that Respondent truthfully and accurately attested to each of the items required in Respondent's affidavit, and the Commission discovers no information, including under Paragraph G, indicating that Respondent has violated a federal securities law, rule or regulation or rule of professional conduct applicable to Respondent since entry of the Order (other than by conduct underlying Respondent's original Rule 102(e) suspension), then, unless the Commission determines that reinstatement would not be in the public interest, the Commission shall reinstate the respondent for cause shown.

I. If Respondent is not able to provide the documentation and truthful and accurate attestations required in this Order or if the Commission has discovered contrary information, including under Paragraph G, the burden shall be on the Respondent to provide an explanation as to the facts and circumstances pertaining to the matter setting forth why Respondent believes cause for reinstatement nonetheless exists and reinstatement would not be contrary to the public interest. The Commission may then, in its discretion, reinstate the Respondent for cause shown.

J. If the Commission declines to reinstate Respondent pursuant to Paragraphs H and I, it may, at Respondent's request, hold a hearing to determine whether cause has been shown to permit Respondent to resume appearing and practicing before the Commission as an attorney.

K. Respondent shall pay a civil money penalty of one hundred twenty-five thousand dollars ($125,000). Payment shall be made to CBSG dba Par Funding Receivership (aka Ryan K. Stumphauzer, Esq., the court-appointed receiver for Complete Business Solutions Group, Inc. dba Par Funding), pursuant to Rule 1102 of the Commission Rules of Fair Fund and Disgorgement Plans [17 C.F.R. § 201.1102]. Payment shall be made in the following installments:

1) $65,000 within 14 days of the entry of the Order;
2) $15,000.00 within 99 days of the entry of the Order:
3) $15,000,00 within 184 days of the entry of the Order:
4) $15,000.00 within 269 days of the entry of the Order;
5) $15,000,00 within 354 days of the entry of the Order;

Payments shall be applied first to post-order interest, which accrues pursuant to 31 U.S.C. §3717. Prior to making the final payment set forth herein, Respondent shall contact the staff of the Commission for the amount due. If Respondent fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to CBSG dba Par Funding Receivership, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may pay by certified check or bank cashier's check, made payable to CBSG dba Par Funding Receivership and hand-delivered or mailed by United States Postal Service or overnight courier to:

CBSG dba Par Funding Receivership
Development Specialists, Inc.
Attn: Stacey Cooper
500 W. Cypress Creek Road, Suite 400
Fort Lauderdale, FL 33309

The suite number must be included in the address if mailing or overnight courier.

Payments by check must be accompanied by a copy of this Order and a cover letter identifying Mr. Pauciulo as a Respondent in these proceedings, the file number of these proceedings, and *Securities and Exchange Commission v. Complete Business Solutions Group, Inc. d/b/a Par Funding et al.*, Civil Action No. 20-cv-81205-RAR. A copy of the cover letter and check must be simultaneously sent to Glenn S. Gordon, Associate Regional Director, Miami Regional Office, Securities and Exchange Commission, 801 Brickell Avenue, Suite 1950, Miami, FL 33131. If the payment is transmitted electronically, the Respondent must, within 3 business days

of making the payment, send a copy of the electronic payment receipt, along with a cover letter identifying the Respondent in these proceedings and the file number of these proceedings to Glenn S. Gordon, Associate Regional Director, Miami Regional Office, Securities and Exchange Commission, 801 Brickell Avenue, Suite 1950, Miami, FL 33131.

L. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the penalty referenced in paragraph K above. The Fair Fund will be distributed by the court-appointed receiver. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary

EXHIBIT E

-----Original Message-----
From: Berlin, Amie R. <BerlinA@sec.gov>
Sent: Thursday, August 25, 2022 10:34 AM
To: george@bochettoforsenate.com; Clifford Haines <chaines@haines-law.com>; Timothy Kolaya <tkolaya@sfslaw.com>; Gaetan J. Alfano <gja@pietragallo.com>
Cc: Johnson, Alise <johnsonali@SEC.GOV>
Subject: Stay of malpractice cases against Eckert

Good morning,

Since Mr. Vagnozzi and the receiver are now litigating the stay on malpractice cases against Eckert, I wanted to let you know our position.

For individuals and non-receivership entities that have claims against Eckert based on their own attorney-client relationship with Eckert, which claims are independent from any potential claims by a receivership entity, the stay should be lifted. For example, individuals and non-receivership entities filing against Eckert based on legal advice provided to them (as opposed to advice to a client that is a receivership entity or advice to an individual for his company that is now a receivership entity), there is no basis, in my opinion for a stay. I do not see how Mr. Haines' clients' claims, based on advice given solely to those clients none of which are receivership entities, would have any bearing on the receivership entities potential claims based on those entities entirely separate retainer agreements. For Mr. Vagnozzi, I would need more information in order to provide our position and am happy to speak any time soon.

Thanks
Amie

EXHIBIT F

Thu, Aug 25, 3:15 PM (20 hours ago)

George Bochetto
to Amie, bcc: me

Many thanks Amie. We intend to inform the Court of your position. It would be wonderful if you could also weigh in.

Many regards.

George Bochetto
Bochetto & Lentz, P. C.
1524 Locust Street
Phila Pa 19102
215-735-3900
www.bochettoandlentz.com

On Aug 25, 2022, at 2:22 PM, Berlin, Amie R. <BerlinA@sec.gov> wrote:

Hi George,
If Mr. Vagnozzi asserts that he is only seeking malpractice claims based on advice to him that he - and not any of the receivership entities paid for - then the stay must be lifted in my opinion because his claims have absolutely nothing to do with the claims that could be filed on behalf of the receivership entities against which we will seek disgorgement.
Amie

On Aug 25, 2022, at 1:32 PM, George Bochetto <gbochetto@bochettoandlentz.com> wrote:

Ms. Berlin:

I am in receipt of your email from this morning. I could not agree more. Personal claims for malpractice against Eckert and Pauciulo should not be stayed and MUST be prosecuted to the fullest.

As to Dean Vagnozzi's claims, they too were filed in Dean's **personal** capacity. Dean had a personal attorney-client relationship with Pauciulo and Eckert. He is not attempting to pursue claims on behalf of any entities or Receivership Entities. In this regard, Dean's malpractice complaint, filed in the Philadelphia Court of Common Pleas, is attached. Dean is the only plaintiff. That Pauciulo represented Vagnozzi personally is not disputed. Indeed, Eckert and Pauciulo admitted there was a personal attorney client relationship in their Answer to Dean's Complaint, stating "It is admitted only that Pauciulo represented Vagnozzi until their attorney-client relationship ended in 2020." See Answer at Par. 10 (attached).

Aside from the Complaint, that Dean's claims are his personal claims seeking only personal damages has been pointed out in numerous court filings, including the Motion Dean filed in the SDFL. In that Motion (attached), we stated that "Vagnozzi brought the Pennsylvania action personally for the damages he has suffered," and further clarified that Dean "does not make a claim for relief on behalf of any Receivership Entity nor does he seek relief that could be deemed Receivership Property." (Motion for Clarification at p. 11.)

Given the foregoing, we respectfully request that you take the same position with respect to Dean Vagnozzi's malpractice claims against Eckert and Pauciulo. The Stay can no longer operate to shield Pauciulo and Eckert from answering for their wrongful conduct. We would appreciate you take this position in writing.

I am available to review with you any issue deemed necessary in this regard.

Sincerely,

George Bochetto, Esq.