

**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’S MOTION TO REIMPOSE LITIGATION STAY AS TO
CLAIMS AGAINST ECKERT SEAMANS AND/OR JOHN W. PAUCIULO**

Ryan K. Stumphauzer, Court-Appointed Receiver of the Receivership Entities,¹ hereby requests the Court to reimpose a stay of litigation over various claims against Eckert Seamans Cherin & Mellott, LLC (“Eckert Seamans”) and John W. Pauciulo, and states:

¹ The “Receivership Entities” are Complete Business Solutions Group, Inc. d/b/a Par Funding; Full Spectrum Processing, Inc.; ABetterFinancialPlan.com LLC d/b/a A Better Financial Plan; ABFP Management Company, LLC f/k/a Pillar Life Settlement Management Company, LLC; ABFP Income Fund, LLC; ABFP Income Fund 2, L.P.; United Fidelis Group Corp.; Fidelis Financial Planning LLC; Retirement Evolution Group, LLC; RE Income Fund LLC; RE Income Fund 2 LLC; ABFP Income Fund 3, LLC; ABFP Income Fund 4, LLC; ABFP Income Fund 6, LLC; ABFP Income Fund Parallel LLC; ABFP Income Fund 2 Parallel; ABFP Income Fund 3 Parallel; ABFP Income Fund 4 Parallel; ABFP Income Fund 6 Parallel; ABFP Multi-Strategy Investment Fund LP; ABFP Multi-Strategy Investment Fund 2 LP; MK Corporate Debt Investment Company LLC; Fast Advance Funding LLC; Beta Abigail, LLC; New Field Ventures, LLC; Heritage Business Consulting, Inc.; Eagle Six Consultants, 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; Liberty Eighth Avenue LLC; The LME 2017 Family Trust; Blue Valley Holdings, LLC; LWP North LLC; 500 Fairmount Avenue, LLC; Recruiting and Marketing Resources, Inc.; Contract Financing Solutions, Inc.; Stone Harbor Processing LLC; LM Property Management LLC; and ALB Management, Inc., and the Receivership also includes the properties located at 568 Ferndale Lane,

1. On August 13, 2020, the Court entered the Amended Order Appointing Receiver (ECF No. 141) (the “Appointment Order”). The Appointment Order includes, among other things, a stay of all litigation involving the Receivership Entities and any Receivership Property (the “Litigation Stay”). (Appointment Order at ¶ 32).

2. On September 8, 2022, the Court entered an Order (ECF No. 1398) lifting the Litigation Stay in any case against Eckert Seamans and/or John W. Pauciulo in which a Receivership Entity is not a party, including but not limited to, the following lawsuits (the “Other Eckert Litigation”):

- *Melchior v. Vagnozzi, et al.*, No. 20-5562 (E.D. Pa. 2020);
- *Montgomery, et al. v. Eckert Seamans Cherin & Mellott, LLC, et al.*, No. 1:20-cv-23750 (S.D. Fla. 2020);
- *Parker, et al. v. Pauciulo, et al.*, No. 20-00892 (Phila. Ct. Com. Pl. 2020);
- *Dean Vagnozzi v. Pauciulo, et al.*, No. 210402115 (Phila Ct. Com. Pl. 2021);
- *Albert Vagnozzi, et al. v. Pauciulo, et al.*, No. 210502334 (Phila Ct. Com. Pl. 2021); and
- *Legacy Advisory Group, Inc., et al. v. Pauciulo, et al.*, No. 211001003 (Phila Ct. Com. Pl. 2021).²

3. The Court further ordered that the Litigation Stay remain in place for any action or claims between any Receivership Entity and Eckert Seamans and/or John W. Pauciulo, through

Haverford, PA 19041; 105 Rebecca Court, Paupack, PA 18451; 107 Quayside Dr., Jupiter, FL 33477; and 2413 Roma Drive, Philadelphia, PA 19145.

² The Court maintained the Litigation Stay in one additional pending action, *Caputo, et al. v. Vagnozzi, et al.*, No. 1:20-cv-01042 (D. Del. 2020), which includes claims against Dean Vagnozzi, Eckert Seamans and John W. Pauciulo, as well as claims against several Receivership Entities, including ABetterFinancialPlan.com, LLC, ABFP Management Company, LLC, ABFP Income Fund LLC, ABFP Income Fund 2, L.P., ABFP Income Fund 3, LLC, ABFP Income Fund 4, LLC, ABFP Income Fund 6, LLC, ABFP Income Fund Parallel LLC, ABFP Income Fund 2 Parallel, L.P., ABFP Income Fund 3 Parallel, LLC, ABFP Income Fund 4 Parallel, LLC, and ABFP Income Fund 6 Parallel, LLC.

and including at least sixty (60) days following entry of the Court's Order(s) on the disgorgement and penalties to be assessed against the Defendants in this case. The Court further ordered that upon the conclusion of this 60-day period, the Receiver shall either (a) file a Status Report indicating that he has resolved the Receivership Estate's claims against Eckert Seamans and/or John W. Pauciulo, or (b) file a motion to lift the Litigation Stay to pursue claims against Eckert Seamans and/or John W. Pauciulo.

4. The Court extended this period through two subsequent Orders to allow the Receiver additional time to negotiate a potential resolution of the Receivership Entities' claims against Eckert Seamans and/or John W. Pauciulo. (*See* ECF Nos. 1498, 1536).

5. On June 7, 2023, after numerous discussions and substantial work, the Receiver and counsel representing the investor plaintiffs in the *Melchior*, *Montgomery* and *Parker* cases listed above reached an agreement in principle to resolve the Receivership Entities' claims and the investor plaintiffs' claims against Eckert Seamans and John W. Pauciulo. The settlement will result in a substantial payment into the Receivership Estate of the remaining limits on the eroding insurance policies that may provide coverage for the Receivership Entities' claims against Eckert Seamans and John W. Pauciulo.

6. The Receiver anticipates that it will take several weeks to memorialize this settlement in a formal agreement, for which the Receiver will be seeking the Court's approval.

7. To allow the Receiver, Eckert Seamans, and John W. Pauciulo sufficient time to finalize this process, including working through issues related to the potential impact of this settlement on the Other Eckert Litigation, the Receiver requests the Court to reimpose the Litigation Stay over any case against Eckert Seamans and/or John W. Pauciulo that involves

Complete Business Solutions Group, Inc., regardless of whether a Receivership Entity is a party, including but not limited to the Other Eckert Litigation.

8. “A district court enjoys broad equitable powers to appoint a receiver over assets disputed in litigation before the court. The receiver’s role, and the district court’s purpose in the appointment, is to safeguard the disputed assets, administer the property as suitable, and to assist the district court in achieving a final, equitable distribution of the assets if necessary. . . . [A] district court’s equitable purpose demands that the court be able to exercise control over claims brought against those assets.” *Liberte Capital Group, LLC v. Capwill*, 462 F.3d 543, 552 (6th Cir. 2006). To that end, “[i]t is axiomatic that a district court has broad authority to issue blanket stays of litigation to preserve the property placed in receivership pursuant to SEC actions.” *S.E.C. v. Stanford Intern. Bank Ltd.*, 424 Fed. Appx. 338, 340 (5th Cir. 2011).

9. Under the circumstances, it would be appropriate to reimpose the Litigation Stay over any case against Eckert Seamans and/or John W. Pauciulo that involves Complete Business Solutions Group, Inc., regardless of whether a Receivership Entity is a party, including but not limited to the Other Eckert Litigation, pending further Order of this Court.

10. Should the Court grant this relief, the Receiver would propose filing a status report in 30 days to update the Court on the progress of finalizing and seeking the Court’s approval of this settlement with Eckert Seamans, and John W. Pauciulo.

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

WHEREFORE, the Receiver respectfully requests that this Court: (a) reimpose the Litigation Stay in the Appointment Order over any case against Eckert Seamans and/or John W. Pauciulo that involves Complete Business Solutions Group, Inc., regardless of whether a Receivership Entity is a party, including but not limited to the Other Eckert Litigation; and (b)

require the Receiver to file a status report within 30 days from the date the Court reimposes the Litigation Stay over these claims to update the Court on the progress of finalizing and seeking the Court's approval of this settlement with Eckert Seamans, and John W. Pauciulo.

CERTIFICATION REGARDING PRE-FILING CONFERENCE

Pursuant to Local Rule 7.1(a)(3), undersigned counsel for the Receiver certifies that he has conferred with counsel for the Securities and Exchange Commission regarding this motion, who has confirmed that that the Commission does not take a position regarding the requested relief

Dated: June 15, 2023

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that on June 15, 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
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.

**[PROPOSED] ORDER GRANTING RECEIVER’S
MOTION TO REIMPOSE LITIGATION STAY AS TO CLAIMS
AGAINST ECKERT SEAMANS AND/OR JOHN W. PAUCIULO**

THIS CAUSE comes before the Court upon Ryan K. Stumphauzer, Court-Appointed Receiver’s Motion to Reimpose Litigation Stay as to Claims against Eckert Seamans Cherin & Mellott, LLC and John W. Pauciulo [ECF No. ____] (the “Motion”). The Court has reviewed the Motion and the record in this matter. For the reasons set forth in the Motion, it is hereby

ORDERED AND ADJUDGED that:

1. The Motion is **GRANTED**.
2. The Receiver has notified the Court that the Receiver and counsel for investor plaintiffs in various actions have reached an agreement in principle to resolve the Receivership Entities’ claims and the investor plaintiffs’ claims against Eckert Seamans Cherin & Mellott, LLC (“Eckert Seamans”) and John W. Pauciulo, which would result in a substantial payment into the Receivership Estate.
3. In light of the foregoing, the stay of all litigation involving the Receivership Entities and any Receivership Property (the “Litigation Stay”) in the August 13, 2020, Amended Order Appointing Receiver (ECF No. 141) (the “Appointment Order”) is hereby **REIMPOSED** over any

case against Eckert Seamans Cherin & Mellott, LLC and/or John W. Pauciulo that involves Complete Business Solutions Group, Inc., regardless of whether a Receivership Entity is a party, including but not limited to the following actions:

- a. *Melchior v. Vagnozzi, et al.*, No. 20-5562 (E.D. Pa. 2020);
- b. *Montgomery, et al. v. Eckert Seamans Cherin & Mellott, LLC, et al.*, No. 1:20-cv-23750 (S.D. Fla. 2020);
- c. *Parker, et al. v. Pauciulo, et al.*, No. 20-00892 (Phila. Ct. Com. Pl. 2020);
- d. *Dean Vagnozzi v. Pauciulo, et al.*, No. 210402115 (Phila Ct. Com. Pl. 2021);
- e. *Albert Vagnozzi, et al. v. Pauciulo, et al.*, No. 210502334 (Phila Ct. Com. Pl. 2021);
- and
- f. *Legacy Advisory Group, Inc., et al. v. Pauciulo, et al.*, No. 211001003 (Phila Ct. Com. Pl. 2021).¹

4. The Receiver shall file a status report within 30 days from the date of this Order to update the Court on the progress of finalizing and seeking the Court's approval of the settlement with Eckert Seamans and John W. Pauciulo.

DONE AND ORDERED in Miami, Florida, this ____ day of June, 2023.

RODOLFO A. RUIZ II
UNITED STATES DISTRICT JUDGE

Copies to: Counsel of record

¹ In its Order dated September 8, 2022 [ECF No. 1398], the Court maintained the Litigation Stay in one additional pending action, *Caputo, et al. v. Vagnozzi, et al.*, No. 1:20-cv-01042 (D. Del. 2020), which includes claims against Dean Vagnozzi, Eckert Seamans and John W. Pauciulo, as well as claims against several Receivership Entities, including ABetterFinancialPlan.com, LLC, ABFP Management Company, LLC, ABFP Income Fund LLC, ABFP Income Fund 2, L.P., ABFP Income Fund 3, LLC, ABFP Income Fund 4, LLC, ABFP Income Fund 6, LLC, ABFP Income Fund Parallel LLC, ABFP Income Fund 2 Parallel, L.P., ABFP Income Fund 3 Parallel, LLC, ABFP Income Fund 4 Parallel, LLC, and ABFP Income Fund 6 Parallel, LLC. The Litigation Stay shall remain in place as to that action.