

**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.

RECEIVER’S STATUS REPORT REGARDING CLAIMS PROCESS

Ryan K. Stumphauzer, Esq., Court-Appointed Receiver (“Receiver”) of the Receivership Entities,¹ by and through undersigned counsel, hereby provides this status report regarding the claim process. The Receiver and his counsel will be prepared to discuss these issues with the

¹ The “Receivership Entities” are Complete Business Solutions Group, Inc. d/b/a Par Funding; Full Spectrum Processing, Inc.; ABetterFinancialPlan.com LLC d/b/a A Better Financial Plan; ABFP Management Company, LLC f/k/a Pillar Life Settlement Management Company, LLC; ABFP Income Fund, LLC; ABFP Income Fund 2, L.P.; United Fidelis Group Corp.; Fidelis Financial Planning LLC; Retirement Evolution Group, LLC; RE Income Fund LLC; RE Income Fund 2 LLC; ABFP Income Fund 3, LLC; ABFP Income Fund 4, LLC; ABFP Income Fund 6, LLC; ABFP Income Fund Parallel LLC; ABFP Income Fund 2 Parallel; ABFP Income Fund 3 Parallel; ABFP Income Fund 4 Parallel; and ABFP Income Fund 6 Parallel; ABFP Multi-Strategy Investment Fund LP; ABFP Multi-Strategy Fund 2 LP; MK Corporate Debt Investment Company LLC; 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 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 property located at 107 Quayside Dr., Jupiter FL.

Court during the upcoming status conference scheduled for November 29, 2023. This status report will also be posted to the Receiver's website as an update for investors and other claimants.

A. Overview

On December 21, 2022, the Receiver filed a Motion to Establish and Approve: (1) Proof of Claim Form; (2) Claims Bar Date and Notice Procedures; and (3) Procedure to Administer and Determine Claims (the "Claims Motion"). The Court entered an Order granting the Claims Motion on December 23, 2022 (the "Claims Order"). By granting the Receiver's Claims Motion, the Court approved a procedure for each person or entity who believes he, she, or it may have a claim against any Receivership Entity to submit a claim to the Receivership assets.

In January 2023, the Receiver began the process of providing notice (direct and by publication) to potential claimants. Pursuant to the requirements of this claim process, all Proof of Claim Forms were required to be submitted to the Receiver's Claims Agent, Epiq Corporate Restructuring, LLC ("Epiq"), on or before March 22, 2023, at 11:59 p.m.

The Receiver and his professional consultants reviewed and analyzed these claims to determine the validity of each claim and to determine, based on the records of the Receivership Entities, whether the Receiver agreed with the amount each claimant included on the Proof of Claim Form. Beginning on November 21, 2023, the Receiver's Claims Agent began the process of providing each claimant with a Notice of Determination, with the Receiver's determinations on the validity of each claim. These Notices of Determination were sent out by US Mail to the address each claimant included on the Proof of Claim Form, as well as by email, if the claimant included an email address on their Proof of Claim Form.

B. Overview of Approved Claims

When determining the approved amount for claims, the Receiver reviewed the Receivership Entities' books and records, and determined each investor's "net investment," which was calculated by taking the total amount invested, and deducting from that amount any principal or interest the investor received back. For example, if an investor invested \$125,000, and received \$25,000 in interest payments, that investor's approved amount would be \$100,000.

This "Net Investment" calculation is consistent with the instructions the Receiver included in the Claims Motion regarding the methodology to be used for calculating an investor's claim amount:

Pre-Receivership Claim Amount. For all Claims other than Administrative Claims, please state the amount of your claim as of July 28, 2020. Investors, if you claim to have made a loan to, obtained a promissory note from, or hold an interest in a Receivership Entity, please fill out and attach an "Investor Supplement to Proof of Claim Form" (see Exhibit A) to account for each time you made an investment with or provided funds to the applicable Receivership Entity and the date and amount of each transaction thereafter. You must also provide a chronological accounting indicating the date and amount of any withdrawals made by or payments received by you from any Receivership Entity, whether such payments were denominated as the return of principal, interest, commissions finder's fee, or otherwise.

Importantly, the approved amount does not necessarily mean that an investor will receive that full amount from the Receiver's distributions. Rather, depending on the details of the distribution plan the Court ultimately approves, each investor with an approved claim would receive a pro rata distribution of the total amounts available for distribution to those investors.

A summary of the number of approved claims and the total amounts that the Receiver approved for these claims is as follows:

Direct CBSG Investors	38	\$32,371,413
Non-Receivership Entity Agent Funds (23)	694	\$88,593,299
ABFP Agent Fund Investors	345	\$60,280,881
CamaPlan Bulk Claim (ABFP Investors)	537	\$43,664,357
Retirement Evolution Investors	92	\$10,010,310

Fidelis Investors	24	\$3,807,887
<hr/>		
Investor Claims - Subtotal	1,730	\$239,169,555
Non-Investor Claims	95	\$10,859,429
<hr/>		
Grand Total		\$250,028,984

These numbers are preliminary and subject to change, as the Receiver will be considering and evaluating any objections that claimants submit to the Receiver's Notices of Determination.²

C. The Receiver's Notices of Determination

In general, the Receiver's Notices of Determination fall into the following categories:

CLAIMS SUPERSEDED (DISALLOWED AS AMENDED OR DUPLICATE CLAIMS)

In some instances, claimants submitted multiple versions of their claims. For example, a claimant may have submitted the same claim through electronic submission to the claims portal, and also mailed a hard copy of that same claim to Epiq. The Receiver assigned a unique claim identification number for each copy of the claim he received. If the duplicate claim was identical to another claim, the Receiver disallowed one version of the claim, and provided his substantive determination on the other version of the claim.

² There are additional claims the Receiver has disallowed, or that are pending further review, which are not included in these totals. For example, MHL Union Alliance LLC – an entity owned and controlled by Anthony Zingarelli – purportedly received an assignment of two claims from AGM Capital Fund and AGM Capital Fund 2. Those claims, which sought to establish claims against CBSG totaling \$43,664,357, have been disallowed, given that the claimant failed to provide sufficient evidence that it purchased/acquired these claims from the original noteholder, and also because the principal of the claimant (Mr. Zingarelli) and his related companies owe substantial funds to Receivership Entities.

Similarly, some claimants submitted an amended or updated version of a claim. In those instances, the Receiver disallowed the original claim, noting it was amended through a subsequent claim, and provided his substantive determination on the updated version of the claim.

CLAIMS SUBJECT TO MODIFICATION

In many instances, the Receiver accepted a claim, but modified it in some fashion. Some investors indicated on their Proof of Claim Form that they were making a claim against a Receivership Entity that was different from what the Receiver's records reflected. For example, a claimant may have asserted a claim directly against Complete Business Solutions Group, Inc., even though they invested through one of the agent funds that is a Receivership Entity (*e.g.*, ABFP Income Fund 3, LLC, Fidelis Financial Planning LLC, etc.). In those situations, the Receiver allowed the claim, but modified it to attribute the claim against the correct Receivership Entity.

In other instances, the Receiver's records reflected a different claim amount than what the Claimant included on the Proof of Claim Form. In those situations, the Receiver would accept the claim, but reduce the proposed allowed claim amount to the amount the Receiver determined from the books and records of the Receivership Entities.

Additionally, the Receiver has determined that certain claims, which the claimant submitted as an "administrative claim" should be reclassified as non-administrative claim (and vice versa). In those situations, the Receiver allowed the claim, but reclassified it as the correct type of claim.

CLAIMS SUBJECT TO DISALLOWANCE – FEEDER FUND CLAIM

Many investors placed their investment in Complete Business Solutions Group, Inc. through separate investment funds, which have been referred to as "agent funds" or "feeder funds." Some of the agent funds / feeder funds are included as Receivership Entities that are under the

control of the Receiver (*e.g.*, ABFP Income Fund 3, LLC, Fidelis Financial Planning LLC, etc.). In those situations, because the Receiver controls the agent fund, the Receiver will make distributions directly to the individual investors in those agent funds.

Several other agent funds are not Receivership Entities and, therefore, are not under the Receiver's control. In those instances, the Receiver often received a Proof of Claim Form from the manager of the agent fund, on behalf of the agent fund, and also received individual Proof of Claim Forms from the individual investors in that non-Receivership Entity agent fund. Because the agent fund—and not the individual investors in the agent fund—made the investment into the Receivership Entity (typically, Complete Business Solutions Group, Inc.), the contractual obligation is between the Receivership Entity and the agent fund, and not the individual investor.

As a result, the Receiver allowed the claim from the agent fund, and disallowed the individual claims from the individual investors in that agent fund. In most instances, when it comes time to make a distribution, the Receiver will make the payment directly to the agent fund, which will then be responsible for distributing the funds it receives from the Receiver to its individual investors.

In other instances, the manager of the agent fund has indicated that he is unable or not equipped to make distributions to the individual investors in the agent fund. In those situations, the Receiver will work directly with the agent fund manager to confirm how any payment to the agent fund should be allocated to the individual investors in that fund and, if appropriate, whether the Receiver may issue payments directly to the individual investors in that fund, based on the allocations as confirmed with the manager of the agent fund.

Regardless of whether the agent fund manager or the Receiver ultimately issues payments to the individual investors in those agent funds, the claims of the individual investors in these non-

Receivership Entity agent funds have been disallowed, as they are duplicative of the claims that the agent fund managers filed on behalf of the agent funds. If these individual investor claims were not disallowed, it would have resulted in a potential double-counting / double recovery for the amounts that were invested through those non-Receivership Entity agent funds. Additional information regarding these non-Receivership Entity agent fund claims and allocations / payments to individual investors of those agent funds will be provided at a future date, when these determinations have been made.

CLAIMS SUBJECT TO DISALLOWANCE – OTHER REASONS

The Receiver has determined that certain claims will be disallowed for a variety of other reasons. For example, if the Receiver did not identify the claimant as an investor in one of the Receivership Entities, based on the books and records of the Receivership Entities, the Receiver disallowed the claim. In addition, many investors made their investment through a self-directed IRA account at CamaPlan. In those situations, CamaPlan, as the account administrator, received authorization from the individual account holders to submit claims on their behalf. As a result, if the individual investors submitted a claim, the Receiver disallowed that individual claim, as any payment will be issued to CamaPlan, for the benefit of that individual account holder. The Receiver also determined that the Receivership Entities did not have liability to certain claimants for other reasons, and disallowed those claims on that basis.

CLAIMS PENDING REVIEW BY RECEIVER

The Receiver is still in the process of finalizing his review of a handful of claims. In general, the Receiver is continuing to review these claims to verify the proposed allowed claim amount. The Receiver will provide a subsequent notification to these claimants when the Receiver has completed his review of those claims.

CLAIMS ALLOWED AS FILED

In some instances, the Receiver accepted the claim as filed, without any modifications.

D. Objections to the Receiver's Notices of Determination

Claimants have 30 days to review and, if applicable, object to the Receiver's Notices of Determination. The Receiver will attempt to resolve any such objections directly with the claimants and, to the extent any objections are not resolved, the Receiver will submit those objections to the Court for a final determination.

Based on the date Epiq sent out these Notices of Determination, claimants will have until **11:59 PM Eastern Time on December 21, 2023**, to submit their objections. Any objections should be submitted online at <https://epiqworkflow.com/cases/ParFundingResponsePortal>. Investors will need to login to the objection portal using the same email credentials they initially registered with to file their Proof of Claim Form, and then enter the individualized validation code number they received with their Notice of Determination.

E. Distribution Process

The distribution process will occur at some time following the conclusion of the claims process. Given that this process has not yet been finalized, and there are pending appeals to the final judgments entered against the Defendants, as well as questions regarding additional recoveries that may be available for distribution to investors, it is still too early for the Receiver to provide any estimates of the amounts that may be available—either on an individual level or in total—for distribution to investors and other creditors. The Receiver and his professional staff will continue to evaluate these issues and provide updates as they are available.

Dated: November 27, 2023

Respectfully Submitted,

**STUMPHAUZER KOLAYA
NADLER & SLOMAN, PLLC**
Two South Biscayne Blvd., Suite 1600
Miami, FL 33131
Telephone: (305) 614-1400

By: /s/ Timothy A. Kolaya
TIMOTHY A. KOLAYA
Florida Bar No. 056140
tkolaya@sknlaw.com

**PIETRAGALLO GORDON ALFANO
BOSICK & RASPANTI, LLP**
1818 Market Street, Suite 3402
Philadelphia, PA 19103
Telephone: (215) 320-6200

By: /s/ Gaetan J. Alfano
GAETAN J. ALFANO
Pennsylvania Bar No. 32971
(Admitted Pro Hac Vice)
GJA@Pietragallo.com
DOUGLAS K. ROSENBLUM
Pennsylvania Bar No. 90989
(Admitted Pro Hac Vice)
DKR@Pietragallo.com

Co-Counsel for Receiver

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on November 27, 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