

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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

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

Defendants.

**RECEIVER, RYAN K. STUMPHAUZER’S (1) RESPONSE IN OPPOSITION
TO NON-PARTY LAKEPORT CF, LLC’S MOTION FOR RELIEF FROM THE
LITIGATION STAY [ECF NO. 141] TO PURSUE ADVERSARY COMPLAINT
AND PLAN CONFIRMATION IN *IN RE LAKEPORT*, CASE NO. 22-11941-MER,
BANKRUPTCY COURT IN AND FOR THE DISTRICT OF COLORADO,
AND (2) MOTION TO LIFT LITIGATION INJUNCTION TO ALLOW
COMMENCEMENT OF PROCEEDINGS INVOLVING LAKEPORT CF, LLC**

Ryan K. Stumphauzer, Esq., Court-Appointed Receiver (“Receiver”) of the Receivership Entities,¹ by and through undersigned counsel, hereby files his: (1) response in opposition to Non-

¹ The “Receivership Entities” are Complete Business Solutions Group, Inc. d/b/a Par Funding (“Par Funding”); Full Spectrum Processing, Inc.; ABetterFinancialPlan.com LLC d/b/a A Better Financial Plan; ABFP Management Company, LLC f/k/a Pillar Life Settlement Management Company, LLC; ABFP Income Fund, LLC; ABFP Income Fund 2, L.P.; United Fidelis Group Corp.; Fidelis Financial Planning LLC; Retirement Evolution Group, LLC; RE Income Fund LLC; RE Income Fund 2 LLC; ABFP Income Fund 3, LLC; ABFP Income Fund 4, LLC; ABFP Income Fund 6, LLC; ABFP Income Fund Parallel LLC; ABFP Income Fund 2 Parallel; ABFP Income Fund 3 Parallel; ABFP Income Fund 4 Parallel; and ABFP Income Fund 6 Parallel; ABFP Multi-Strategy Investment Fund LP; ABFP Multi-Strategy Fund 2 LP; MK Corporate Debt Investment Company LLC; Capital Source 2000, Inc.; Fast Advance Funding LLC; Beta Abigail, LLC; New Field Ventures, LLC; Heritage Business Consulting, Inc.; Eagle Six Consulting, Inc.; 20 N. 3rd St. Ltd.; 118 Olive PA LLC; 135-137 N. 3rd St. LLC; 205 B Arch St Management LLC; 242 S. 21st St. LLC; 300 Market St. LLC; 627-629 E. Girard LLC; 715 Sansom St. LLC; 803 S. 4th St. LLC; 861 N. 3rd St. LLC; 915-917 S. 11th LLC; 1250 N. 25th St. LLC; 1427 Melon St. LLC; 1530 Christian St. LLC; 1635 East Passyunk LLC; 1932 Spruce St. LLC; 4633 Walnut St. LLC; 1223 N. 25th St. LLC; 500 Fairmount Avenue, LLC; Liberty Eighth Avenue LLC; Blue

Party, Lakeport CF, LLC's Motion for Relief from the Litigation Stay [ECF No. 141] to Pursue Adversary Complaint and Plan Confirmation in *In Re Lakeport*, Case No. 22-11941-MER, Bankruptcy Court in and for the District of Colorado (the "Lakeport Motion"); and (2) Motion to Lift the Litigation Injunction to Allow Commencement of Proceedings Involving Non-Party Lakeport CF, LLC (the "Receiver's Motion to Lift Litigation Injunction"), and states as follows:

1. In the Lakeport Motion, non-party Lakeport CF, LLC ("Lakeport") asks the Court to lift the stay of litigation in the Amended Order Appointing Receiver [ECF No. 141] (the "Litigation Injunction"), so that Lakeport may proceed with an Adversary Complaint in the case of *In Re Lakeport*, Case No. 22-119411-MER, in the Bankruptcy Court in and for the District of Colorado (the "Adversary Complaint") involving certain property located in Elbert County, Colorado (the "Property"), and confirmation of a plan of reorganization in the bankruptcy proceeding.

2. Complete Business Solutions Group, Inc. d/b/a Par Funding ("CBSG"), as collateral for a merchant cash advance it provided, obtained a Deed of Trust over certain of the Property.

3. As described in the Lakeport Motion, Lakeport seeks to litigate in the Adversary Proceeding whether CBSG's Deed of Trust constitutes a valid lien on the Property, and it also seeks to obtain confirmation of a plan of reorganization in its bankruptcy proceeding under which CBSG would not receive a distribution.

Valley Holdings, LLC; LWP North LLC; The LME 2017 Family Trust; Recruiting and Marketing Resources, Inc.; Contract Financing Solutions, Inc.; Stone Harbor Processing LLC; LM Property Management LLC; and ALB Management, LLC; and the receivership also includes the properties located at 568 Ferndale Lane, Haverford PA 19041; 105 Rebecca Court, Paupack, PA 18451; 107 Quayside Dr., Jupiter FL 33477; and 2413 Roma Drive, Philadelphia, PA 19145.

4. The Receiver does not agree with all of the positions Lakeport has asserted in the Lakeport Motion or intends to pursue in the Adversary Proceeding. Notwithstanding this fact, the Receiver does not oppose, at this stage of the receivership proceedings, allowing Lakeport to pursue these claims.

5. The Litigation Injunction, entered on August 13, 2020, prevents Lakeport from proceeding with its proposed Adversary Proceeding and plan confirmation.

6. As this Court is aware, CBSG has more than 1,000 merchants with outstanding balances on their merchant cash advance agreements. The Receiver is negotiating on a daily basis with these merchants and other non-parties to resolve issues relating to those accounts. For example, as a result of Orders from this Court granting the Receiver's prior motions to lift the Litigation Injunction, the Receiver has marked confessed judgments as satisfied or dissolved writs of attachment with respect to collections proceedings involving more than 300 merchants.

7. Recognizing the challenges that may accompany allowing numerous non-parties to intervene in this action for the purpose of seeking to lift the Litigation Injunction, the Receiver requests the Court to deny the Lakeport Motion, including on the basis that Lakeport has not requested or obtained permission from the Court to intervene in this case and, for the reasons the Receiver has explained previously, should not be permitted to intervene.² Additionally, because Lakeport is a non-party that has not been granted permission to intervene, it does not have standing to seek to lift the Litigation Injunction. At the same time, however, the Receiver, through the Receiver's Motion to Lift Litigation Injunction, hereby requests the Court to lift the Litigation

² To that end, the Receiver incorporates the SEC's prior arguments opposing requests by non-parties to intervene in this SEC enforcement action. *See, e.g.*, SEC's Response in Opposition to Lead Funding's first Motion to Intervene [ECF No. 409].

Injunction for the limited purpose of allowing Lakeport to proceed with the Adversary Proceeding and to pursue plan confirmation.

WHEREFORE, Ryan K. Stumphauzer, as Court-Appointed Receiver, by and through his undersigned counsel, respectfully requests this Honorable Court to: (1) deny the Lakeport Motion; and (2) grant the Receiver's Motion to Lift Litigation Injunction, on a limited basis as set forth above. A proposed order for the Court's consideration is attached as Exhibit 1.

Dated: January 4, 2023

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on January 4, 2023, I electronically filed the foregoing document with the clerk of the Court using CM/ECF. I also certify that the foregoing document is being served this day on counsel of record via transmission of Notices of Electronic Filing generated by CM/ECF.

/s/ Timothy A. Kolaya
TIMOTHY A. KOLAYA

Exhibit 1

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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

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

Defendants.

**[PROPOSED] ORDER (1) DENYING NON-PARTY LAKEPORT CF, LLC'S
MOTION FOR RELIEF FROM THE LITIGATION STAY [ECF NO. 141] TO
PURSUE ADVERSARY COMPLAINT AND PLAN CONFIRMATION IN
IN RE LAKEPORT, CASE NO. 22-11941-MER, BANKRUPTCY COURT IN
AND FOR THE DISTRICT OF COLORADO, AND (2) GRANTING
RECEIVER'S MOTION TO LIFT LITIGATION INJUNCTION TO ALLOW
COMMENCEMENT OF PROCEEDINGS INVOLVING LAKEPORT CF, LLC**

THIS CAUSE comes before the Court upon (1) Non-Party, Lakeport CF, LLC's Motion for Relief from the Litigation Stay [ECF No. 141] to Pursue Adversary Complaint and Plan Confirmation in *In Re Lakeport*, Case No. 22-11941-MER, Bankruptcy Court in and for the District of Colorado (the "Lakeport Motion") (ECF No. 1469); and (2) the Receiver's Motion to Lift the Litigation Injunction to Allow Commencement of Proceedings Involving Non-Party Lakeport CF, LLC (the "Receiver's Motion to Lift Litigation Injunction") (ECF No. _____).

In the Lakeport Motion, non-party Lakeport CF, LLC ("Lakeport") asks the Court to lift the stay of litigation in the Amended Order Appointing Receiver [ECF No. 141] (the "Litigation Injunction"), so that Lakeport may proceed with an Adversary Complaint in the case of *In Re Lakeport*, Case No. 22-11941-MER, in the Bankruptcy Court in and for the District of Colorado

(the “Adversary Complaint”), and confirmation of a plan of reorganization in its bankruptcy proceeding.

The Receiver opposes the Lakeport Motion because, among other reasons, Lakeport has not requested or obtained permission to intervene in this action, and therefore lacks standing to request the Court to lift the Litigation Injunction. Notwithstanding its position, the Receiver seeks to modify the Litigation Injunction to permit Lakeport to lift the Litigation Injunction for the limited purpose of allowing Lakeport to proceed with the Adversary Proceeding and to pursue plan confirmation in its bankruptcy proceeding.

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

ORDERED AND ADJUDGED that (1) the Lakeport Motion is **DENIED**, and (2) the Receiver’s Motion is **GRANTED**. Specifically, the litigation injunction set forth in the Court’s Amended Order Appointing Receiver dated August 13, 2020 [ECF No. 141] is hereby lifted to allow Non-Party, Lakeport CF, LLC to proceed with an Adversary Complaint in the case of *In Re Lakeport*, Case No. 22-119411-MER, in the Bankruptcy Court in and for the District of Colorado, and confirmation of a plan of reorganization in the bankruptcy proceeding.

DONE AND ORDERED in Fort Lauderdale, Florida, this _____ day of January, 2023.

RODOLFO A. RUIZ II
UNITED STATES DISTRICT JUDGE

Copies to: Counsel of record