IN THE 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 REPLY TO CHEHEBARS' OPPOSITION TO CLAIMS MOTION

Ryan K. Stumphauzer, as the Court-appointed receiver for the Receivership Entities, hereby replies in support of his Motion to Approve Proposed Treatment of Claims and for Determination of Ponzi Scheme [ECF No. 1843 ("Motion")] and in opposition to the response [ECF No. 1889 ("Response")] submitted by GEMJ Chehebar GRAT, LLC; the Isaac Shehebar 2008 AIJJ Grantor Retained Annuity Trust; Ezra Shehebar LLC; Albert, Cherie, Ezra, Josef, Joyce, Michael, and Steven Chehebar; and Ezra and Isaac Shehebar (collectively, the "Chehebars").

I. Introduction

The Chehebars ask the Court to prematurely rule on distribution procedures the Receiver has yet to finalize. The Court should decline the invitation. At this stage, the Court should overrule the Chehebars' objections to the Receiver's claims determination and defer ruling on the purported priority of the Chehebars' liens until the Receiver's distribution plan is properly before the Court.

In any event, the arguments the Chehebars advance in their Response are without merit. Their purported UCC liens are either expired or directly violative of this Court's order appointing the Receiver. Even if the liens were valid and enforceable, the broad equitable powers that a court possesses in overseeing a receivership does not require recognition of liens from Ponzi scheme insiders. Finally, the Chehebars fail to support their computational objections to the Receiver's claims determinations and, thus, they should be overruled (with one minor exception). Accordingly, the Court should overrule the Chehebars' objections to the Motion.

II. The Court should determine that CBSG operated as a Ponzi scheme.

In the Motion, the Receiver requested the Court to determine that CBSG operated as a Ponzi scheme. (*See generally* ECF No. 1843 at 40–47). Unsurprisingly, the Chehebars opposed the Receiver's requested Ponzi determination. (*See* ECF No. 1889 at 1–6). For the reasons stated in the Receiver's Motion and his other replies in support of the Motion, which the Receiver incorporates herein, the Court should determine that CBSG operated as a Ponzi scheme.

III. The Chehebars' liens are invalid and unenforceable.

The Court need not address the Chehebars' lien arguments at this stage of the proceedings. The Receiver has asked the Court to adopt a methodology for claims calculations that applies consistently to all investors, including the Chehebars. Although the Chehebars have advanced an argument regarding their purported priority liens over all assets of CBSG, the Court does not need to consider or resolve that issue now. Rather, the Court can make a ruling on the Receiver's proposed claims calculations methodology and defer ruling on the Chehebars' lien arguments.

This would result in a uniform claims calculation determination for all investors. After the Court issues a ruling on the Claims Motion, the Receiver will file a motion to approve a distribution plan. In that forthcoming motion, the Receiver will ask the Court to authorize an amount of money to be distributed to claimants, including establishing the order and priority in which different classes of claimants will receive distributions. The Chehebars can reassert their purported lien priority in response to that motion and argue that their claims should be paid out first and in full (without any deductions for the net investment calculation). Although the Receiver will strongly oppose any arguments that the Chehebars' liens should be given priority consideration, that would be the appropriate time for the Court to consider and resolve these issues.

The Receiver intends to brief these issues more fully at the distribution phase. Nevertheless, as argued in the Claims Motion and for the additional reasons set forth below, the Court should determine that the Chehebars' asserted liens are invalid and unenforceable.

A. The Court prohibited the Chehebars from renewing, extending, or enforcing their 2017 liens, which expired in 2022.

In January 2017, in exchange for investing in, and loaning money to, CBSG, four of the Chehebars—GEMJ Chehebar GRAT, LLC, Albert Shehebar, Isaac Shehebar, and Isaac Shehebar 2008 AIJJ Grantor Retained Annuity Trust—recorded UCC-1 financing statements against all CBSG's assets. (*See* ECF No. 1889 at 15; ECF No. 1843–3 at 2). About three-and-a-half years later, in July of 2020, the Court appointed the Receiver. (ECF No. 36 (hereafter, the "Initial Receivership Order" or "IRO")). At the time the Court entered the IRO, it had identified CBSG and several other companies as the "Receivership Entities." (*Id.* at 1).

In the IRO, the Court ordered that the "Receivership Entities and ***all persons receiving notice*** of this Order ***shall not hinder or interfere*** with the Receiver's efforts to take control or possession of the ***Receivership Entities' property interests*** identified [in the IRO], or hinder his efforts to preserve them." (*Id.* ¶ 9 (emphasis added)). The Court defined "persons receiving notice" of the IRO as including "all known officers, directors, agents, employees, shareholders, ***creditors***, debtors, managers, and general and limited partners of each Receivership Entity, as the Receiver deems necessary or advisable to effectuate the operation of the receivership." (*Id.* ¶ 6 (emphasis added)). In addition, the Court defined the "property interests" of the Receivership Entities as including their respective "business affairs, funds, assets, causes of action, and any other property." (*Id.* at 2). When the Court entered the IRO, the Chehebars were unquestionably "persons receiving notice" thereof; they were creditors of CBSG with interests in Receivership Property by virtue of their 2017 UCC liens. As such, the Chehebars were precluded from "hinder[ing] or interfere[ing] with the Receiver's efforts to take control or possession of the Receivership Entities' property interests . . . or hinder[ing] his efforts to preserve them." (*Id.* ¶ 9).

The Chehebars cannot plausibly dispute that they received notice of the IRO when it was entered in 2020. Indeed, only a few days after the Court entered the IRO, then-counsel for CBSG defendants Lisa McElhone, Joseph Barleta, James LaForte, and others (*see* ECF No. 16–18) corresponded with several of the Chehebars with respect to supporting the defendants' opposition to the SEC's motion for a preliminary injunction. (*See* **Exhibit 1** (Chehebar-Subp-009096)). In Isaac Shehebar and Albert Chehebar's proposed declarations, they identify themselves, their relatives, and one of the Chehebars' foundations (*i.e.,* the JENJ Foundation) as lenders of approximately $48 million to CBSG. (*See* **Exhibit 2** (Chehebar-Subp-009099, -009103 ¶ 2)).[1] Thus, even if the Chehebars did not learn of the IRO on the day it was entered (*i.e.*, July 27, 2020), they received notice thereof a few days later (*i.e.*, July 30, 2020), at the latest.

The 2017 liens expired in 2022. *See* UCC § 9-515(a). But the Chehebars argue that the four creditors who had previously recorded the 2017 liens were not required to re-record or extend them because the rights of creditors should be considered "fixed" on the date the Receiver was appointed, as in the context of bankruptcy. (Response at 16). There is no support for this position. Noticeably, the Chehebars cite only bankruptcy cases for this argument, and cannot point to a specific example in a receivership where this practice was followed.

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[1] These attorneys withdrew from representing the corporate defendants, CBSG and Full Spectrum Processing, about a week after corresponding with Isaac and Albert Chehebar. (*See* ECF Nos. 139, 158). Subsequently, the Receivership Entities and individual defendants consented to the entry of permanent injunctions, so the proposed declarations were never filed. (*See* ECF No. 391).

Moreover, the Chehebars' purported authority in the bankruptcy context is shaky, at best. *See Toranto v. Dzikowski*, 380 B.R. 96, 100 (S.D. Fla. 2007). The *Toranto* case relied on a 1987 bankruptcy opinion, *In re Neuenschwander*, 73 B.R. 327 (Bankr. S.D. Fla. 1987), which was decided prior to the 1994 amendment of the Bankruptcy Code. Subsequent cases have specifically rejected that holding, as there is no support in the ***current*** Bankruptcy Code that "a creditor's rights are frozen on the petition date excusing it from maintaining its secured position during the administration of the case for purposes of an objection to claim." *In re 800 Bourbon St., LLC*, 541 B.R. 616, 626 (Bankr. E.D. La. 2015).

Rather, the current version of the bankruptcy code provides that, upon the filing of a petition for bankruptcy, there is an automatic stay of, among other things, "any act to create, perfect, or enforce any lien against property of the estate." 11 U.S.C. 362(a)(4). The automatic stay "does not operate as a stay," however, of actions "to maintain or continue the perfection of" an interest in property of the estate." 11 U.S.C. 362(b)(3). In other words:

> The Bankruptcy Code specifically allows creditors . . . to file continuation statements without violating the automatic stay. As stated above, property rights are determined by state law. The fact that a lien exists on the petition date does not mean that the lien cannot be lost if the lienholder fails to comply with state law.

In re 800 Bourbon St., LLC, 541 B.R. at 627.

Similarly, in this receivership action, the Chehebars were obligated to act if they desired to maintain any priority rights that might have existed under their pre-Receivership liens. If they intended to renew those prior liens or record new liens—which would have violated the IRO and ARO—they were required to seek leave of Court and obtain the Court's permission to do so. This is no different than the many litigants over the past several years who requested and obtained this Court's permission to pursue litigation in cases in which Receivership Entities were parties. (*See, e.g.,* ECF Nos. 1422, 1481, 1325). But the Chehebars never requested nor obtained this Court's permission to record or renew any liens after the Court entered the IRO or ARO. Having failed to follow the Court's orders, the Chehebars cannot now enforce these invalid and unenforceable liens.

B. The Chehebars defied the Court's Order by recording additional liens on Receivership Property in August 2020.

Ten days after the Court entered the IRO, on August 7, 2020, the Chehebars recorded an additional set of liens (the "2020 liens"). Four of the 2020 liens were efforts to re-record the 2017 liens, and the remaining were newly recorded liens on behalf of the other Chehebars who had not previously recorded a lien. Regardless, all the 2020 liens defied the Court's IRO, which prohibited all noticed persons—including the Chehebars—from taking action that would:

> ***. . . interfere with the Receiver's efforts*** to take control or possession of the ***Receivership Entities' property interests*** identified [in the IRO], or hinder his efforts to preserve them.

IRO ¶ 9 (emphasis added).

The intent behind the IRO was clear. Indeed, just days later, on August 13, 2020, the Court entered the ARO, which expanded the scope of the IRO, but also clarified some of the terms of the IRO. For example, like the IRO, the ARO enjoined certain actions involving "Receivership Property" without the Receiver's ***express and written agreement***, including actions that:

> . . . ***interfere with the Receiver's efforts*** to take control, possession, or management of ***any Receivership Property***; such prohibited actions include, but are not limited to, . . . ***creating or enforcing a lien upon any Receivership Property;*** . . .

(*Id.* ¶ 29, § (A) (emphasis added)).[2]

The Chehebars seem to concede that they were prohibited from recording liens ***after*** the entry of the ARO on August 13, 2020, but suggest they were permitted to do so on August 7, 2020,

[2] Under the ARO, the Receiver may seek rescission of the security agreements underlying the Chehebars' 2017 and 2020 liens, as well as the "consulting agreements" formed by CBSG or other Receivership Entities, on one hand, and one or more of the Chehebars, on the other hand. (*See* ARO ¶ 43).

following the entry of the IRO. This argument defies logic. The relevant language in the IRO and the ARO, cited above, is nearly identical. The ARO merely reiterated the prohibition of interference from the IRO, and included a list of examples of specific actions that would have constituted interference with the Receiver's efforts to take possession of Receivership Property. Despite the IRO's clear intent to prohibit conduct that would hinder the Receiver's efforts to take control of and preserve CBSG's property interests, the Chehebars nevertheless recorded the 2020 liens in August 2020, in violation of the IRO.

IV. Prioritization of the Chehebars' claims would frustrate the Receiver's obligation to strive for equitable results benefiting all victims of the fraud.

Even if the Court were to conclude that the Chehebars' 2017 liens had not expired or that their 2020 liens did not defy the Court's orders, the Receiver should not be forced to honor the Chehebars' liens over the claims of Defrauded Investors because the Chehebars are Insider Investors[3] who aided-and-abetted Insiders to perpetrate the CBSG Ponzi scheme. (*See* D.E. 1843 at 11–17, 21–23).

A. Courts have broad equitable powers to displace or limit Insider-Investor property interests in receiverships.

It is often the case in equitable receiverships that "equality is equity." *See Cunningham v. Brown,* 265 U.S. 1, 13 (1924) (circumstances surrounding Charles Ponzi's scheme "call strongly for the principle that equality is equity"). As a result, the exercise of equity powers sometimes results in forfeited or superseded rights. *SEC v. Credit Bancorp, Ltd.*, No. 99-cv-11395, 2000 WL 1752979, at *17 (S.D.N.Y. Nov. 29, 2000) (". . . equitable principles may supersede rights investor would have under other law. . ."). For example, "[a]s an exercise of its equity powers, the court

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[3] In the Motion, Insider Investors are defined as investors "who provided funding to the Receivership Entities, but were involved in the underlying fraud or otherwise had access to additional information not made available to the Defrauded Investors." (ECF No. 1843 at 10).

may order wrongdoers to disgorge their fraudulently obtained profits [and] . . . determine how and to whom the money will be distributed . . ." *SEC v. Fishbach Corp*., 133 F.3d 170, 175 (2d Cir. 1997); *see also Credit Bancorp*, 2000 WL 1752979, at *19 ("[T]his is a case in which numerous victims of a fraud have competing claims to a limited receivership *res*. The relief sought by the [i]ntervenors would come at the direct expense of the other . . . victims."). A Receivership's equitable powers can also supersede state law rights to recover assets through tracing. *United States v. Vanguard Inv. Co*., 6 F.3d 222, 226 (4th Cir. 1993) ("[E]ven if entitlement [to trace assets] under state law could be established, that wouldn't end the matter in this federal receivership.").

Consistent with these guiding equitable principles, courts routinely allow receivers to deny claims made by insiders to a fraudulent investment scheme, even where the insiders do not know about the underlying fraud. *See, e.g., SEC v. Pension Fund of Am. L.C.*, 377 F. App'x 957, 963 (11th Cir. 2001) (upholding plan that excluded sales agent who received commissions for recruiting investors although he had no knowledge that the investment fund was fraudulent); *SEC v. Merrill Scott & Assocs., Ltd*., No. 2:02-cv-39, 2006 WL 3813320, at *11 (D. Utah Dec. 26, 2006) (approving distribution plan that excluded an investor who claimed to have no knowledge of the fraudulent nature of the investment scheme because he was an "insider" who was involved in the operation of the scheme and allowed his name to be used to recruit additional investors).

B. The Chehebars were Insider Investors.

The Receiver is in possession of abundant evidence that the Chehebars were CBSG Insider Investors. The Receiver has reviewed several categories of evidence, including text messages between various Chehebar family members and CBSG's key insiders (*e.g.,* Joseph Laforte, Joe Cole, and Perry Abbonizio), voluminous emails, internal accounting records (*e.g.,* profit-sharing calculations), and bank records. These records evidence the date, amount, and cadence of various investments into, and profit-sharing distributions and commissions received from, CBSG. Based on that review, and for several reasons articulated below, it is clear that the Chehebars are markedly different than other investors, and more analogous to CBSG's senior managers.

First, the Chehebars had ample access to CBSG's confidential internal accounting records, weekly cash reports, and key performance indicators. (*See, e.g.,* **Exhibit 3**) (Chehebar Weekly Cash Summary Report). Some of those records were not even available to CBSG's auditors or attorneys, let alone its other Investors.

Second, the Chehebars had atypical, direct and continuous access to CBSG's key decision-makers, including Joseph LaForte, Perry Abbonizio, and Joe Cole. Text messages with the Chehebars—which display a mutual sense of trust, admiration, and loyalty—show that the Chehebars and CBSG's principals worked jointly and cooperatively to solicit investors, analyze non-Merchant Cash Advance investment opportunities, and resolve other business matters. (*See* **Exhibit 4**) (messages between Ezra Chehebar and Joseph LaForte a/k/a "Joe Mack").

Third, the Chehebars participated in CBSG's profit-sharing pool, under which they received "waterfall" bonuses. Specifically, they received a percentage-based commission calculated from the ***gross*** amount of new merchant cash advances that CBSG ***funded*** on a quarterly basis. In normal circumstances, and even if the Chehebars had an equity-stake in CBSG, one would expect they would only share in the ***net profits*** CBSG derived from these deals, which inherently account for potential losses associated with non-performing accounts. Notably, the Chehebars were the only investors that received these financial incentives. Not even CBSG's largest agent fund managers, including Defendants Dean Vagnozzi and John Gissas, were offered such opportunities. Indeed, the only other people that received these financial incentives were CBSG's senior executives, such as Defendants Joseph Laforte, Lisa McElhone, Perry Abbonizio and Joe Cole.

Fourth, the Chehebars received promissory notes that provided for up to ***30 percent*** in annual interest payments, and for terms as long as six years. [ECF No. 1330-5]. In total, the Chehebars received returns of over $28.5 million through these promised rates of return, which far exceed any measure of normal market returns. (*See* **Exhibit** 5). By contrast, CBSG's other investors received a fixed percentage pursuant to a promissory note, and that interest rate was slashed at the outset of the COVID-19 pandemic. (*See* **Exhibit** 6) (Decl. James Klenk ¶¶ 7–12); (*see* **Exhibit** 7) (CBSG Profit Sharing 2018 Spreadsheet (showing profit sharing for CBSG's inner-sanctum, including Chehebars).

Fifth, contemporaneous communications show that CBSG provided the Chehebars with direct access and passwords to view CBSG's bank accounts, a privilege CBSG did not extend to anybody else beyond its own senior management. (*See* **Exhibit** 8).

Sixth, the Chehebars were permitted to send their own accountant to audit CBSG, a privilege not extended to other investors. (*See* **Exhibit** 9 Composite).

Finally, LaForte gave the Chehebars access to invitation-only investments in non-merchant cash advance businesses, such as mines and hemp/marijuana-related ventures. Emails also evidence that some of the Chehebar family members were involved in the management of, and made granular operational decisions for, the non-merchant cash advance businesses they jointly invested in with Laforte. (*See* **Exhibit** 10 Composite).

This is not an exhaustive list of the facts supporting a finding that the Chehebars are insiders. The Receiver will present additional evidence of their insider status at the distribution phase in opposition to any arguments from the Chehebars that they should be entitled to the return of their full investment before other investors receive a pro rata share of their net investment. But even taken by themselves, these documents are strong evidence supporting the Receiver's conclusion that the Chehebars were Insider Investors at CBSG and should be treated as such in equity. On the other hand, the Receiver is unaware of any evidence that would exculpate or materially mitigate the Chehebars' insider involvement with CBSG.

C. The Chehebars' reliance on *Wells Fargo* is misplaced.

The Chehebars rely almost exclusively on *SEC v. Wells Fargo Bank, N.A.*, 848 F.3d 1339 (11th Cir. 2017), to argue that their purportedly valid liens should grant them priority over other claimants. (ECF No. 1889 at 8–15). But *Wells Fargo*'s holding does not usurp or limit a district court's inherent equitable power over a receivership. In *Wells Fargo*, the district court established a claims administration process wherein claimants were required to submit to the receiver "proof of claim" documentation by a certain date. Any claims submitted after the deadline would be barred, without regard to whether the creditors were secured or unsecured. *See Wells Fargo*, 848 F.3d at 1342. Wells Fargo, a creditor, had perfected security interests through mortgages in three receivership properties, but missed the deadline to submit claims on two of the properties. The court held that, notwithstanding Wells Fargo's status as a secured creditor, it was obliged to follow the claims administration procedures set forth in the court's orders. *Id*. at 1342–43.

The Eleventh Circuit reversed, holding that a district court "does not have the authority to extinguish a creditor's pre-existing state law security interest," and that the court erred by "order[ing] a secured creditor to either file a proof of claim and submit its claim for determination by the Receivership court or lose its secured state-law property right that existed prior to the Receivership." *Id.* at 1344–45. Stated differently, *Wells Fargo* does ***not*** hold that receivers must prioritize secured claims of insiders to a fraudulent scheme over the unsecured claims of victims.

Wells Fargo is distinguishable from the situation here. *Wells Fargo* involved a non-investor, outsider mortgagee whose secured interests in property predated by years the receivership and SEC enforcement action. *Compare Sec. & Exch. Comm'n v. Nadel*, No. 8:09-CV-87-T-26TBM, 2016 WL 398026, at *4 (M.D. Fla. Feb. 2, 2016), *rev'd sub nom. Wells Fargo Bank, N.A.*, 848 F.3d 1339, *with Nadel*, No. 8:09-CV-87-T-26TBM, Decl. Burton W. Wiand, ECF No. 1210 ¶¶ 6–7 (indicating that the secured interests at issue in *Wells Fargo* originated in 2006 and 2008). Unlike *Wells Fargo,* where the underlying legality of the secured interest was not at issue, here, the validity of the Chehebars' purported priority interests is directly at issue. Through these liens, the Chehebars attempt to enforce purported contractual rights that they obtained in connection with their knowledge of and involvement in, and against property derived from, a Ponzi scheme. Put differently, the purported contractual rights they recorded and seek to enforce arise from the very fraud they were involved in perpetuating. Moreover, Wells Fargo's lien was secured against select, identifiable receivership assets. Here, in contrast, the Chehebars seek to encumber and establish their priority to recover from the ***entire Receivership Estate***. Indeed, as detailed above, the Chehebars—without the Receiver's prior authorization and in defiance of this Court's IRO—recorded UCC liens against all CBSG assets.

The heightened equity concerns that are present here were not at issue in *Wells Fargo*, a decision fundamentally addressing waiver of an outside party's recorded property interests. Although the Eleventh Circuit understandably turned to bankruptcy principles to decide *Wells* Fargo, the decision did not address issues bearing on a receivership's considerable equitable powers. The Court should not interpret *Wells Fargo* as curtailing a court's authority to fashion equitable results here. As Judge Altonaga recently explained:

> Certainly, there are cases in which courts fashioning relief in the equity receivership context find 'bankruptcy law . . . analogous and instructive[.]' But the two bodies of law are distinct in that one must acquiesce to the bankruptcy code, while the other serves equity alone.

SEC v. TCA Fund Mgmt. Grp. Corp., No. 20-cv-21964, 2022 WL 17816956, at *4 (S.D. Fla. Dec. 2, 2022) (internal citation omitted) (alterations in original) (quoting *Wells Fargo*, 848 F.3d at 1344); *see also Liberte Cap. Grp., L.L.C. v. Capwill*, 462 F.3d 543, 551 (6th Cir. 2006) (distinguishing between bankruptcy receiverships, for which "Congress has spoken by setting forth broad and detailed statutes to guide federal courts[,]" and equity receiverships, which "fall outside the statutory bankruptcy proceedings" and are instead governed by "the traditional, common law powers of equity"), *discussed by TCA Fund,* 2022 WL 17816956, at *4.

Bankruptcy law, while occasionally helpful in equity receivership cases, does not control here. *See id.* (citing *CFTC v. Eustace*, No. 05-cv-2973, 2008 WL 471574, at *7 (E.D. Pa. Feb. 19, 2008)). For example, in *TCA Fund,* the court assessed whether equity "compels preferential treatment" for creditors over defrauded investors with respect to distributions of receivership property. 2022 WL 17816956, at *5. The creditors asked the court to look to the bankruptcy code, "which instructs that creditors must be 'paid in full before any funds can be returned to a bankrupt entity for the benefit of the entity's shareholder or []members.'" *Id.* (citing 11 U.S.C. § 507(a)). Although the court acknowledged that one of the "general principles in bankruptcy law is that creditors are typically paid ahead of shareholders in the distribution of corporate assets," that "firm bankruptcy principle rests on shakier foundations in the equity context." *TCA Fund,* 2022 WL 17816956, at *5 (internal citation and quotations omitted) (quoting *In re Am. Wagering, Inc.*, 493 F.3d 1067, 1071 (9th Cir. 2007)). That is because, when reviewing proposed distribution plans in a receivership, "courts strive for equality, not priority." *TCA Fund,* 2022 WL 17816956, at *5 (internal citation, quotations and alterations omitted) (quoting *Cunningham*, 265 U.S. at 13).

Wells Fargo should not be read to discount the equitable power of a district court when presiding over a receivership. No aspect of that decision calls for such an interpretation. Indeed, to do so would create perverse incentives for insider investors and other culpable parties—upon learning of the impending collapse of the scheme—to rush (like the Chehebars did here) to record purported interests and interfere with a Receiver's duties and control over receivership assets.

D. Equity does not weigh in favor of prioritizing the Chehebars' claims.

The question presented by the Chehebars reduces to whether their claims, as purportedly ***secured*** creditors, are entitled to preferential treatment over all other claimants. For the reasons described above, they are not. "[D]istrict courts have very broad powers and wide discretion to fashion remedies and determine to whom and how the assets of the Receivership Estate will be distributed." *SEC v. Homeland Commc'ns Corp.*, No. 07-cv-80802, 2010 WL 2035326, at *2 (S.D. Fla. May 24, 2010). "This discretion derives from the inherent powers of an equity court to fashion relief." *SEC v. Elliot*, 953 F.2d 1560, 1566 (11th Cir. 1992).

And, any action of a trial court supervising a receivership will not be disturbed unless there is a clear showing of abuse." *Bendall v. Lancer Mgmt. Grp., LLC*, 523 F. App'x 554, 557 (11th Cir. 2013). "A distribution plan that is supported by both the SEC and the receiver is entitled to deference from the Court." *SEC v. Quan*, No. 11-cv-723, 2015 WL 8328050, at *6 (D. Minn. Dec. 8, 2015), *aff'd,* 870 F.3d 754 (8th Cir. 2017), *quoted by Alleca*, 2017 WL 5494434, at *2–3. In other words, "no specific distribution scheme is mandated so long as the distribution is fair and equitable." *Homeland*, 2010 WL 2035326, at *2; *see also Elliot,* 953 F.2d at 1570; *SEC v. Drucker*, 318 F. Supp. 2d 1205, 1207 (N.D. Ga. 2004).

In view of the Chehebars' status as Insider Investors, the Court need not honor their liens—even if the Court determines that the liens are not expired and otherwise enforceable. Likewise, although the Receiver maintains that his characterization of the Chehebars as Insider Investors is accurate (*see, e.g.,* ECF No. 1843 at 35–36), the Court need not resolve that issue now. As stated in the Motion, at this stage, the Court should overrule the Chehebars' objections to the Receiver's notices of determination and defer from ruling on the purported priority of the Chehebars' claims of lien until the Receiver's distribution plan is properly before the Court. (*See* D.E. 1843 at 36).

V. The Receiver's use of the net investment distribution method is appropriate.

The Chehebars argue that the Receiver's proposed use of the net investment distribution method would be "not appropriate" because CBSG was not a Ponzi scheme. (*See generally* ECF No. 1889 at 17–18). For the reasons explained in the Motion (*see* ECF No. 1843 at 35–36), as well as those in the Receiver's replies to other responses to the Motion, the Court should determine that CBSG was a Ponzi scheme, overrule the Chehebars' objection to the Receiver's net investment method of distribution, and defer ruling on the prioritization of their purported liens at this time.

VI. The Chehebar's computational objections.

The Chehebars further contend that, even if the Receiver's proposed methodology is to be applied, the Receiver's calculations are incorrect. Not so, with one exception. For Claim 544, the Chehebar's calculations omit two interest payments in March 2018, which accounts for the approximately $313,000 difference. (*See* **Exhibit** 11 at 2–3). For Claim 502, the Chehebars incorrectly added their rolled-over reinvestments of $750,00 and $731,250, which are excluded under the Receiver's net investment methodology. (*See id*. at 3). For Claim 477, the Receiver agrees that the proposed amount should be $689,999, adjusting for a missed investment. (*See id.* at 5–6). Finally, for Claim 484, the Chehebars incorrectly counted a $300,000 reinvestment, failed to account for a $25,000 interest payment, and double-counted a $600,000 note. (*See id.* at 7). The Receiver, therefore, requests that this Court **OVERRULE** the Chehebars' computational objections, which the exception of the objection to Claim 477, which the Receiver agrees should be **SUSTAINED**.

Dated: May 21, 2024

Respectfully Submitted,

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<u>CERTIFICATE OF SERVICE</u>

I HEREBY CERTIFY that on May 21, 2024, 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.

<u>/s/ Timothy A. Kolaya</u>
TIMOTHY A. KOLAYA

Exhibit "1"

Message

From:	Isaac Shehebar [/O=SKIVA INTERNATIONAL/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=CHEHEBAR]
Sent:	7/31/2020 10:00:43 AM
To:	Eddie Chehebar [eddie@skiva.com]
BCC:	Isaac Shehebar [isaac@skiva.com]
Subject:	Fwd: Revised Declarations
Attachments:	image001.jpg; ATT00001.htm; 112777215_1_Declaration Isaac Shehebar Rev ALB-C3.DOCX; ATT00002.htm; 112777054_1_Declaration of Albert Chehebar rev alb-C3.DOCX; ATT00003.htm

Sent from my iPhone

Begin forwarded message:

From: "Berman, Brett" <BBerman@foxrothschild.com>
Date: July 30, 2020 at 1:00:42 PM EDT
To: Isaac Shehebar <isaac@skiva.com>
Subject: Revised Declarations

Per our call a few minutes ago, attached are the revised declarations for your review. If you have no further comments, please execute and return. Thanks.

Brett A. Berman, Esq.
Partner
Co-Chair of Litigation Department

Exhibit “2”

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. COMPLETE BUSINESS SOLUTIONS GROUP, INC. d/b/a PAR FUNDING, *et al.*, Defendants.	Civil Action No. 20-cv-81205-RAR

DECLARATION OF ISAAC SHEHEBAR

I, Isaac Chehebar, being duly sworn according to law, hereby jointly depose and say:

1. I am Isaac Shehebar, am a lender to Complete Business Solutions Group, Inc. d/b/a Par Funding ("CBSG"), and I am over 18 years of age. I have personal knowledge of the following facts, and if called to testify as a witness, I would testify competently as to the following facts.

2. On behalf of my family, which includes Ezra Shehabar, Albert Chehebar, Isaac Chehbar, Ezra Chehebar, Michael Chehebar, Josef Chehebar Gabriel Chehebar, and our foundation, JENJ Foundation, I was intimately involved in our family's loan of approximately $48 million with CBSG.

3. Before my family loaned CBSG any money, I was also involved with the complete review of all CBSG's financials and documents to ensure our loan. I participated in asking questions of CBSG's officers, directors, and employees with questions regarding the business. Further, I reviewed our accountants work after he was able to conduct a review of CBSG.

4. CBSG answered each question, and did not hide any facts or details. They

provided me with as much information as possible, including records to support many of its responses. While reviewing the records, I did not have to rely upon CBSG's representations, as I was able to see various data points, which included default rates, interest rates, etc. for myself. CBSG's business records confirmed their representations.

5. From day one, I was also made aware by both Mr. LaForte and CBSG of Joseph LaForte's involvement, as well as his past criminal history (and convictions). Nothing was kept secret and I were fully aware of how CBSG conducted its business and who was involved in the business.

6. Since 2016, I have remained in regular communication with CBSG, its officers, directors, employees, and agents, which includes Joseph Cole Barleta a/k/a Joe Cole.

7. I reviewed the Securities and Exchange Commission's (the "Commission") Complaint against CBSG et al. and disagree with the allegations asserted therein.

8. The Commission did not spoken to me, despite their claims that they are trying to protect the public, which would include by family. The Commission also not asked whether I was aware of CBSG relationship to any of the individuals named in the Complaint or as to any disclosures were made.

9. I have reviewed the Declaration of Albert Chehebar and I agree with all representations, facts, and opinions stated therein. I thus, echo all points stated in his Declaration. I am also deeply opposed the Commission's objective to liquidate CBSG, as it will place $48 million of my family's money in jeopardy.

I declare under penalty of perjury, pursuant to 28 U.S.C. § 1746, that the foregoing is true and correct, to the best of my knowledge, information and belief.

Dated: July 30, 2020

____
Isaac Chehebar

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. COMPLETE BUSINESS SOLUTIONS GROUP, INC. d/b/a PAR FUNDING, *et al.*, Defendants.	Civil Action No. 20-cv-81205-RAR

DECLARATION OF ALBERT CHEHEBAR

I, Albert Chehebar, being duly sworn according to law, hereby jointly depose and say:

1. I am Albert Chebar, a lender to Complete Business Solutions Group, Inc. d/b/a Par Funding ("CBSG"), and I am over 18 years of age. I have personal knowledge of the following facts, and if called to testify as a witness, I would testify competently as to the following facts.

2. My family, which includes Isaac Shehebar, Ezra Shehebar, Ezra Chehebar, Michael Chehebar, Josef Chehebar Gabriel Chehebar, and our foundation, JENJ Foundation, have jointly loaned a total of $48 million with CBSG.

3. In 2016, I first became aware of CBSG and around that time, I was introduced to Joseph LaForte.

4. After considering loaning CBSG money for its business, I wanted a complete review of all CBSG's financials and documents done to ensure our loan. My family hired an accountant who was afforded with the ability to do a complete and independent review of the company. CBSG fully opened its books and records, including all of its financial information,

and cooperated completely with our accountant's review. Additionally, CBSG made its officers, directors, and employees available to answer all of our questions.

5. In fact, CBSG answered each question, and did not hide any facts or details. They provided us with as much information as possible, including records to support many of its responses. While reviewing the records, I did not have to rely upon CBSG's representations, as I was able to see various data points, which included default rates, interest rates, etc. for my self. However, the business records confirm the representations made by CBSG.

6. From day one, both Mr. LaForte and CBSG fully disclosed Joseph LaForte's involvement, as well as his past criminal history (and convictions). Nothing was kept secret and I were fully aware of how CBSG conducted its business and who was involved in the business.

7. Such information could also be learned from doing a simple google search on either the company or Mr. LaForte.

8. I also understood that this was an investment in a company that was in the Merchant Cash Advance ("MCA") industry.

9. Further, I was not told otherwise by CBSG or made to believe otherwise by any of its officers, directors, agents, or employees.

10. In 2016, my family investment started with smaller loans to CBSG.

11. As a result of each and every loan being paid in full and as promised, without any issues, my family increased its loans to CBSG.

12. Since the inception of our loan, I have remained in regular communication with CBSG, its officers, directors, employees, and agents. Specifically, I have remained in close communication with Joseph Cole Barleta a/k/a Joe Cole.

13. From 2016 through February 2020, CBSG made every payment due and owed to us. Because of the COVID-19 pandemic, certain payments were missed. However, timely payments resumed again in June 2020 and I was kept informed regarding the reason for the missed payments.

14. Each and every question I asked to CBSG, including during the COVID-19 pandemic, was answered and I was provided any documentation I requested to review.

15. As I was aware of the risk in the MCA industry, it was no surprise that the economic downturn caused by the COVID-19 pandemic effected CBSG's business. However, there were no misrepresentations and I found the company to be open an honest with what was going on.

16. I have reviewed the Securities and Exchange Commission's (the "Commission") Complaint against CBSG et al. and disagree with the representations, allegations and facts asserted therein by the Commission.

17. The Commission has not spoken to myself or anyone in my family, despite their claims that they are trying to protect us. They have also not asked whether I was aware of CBSG relationship to any of the individuals named in the Complaint. I was not asked about what disclosures were made, such as to my family or myself.

18. I deeply oppose the Commission's objective to liquidate CBSG, as it will place our $48,000,000.00 loan in substantial jeopardy.

19. I wish to tell this Court not to allow the Commission to shut down this business, as it should be considering my family, who would be drastically effected. Liquidation of the company, caused by the Commission, is not in the public's best interest.

I declare under penalty of perjury, pursuant to 28 U.S.C. § 1746, that the foregoing is true and correct, to the best of my knowledge, information and belief.

Dated: July 30, 2020

____

Albert Chehebar

Exhibit "3"

From: Joe Cole <joecole@parfunding.com>
Sent: Friday, December 09, 2016 3:01 PM EST
To: JoJo Chehebar <jojo@chehebar.com>; isaac@skiva.com <isaac@skiva.com>
Subject: Par Funding Weekly Cash Summary - 12/09/16

Good afternoon,

We heard that Chuck unfortunately had a death in his family today and is out of the office.

I wanted to make sure you guys still received the weekly report from us and have copied the numbers for today below.

Let me know if you have any questions.

I wish Chuck's family strength during this time of great loss.

Par Funding Weekly Cash Summary - 12/09/16

Cash Accounts:	$	1,932,382.90
ACH Reserve:	$	1,269,375.57
Outstanding Checks:	$	(18,501.15)
Deals Pending:	$	(4,223,184.63)
Credit Cards:	$	(14,307.00)
Accounts Receivable:	$	55,470,454.09
YTD Bad Debt:	$	5,165,191.94
Total:	**$**	**59,581,411.72**
Deposits This Week:	$	1,909,866.53
Projected Deposits:	$	1,649,332.40
Deposits Needed:	**$**	**(260,534.13)**
Funded This Week:	$	2,568,508.35
Projected New Funding:	$	1,840,416.67
New Funding Needed:	**$**	**(728,091.68)**
Returned Payments This Week:	$	(30,795.52)
Recovered Returned Payments:	$	20,213.28
Net Returned Payments:	**$**	**(10,582.24)**
Projected Returned Payments:	$	(82,466.62)
Returned Payment Difference:	**$**	**(71,884.38)**
Recovery Percentage:		**65.6%**

Joe Cole
CFO
PAR FUNDING
141 N 2^{nd} St
Philadelphia, PA 19106
Office 1: 215.613.4126
Office 2: 215.922.2636 x106
Cell: 949.232.2463

Exhibit "4"

+19176220900

Hey joe chuck just came to me with news that your really upset with us I wanna tell you that our name is our number one priority what we do together stays together and as you know this is not our business and we don't know this business and we wanna keep it that way you do a great job and we trust you as a brother and i truly felt that this was reciprocal. there is NOTHING we will do that will hurt your business. we had no agenda visiting you only Friday other than to see you have a cigar and see how our largest investment is going. Please believe in us as we believe in you and give us the benefit of the doubt because what I am telling you is the absolute truth

Status: Read

Read: 9/12/2018 11:32:54 AM(UTC-4)

9/12/2018 11:32:44 AM(UTC-4)

+19176220900

Sorry didn't mention this is Eddie Chehebar

Status: Read

Read: 9/12/2018 11:33:00 AM(UTC-4)

9/12/2018 11:33:00 AM(UTC-4)

+12157769338

Thanks for the message Eddie. We are good. Just left work. Sorry didn't call you. Very busy. Closed 27 deals today.

Status: Sent

Delivered: 9/12/2018 9:21:46 PM(UTC-4)

Read: 9/13/2018 7:13:12 AM(UTC-4)

9/12/2018 9:21:46 PM(UTC-4)

+19176220900

if u ever need anything u can always call me

Status: Read

Read: 9/13/2018 9:22:52 AM(UTC-4)

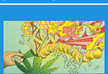
9/13/2018 9:22:39 AM(UTC-4)

+19176220900

https://www.wsj.com/articles/prepare-for-a-wave-of-cannabis-productsbeyond-cbd-1540479300

Attachments:

Size: 3894
File name: 5DA291D2-D186-45F2-AC8C-9ECB67DC96B7.pluginPayloadAttachment
5DA291D2-D186-45F2-AC8C-9ECB67DC96B7.pluginPayloadAttachment



Size: 138143
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Status: Read

Read: 12/19/2018 5:25:28 PM(UTC-5)

12/19/2018 5:25:10 PM(UTC-5)

+19176220900

Joe it's Eddie Chehebar give me a call when u have a chance

Status: Read

Read: 12/27/2018 3:21:44 PM(UTC-5)

12/27/2018 3:19:29 PM(UTC-5)

+12157769338

5 mins pal

Status: Sent

Delivered: 12/27/2018 3:22:03 PM(UTC-5)

Read: 12/27/2018 3:32:18 PM(UTC-5)

12/27/2018 3:22:03 PM(UTC-5)

+19176220900

He fine as orig first in first out

Status: Read

Read: 12/27/2018 3:33:02 PM(UTC-5)

12/27/2018 3:32:49 PM(UTC-5)

+12157769338

Cool

Status: Sent

Delivered: 12/27/2018 3:33:13 PM(UTC-5)

Read: 12/27/2018 3:34:30 PM(UTC-5)

12/27/2018 3:33:12 PM(UTC-5)

+19176220900

Bring in a food safety consultant to get your soup and compliance documents in order. Hire a consultant that is familiar with cgmp certification as you will want them to get you through that process.

Status: Read

Read: 12/27/2018 4:21:13 PM(UTC-5)

12/27/2018 4:21:01 PM(UTC-5)

+12157769338

I agree. I am moving one of my most loyal and capable men to work in the warehouse. He is resourceful and loyal. I got it under control

Status: Sent

Delivered: 12/27/2018 4:22:17 PM(UTC-5)

Read: 12/27/2018 4:22:18 PM(UTC-5)

12/27/2018 4:22:17 PM(UTC-5)

+19176220900

https://www.keystonecannaproducts.com/hempindustryconsulting.html

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Status: Read

Read: 12/28/2018 9:06:07 AM(UTC-5)

12/27/2018 6:03:02 PM(UTC-5)

+19176220900

Attachments:

Size: 196
File name: Andrew Follet Jr.vcf
Andrew Follet Jr.vcf

Status: Read

Read: 12/28/2018 9:06:07 AM(UTC-5)

12/27/2018 6:04:22 PM(UTC-5)

+19176220900

Tell him your with Ezra Chehebar already paid first hour and only used 20 min

Status: Read

Read: 12/28/2018 9:06:07 AM(UTC-5)

12/27/2018 6:05:13 PM(UTC-5)

+12157769338

Spoke to consultant. Very knowledgeable. Eric was on same page

Status: Sent

Delivered: 12/28/2018 2:26:42 PM(UTC-5)

Read: 12/28/2018 2:41:55 PM(UTC-5)

12/28/2018 2:26:42 PM(UTC-5)

+19176220900

Nice

Status: Read

Read: 1/15/2019 7:26:43 PM(UTC-5)

12/28/2018 2:42:01 PM(UTC-5)

+19176220900

We can get the name absolutecbd.com $2300 do you like??

Status: Read

Read: 1/15/2019 7:26:43 PM(UTC-5)

1/15/2019 7:02:11 PM(UTC-5)

+19176220900

Primecbd is taken

Status: Read

Read: 1/15/2019 7:26:43 PM(UTC-5)

1/15/2019 7:02:27 PM(UTC-5)

+12157769338

What are we going to market it for the foods. ?

Status: Sent

Delivered: 1/15/2019 7:38:48 PM(UTC-5)

Read: 1/15/2019 8:40:45 PM(UTC-5)

1/15/2019 7:38:47 PM(UTC-5)

+19176220900

Whatever we decide later

Status: Read

Read: 1/16/2019 12:02:09 AM(UTC-5)

1/15/2019 8:41:10 PM(UTC-5)

+12157769338

Love it

Status: Sent

Delivered: 1/16/2019 12:02:27 AM(UTC-5)

Read: 1/16/2019 4:10:39 AM(UTC-5)

1/16/2019 12:02:27 AM(UTC-5)

+19176220900

Attachments:

Size: 1584807
File name: IMG_1390.jpeg
IMG_1390.jpeg

Status: Read
Read: 6/21/2019 3:05:38 PM(UTC-4)

6/21/2019 3:01:10 PM(UTC-4)

+12157769338

What’s this my man

Status: Sent
Delivered: 6/21/2019 3:06:06 PM(UTC-4)
Read: 6/21/2019 3:39:06 PM(UTC-4)

6/21/2019 3:06:06 PM(UTC-4)

+19176220900

My daughters engagement party

Status: Read
Read: 6/21/2019 3:39:25 PM(UTC-4)

6/21/2019 3:39:17 PM(UTC-4)

+12157769338

Did u get a chance to speak to chuck

Status: Sent
Delivered: 9/12/2019 6:04:57 PM(UTC-4)
Read: 9/12/2019 6:05:18 PM(UTC-4)

9/12/2019 6:04:57 PM(UTC-4)

+19176220900

Yes in the car will call you little later if it's ok

Status: Read
Read: 9/12/2019 6:05:42 PM(UTC-4)

9/12/2019 6:05:40 PM(UTC-4)

+12157769338

Ok

Status: Sent
Delivered: 9/12/2019 6:05:51 PM(UTC-4)
Read: 9/12/2019 6:07:56 PM(UTC-4)

9/12/2019 6:05:50 PM(UTC-4)

+19176220900

Joe what's your home address (want to send you an invitation)

Status: Read
Read: 9/25/2019 12:27:20 PM(UTC-4)

9/25/2019 12:21:37 PM(UTC-4)

+12157769338

Send to office. 20 n 3rd st. Philadelphia pa. 19106. Thanks my man

Status: Sent
Delivered: 9/25/2019 12:28:14 PM(UTC-4)
Read: 9/25/2019 12:39:34 PM(UTC-4)

9/25/2019 12:28:14 PM(UTC-4)

+19176220900

Kk

Status: Read
Read: 9/25/2019 12:58:53 PM(UTC-4)

9/25/2019 12:39:37 PM(UTC-4)

+19176220900

Joe Macki
20 N 3rd St
Philadelphia, PA 19106
United States

Status: Read
Read: 9/25/2019 12:58:53 PM(UTC-4)

9/25/2019 12:58:23 PM(UTC-4)

+19176220900

Or is it Joe Mack?

Status: Read
Read: 9/25/2019 12:58:53 PM(UTC-4)

9/25/2019 12:58:48 PM(UTC-4)

+12157769338

That's my sales name. Joseph LaForte. And my wife is Lisa

Status: Sent
Delivered: 9/25/2019 12:59:38 PM(UTC-4)
Read: 9/25/2019 12:59:41 PM(UTC-4)

9/25/2019 12:59:36 PM(UTC-4)

+19176220900

Kk thanks

Status: Read
Read: 9/26/2019 11:47:55 AM(UTC-4)

9/25/2019 12:59:51 PM(UTC-4)

+19176220900

My daughter just told me about your special wedding gift I wanna personally thank you and Anthony for the gift they really appreciate it really love you guys like family Anthony told me you were busy in the office I understand n definitely know the feeling.

Status: Read
Read: 11/16/2019 6:51:20 PM(UTC-5)

11/16/2019 6:51:00 PM(UTC-5)

+12157769338

All the best to your family. I consider you a brother.

Status: Sent

Delivered: 11/16/2019 6:51:58 PM(UTC-5)

Read: 11/16/2019 7:03:13 PM(UTC-5)

11/16/2019 6:51:57 PM(UTC-5)

+19176220900

Thanks

Status: Read

Read: 11/16/2019 7:17:16 PM(UTC-5)

11/16/2019 7:03:21 PM(UTC-5)

+12157769338

https://www.forbes.com/sites/forbesbusinessdevelopmentcouncil/2019/11/18/what-about-the-sales-deals-you-didnt-close-lessons-learned-from-20-years-of-rejection/

Attachments:

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8E0B15AE-2864-47B1-BB09-B7E1BBDC3CD7.pluginPayloadAttachment

Size: 28976
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Status: Sent

Delivered: 11/18/2019 11:49:26 PM(UTC-5)

Read: 11/18/2019 11:49:49 PM(UTC-5)

11/18/2019 11:49:24 PM(UTC-5)

+19176220900

That's a nice article you wrote that?

Status: Read

Read: 11/19/2019 9:57:42 AM(UTC-5)

11/19/2019 8:52:15 AM(UTC-5)

+19176220900

Wow there a few articles you wrote didn't know you were on the Forbes council

Status: Read

Read: 11/19/2019 9:57:42 AM(UTC-5)

11/19/2019 8:55:11 AM(UTC-5)

+12157769338

Thanks pal

Status: Sent

Delivered: 11/19/2019 9:57:46 AM(UTC-5)

Read: 11/19/2019 10:11:59 AM(UTC-5)

11/19/2019 9:57:46 AM(UTC-5)

+19176220900

Joe when do you want to set the meeting up and so you want us to come down or should we do web meeting??

Status: Read

Read: 3/16/2020 6:27:54 PM(UTC-4)

3/16/2020 6:12:40 PM(UTC-4)

+12157769338

We can do a web meeting. That works

Status: Sent

Delivered: 3/16/2020 6:28:17 PM(UTC-4)

3/16/2020 6:28:17 PM(UTC-4)

+19176220900

So tell us a time that we all can meet

Status: Read

Read: 3/16/2020 8:36:34 PM(UTC-4)

3/16/2020 6:44:09 PM(UTC-4)

+12157769338

Ok. I will set it up. I am dealing with a lot of customers now that are closed down. I will get w Anthony to set up a time

Status: Sent

Delivered: 3/16/2020 8:37:24 PM(UTC-4)

3/16/2020 8:37:22 PM(UTC-4)

+19176220900

Understand will deal w Anthony to set it up

Status: Read

Read: 3/16/2020 9:33:35 PM(UTC-4)

3/16/2020 8:57:51 PM(UTC-4)

+12157769338

I will work on it tomorrow to get it set up

Status: Sent

Delivered: 3/16/2020 9:33:57 PM(UTC-4)

3/16/2020 9:33:57 PM(UTC-4)

+19176220900

Kk

Status: Read

Read: 3/16/2020 9:34:06 PM(UTC-4)

3/16/2020 9:34:06 PM(UTC-4)

+19176220900

https://nypost.com/2020/05/21/scientists-believe-cannabis-could-help-prevent-treat-coronavirus/

Attachments:

Size: 3056
File name: 2557C9DF-6CDE-4080-B3E5-87117BF87833.pluginPayloadAttachment
2557C9DF-6CDE-4080-B3E5-87117BF87833.pluginPayloadAttachment

Status: Read
Read: 5/24/2020 12:36:35 PM(UTC-4)

5/24/2020 7:27:37 AM(UTC-4)

+12157769338

This is big

Status: Sent
Delivered: 5/24/2020 3:45:23 PM(UTC-4)

5/24/2020 3:45:23 PM(UTC-4)

+12157769338

Where are the foundations

Status: Sent
Delivered: 5/24/2020 3:48:41 PM(UTC-4)

5/24/2020 3:48:41 PM(UTC-4)

+12157769338

Wrong text

Status: Sent
Delivered: 5/24/2020 3:48:55 PM(UTC-4)

5/24/2020 3:48:55 PM(UTC-4)

Exhibit “5”

Summary of Amounts Received by the Chehebar Investors (Excluding "Profit Sharing")

Claim No.	Chehebar Note Holders	Outstanding Principal	Amounts Returned	Net Investment
544	Albert Chehebar	$ 15,500,000.00	$ 9,365,521.00	$6,134,479.00
500	Cherie Chehebar (Eddie)	$ 150,000.00	$ 113,750.00	$36,250.00
502	Ezra Chehebar (Eddie)	$ 2,500,000.00	$ 1,080,990.00	$1,419,010.00
477	Ezra Shehebar LLC (Zudy)	$ 1,600,000.00	$ 1,068,333.00	$531,667.00
478	GEMJ Chehebar (Jojo)	$ 4,400,000.00	$ 2,957,322.00	$1,442,678.00
409	Isaac Bennet Sales	$ 2,000,000.00	$ 800,000.00	$1,200,000.00
483+410	Isaac Shehebar	$ 15,000,000.00	$ 10,147,476.00	$4,852,524.00
484	Josef Chehebar (Jojo)	$ 2,200,000.00	$ 1,655,833.00	$544,167.00
499	Joyce Chehebar (Eddie)	$ 225,000.00	$ 156,562.00	$68,438.00
476	Michael Chehebar	$ 3,000,000.00	$ 1,139,792.00	$1,860,208.00
501	Steven Chehebar (Eddie)	$ 70,000.00	$ 48,708.00	$21,292.00
	Subtotal - Chehbar Note Holders	**$ 46,645,000.00**	**$ 28,534,287.00**	**$ 18,110,713.00**

Exhibit "6"

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v. **CASE NO.: 20-cv-81205-RAR**

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

Defendants.

______________________________________/

DECLARATION OF JAMES KLENK

Pursuant to 28 U.S.C. Section 1746, the undersigned states as follows:

1. My name is James Klenk. I am over twenty-one years of age and have personal knowledge of the matters set forth in this Declaration.

2. I began work at Full Spectrum Processing ("Full Spectrum") in February 2018 and was the Controller of Full Spectrum from February 2018 until no earlier than July 28, 2020.

3. As Controller, I worked on all accounting-related activities for Full Spectrum and Complete Business Solutions Group ("CBSG"), and reported to CFO Joseph Cole Barleta ("Cole"). I am a Certified Public Accountant.

4. Based on my work as Controller, I am familiar with the salaries, payments, money transfers, and agreements pursuant to which money transfers and payments were made.

5. Each year since about 2018, Full Spectrum paid Cole an annual salary of about $94,000.

6. Perry Abbonizio's ("Abbonizio") job at CBSG was to raise investor money to fund the merchant cash advances CBSG made to businesses.

7. Each quarter, CBSG would transfer out an amount equal to 10 percent of the total CBSG had funded in merchant cash advances during that time period, including companies owned by Cole, Abbonizio, and Lisa McElhone and/or The LME 2017 Family Trust.

8. For example, in the fourth quarter of 2019, CBSG paid $98 million to small businesses in merchant cash advances and transferred $9.8 million (10%) to companies.

9. From at least 2017 until June 2019, CBSG paid Cole's company Beta Abigail. From July 2019 until the CBSG bank accounts were frozen in July 2020, CBSG paid Cole's company ALB Consulting.

10. From at least 2017 until the CBSG bank accounts were frozen in July 2020, CBSG paid Abbonizio's company New Field Ventures.

11. From at least 2017 until June 2018, CBSG paid Heritage Business Consulting. From about July 2018 until CBSG's bank accounts were frozen, CBSG paid Eagle Six Corporation.

12. Of the 10% funded to merchants in the MCAs, CBSG paid: (i) Heritage Business Consulting 64% until June 2018 and paid Eagle Six 64%-71% from July 2019 until the Receiver was appointed; (ii) New Field Ventures 15%; and (iii) Beta Abigail or ALB Management 10%.[1]

13. For 2019, CBSG had about $36 million in what CBSG had deemed bad debt expense.

14. According to the draft 2019 trial balance I had access to when I worked at CBSG, investors were owed approximately $345 million. A draft June 2020 trial balance of the creditor/investor notes showed about $355 million. However, these were draft figures and had not been reconciled [2]

15. CBSG also paid 5% commissions to Recruiting and Marketing Resources on the MCA deals they provided to CBSG. This company is owned by The LME 2017 Family Trust.

16. As Controller, I am also a contact with CBSG's outside auditors. The last year CBSG had an audited financial statement was for the year ending 2017. It was done by the firm Friedman, LLC. Friedman, LLC initially provided CBSG with an unqualified audit report, and a true and correct copy is attached as Exhibit A. Joseph LaForte disagreed with this financial statement and demanded that the Friedman, LLC firm not include the default/bad rate allowance in the audited financial statement. Thereafter, Friedman, LLC provided a second audit report consistent with what LaForte directed. This second audit report has an adverse opinion and a true a correct copy is attached as Exhibit B. I am aware of these facts because I participated in and/or was otherwise advised of these facts in connection with my work as Controller for CBSG.

17. In November 2019, Aida Lau stopped working from the CBSG office where the accountants work and began working in the CBSG office where Joseph LaForte has his office. Since that time, she worked as the accounting liaison to Joseph LaForte to assist him and to help with customer payment and receipt tracking.

I declare under penalty of perjury that the foregoing is true, correct, and made in good faith.

Executed this _17_ day of August 2020.

James Klenk

[1] CBSG also paid Lindsay Blake 7.5%, GEMJ CHehebar Grat. LLC 2.1875%, and Isaac Chehebar 1.3125% of the amount equal to 10% of the total CBSG funded in MCAs.

[2] I am without knowledge of any additional amount investors who bought promissory notes in ABetterFinancialPlan, Fidelis Financial Planning, and Retirement Evolution are owed.

**COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE**

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

AND

INDEPENDENT AUDITORS' REPORT

EXHIBIT

A

**COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE**

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FRIEDMAN LLP®

ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder
Complete Business Solutions Group, Inc.

We have audited the accompanying consolidated financial statements of Complete Business Solutions Group, Inc. and Affiliate (the "Company") which comprise the consolidated balance sheet as of December 31, 2017, and the related consolidated statements of operations, changes in equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Complete Business Solutions Group, Inc. and Affiliate as of December 31, 2017, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

COMPLETE BUSINESS SOLUTIONS GROUP, INC. AND AFFILIATE

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2017

ASSETS		
Cash (amounts related to variable interest entity of $55)	$	10,220,718
Advances receivable, net		118,169,907
Due from related parties		2,544,459
Property and equipment - at cost, less accumulated depreciation and amortization (amounts related to variable interest entity of $106,575)		140,328
Deferred taxes		3,917,034
Total assets	$	134,992,446
LIABILITIES AND STOCKHOLDER'S EQUITY		
Accounts payable (amounts related to variable interest entity of $1,434)	$	64,790
Accrued expenses		2,645,537
Accrued consulting fees		10,631,074
Due to related party		240,678
Note payable, related party		1,355,000
Investor loans payable, net of unamortized debt issuance costs of $1,323,767		94,383,808
Deferred revenue		20,765,991
Accrued income taxes		2,428,912
Total liabilities		132,515,790
Commitments and contingencies		
Stockholder's equity		
Common stock, $0 par value, 1,500 shares authorized, issued, and outstanding		-
Retained earnings		2,500,767
Total Complete Business Solutions Group, Inc. stockholder's equity		2,500,767
Non-controlling interest		(24,111)
Total stockholder's equity		2,476,656
Total liabilities and stockholder's equity	$	134,992,446

See notes to consolidated financial statements.

COMPLETE BUSINESS SOLUTIONS GROUP, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2017

Net revenues	
Factoring fees, net	$ 60,586,745
Program fees	1,837,702
Processing fees	758,367
	63,182,814
Operating expenses	
Consulting expense	33,115,219
Provision for credit losses, net of recoveries	20,293,950
Selling, general and administrative expenses	4,263,019
	57,672,188
Income from operations	5,510,626
Other income (expense)	
Interest expense	(13,737,951)
	(13,737,951)
Net loss before income taxes	(8,227,325)
Income tax benefit	1,532,222
Net loss	(6,695,103)
Net loss attributable to non-controlling interest	(24,111)
Net loss atrributable to Complete Business Solutions Group, Inc.	$ (6,670,992)

See notes to consolidated financial statements.

COMPLETE BUSINESS SOLUTIONS GROUP, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Common Stock			Non-Controlling	Total
	Shares	Amount	Retained Earnings	Interest	Equity
Balance at December 31, 2016	1,500	$ -	$ 9,171,759	$ -	$ 9,171,759
Net loss	-	-	(6,670,992)	(24,111)	(6,695,103)
Balance at December 31, 2017	1,500	$ -	$ 2,500,767	$ (24,111)	$ 2,476,656

See notes to consolidated financial statements.

COMPLETE BUSINESS SOLUTIONS GROUP, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

Cash flows from operating activities	
Net loss	$ (6,695,103)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	36,690
Amortization of debt issuance costs	1,338,009
Amortization of contract acquisition costs	6,022,587
Payments on contract acquisition costs	(6,538,464)
Provision for credit losses, net of recoveries	20,293,950
Deferred income taxes	(4,029,454)
Changes in assets and liabilities:	
Fundings of advances receivable	(191,099,431)
Repayments of advances receivable	95,739,293
Accounts payable	47,935
Accrued expenses	2,193,000
Accrued consulting fees	7,066,598
Deferred revenue	14,464,290
Accrued income taxes	2,428,912
Net cash used in operating activities	(58,731,188)
Cash flows from investing activities	
Advances to related parties	(6,455,457)
Repayments from related parties	5,039,469
Net cash used in investing activities	(1,415,988)
Cash flows from financing activities	
Borrowings from note payable, related party	1,817,731
Repayments of note payable, related party	(2,067,395)
Borrowings from investor loans payable	88,990,275
Repayments of investor loans payable	(18,627,250)
Payments for debt issuance costs	(2,016,070)
Net cash provided by financing activities	68,097,291
Net increase in cash	7,950,115
Cash, beginning of year	2,270,603
Cash, end of year	$ 10,220,718
Supplemental cash flow disclosures	
Interest paid	$ 10,705,942
Taxes paid	$ 68,321

See notes to consolidated financial statements.

**COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Complete Business Solutions Group, Inc. ("CBSG") was incorporated on October 20, 2011 under the laws of the State of Delaware. CBSG is wholly owned by LME 2017 Family Trust ("LME"). CBSG provides financing for small and medium size businesses in the form of factoring advances. Factoring advances provide working capital to its clients through CBSG's purchase of a portion of the future income stream of a client at a discount. Repayments of the factoring advances by clients are mainly in the form of daily ACH withdrawals by CBSG.

Full Spectrum Processing ("FSP") was incorporated on November 21, 2016 under the laws of the State of Pennsylvania. FSP, which shares common ownership with CBSG, and is a servicing entity that provides employees and back office support to CBSG.

Liquidity

During the year ended December 31, 2017, the Company, as defined in Principles of Consolidation below, incurred a net loss of approximately $6.7 million, had a cash flow deficit from operations of approximately $58.7 million and generated cash flows from financing activities of approximately $68.1 million. Due to continued growth, the Company expects to have continuing operating cash flow deficits through 2019. Management plans to improve the Company's liquidity through a reduction of the Company's cost of investor capital in 2018 and 2019, by reducing the fixed interest rate on investor debt upon renewal, as well as change the payment frequency of interest from monthly to quarterly to help preserve cash resources. Also, management believes the Company has sufficient cash resources to fund the operating activity deficits and the Company's ownership has the ability to eliminate or reduce consulting payments to affiliates and, if necessary, committed to contribute additional funds to sustain operations. However, management can provide no assurance that its plans will be successful.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of CBSG and FSP (collectively, the "Company"). All significant intercompany balances and transactions have been eliminated in consolidation.

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Variable Interest Entities

In accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 810, the Company considers FSP to be a Variable Interest Entity ("VIE"). Under the consolidation guidance, the Company must make an evaluation of this entity to determine if it meets the definition of a VIE.

Generally, a VIE is an entity with one or more of the following characteristics: (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support; (b) as a group, the holders of the equity investment at risk lack (i) the ability to make decisions about an entity's activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; or (c) the equity investors have voting rights that are not proportional to their economic interests and substantially all of the entity's activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights.

Management has determined that FSP is a variable interest entity, as CBSG and its owner have the power to direct and control the activities, as well as share in the benefits and losses of FSP. As noted above, this entity is consolidated as CBSG is the primary beneficiary. Equity of the VIE is represented as a noncontrolling interest in the accompanying consolidated financial statements. Management does not believe there are any material risks related to the relationship. See Note 6 for further detail.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The actual results could differ from those estimates.

Cash and Concentrations of Credit Risk

For purposes of the consolidated statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. As of December 31, 2017 the Company had no cash equivalents. Cash balances in banks are insured by the Federal Deposit Insurance Corporation subject to certain limitations. The Company's cash balances in financial institutions at times may exceed federally insured limits. The Company has not experienced any losses in such accounts, and management believes they are not exposed to any significant risk relating to cash balances.

1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advances Receivable

Advances receivable are recorded when advances are made and are stated at the amount advanced, net of any participation interest sold, plus the Company's unearned fee, plus unamortized contract acquisition costs, and net of the provision for credit losses. The Company's unearned fee included in advances receivable with a corresponding credit to deferred revenue was $20,765,991 at December 31, 2017. Generally the repayment terms of the factoring advances are 100-200 days, but the terms vary by customer to be longer or shorter in length.

The Company defers direct costs incurred in connection with factoring advance originations. Contract acquisition costs are incurred with related parties and third party subcontractors. Eligible costs for deferral include all incremental commissions as a result of originating factoring advances or acquiring new customers and underwriting costs. Contract acquisition costs are deferred and amortized over the term of the related advances. Amortization expense for the year ended December 31, 2017 was $6,022,587, and is reported as a reduction of factoring fee revenues.

The Company offers a consolidation product in which it funds a customer in installments, releasing a portion of the advance upfront with the remaining balance being released over a specified period. The Company records advances receivable net of the Company's future commitment and related unearned fee under consolidation deals on the consolidated balance sheet. The future commitments on consolidation deals and related unearned fee totaled $37,721,389 at December 31, 2017.

The Company services some of its contracts in conjunction with syndicate partners. The Company sells back a participation interest in the factoring advances to the syndicate partners. For these arrangements, gains or losses on the sale of the participation interest are not material as the carrying amount of the participation interest sold approximates the fair value at time of transfer. The syndicate partners have no recourse against the Company related to their interests for failure of debtors to pay when due. The syndicate partners' interests have the same priority to the interest held by the Company and are subject to the same risks as compared to the Company. Advance receivable of the syndicate partners that are being serviced by the Company totaled $6,907,237 as of December 31, 2017. Some of the Company's syndicate partners are related parties of the Company. Refer to Note 6 for related party detail.

1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advances Receivable (Continued)
The Company performs ongoing evaluations of its open advances receivable and provides a provision for credit losses based on management's evaluation of the collectability of the receivable portfolio and trends in historical loss experience. Management believes that the provision is sufficient to cover all credit losses in the factoring advances receivable portfolio.

The Company writes off advances receivable against the provision for credit losses when they become significantly past due (typically after six weeks of missed payments) and are deemed uncollectable by management. The Company charges additional fees for non payment and will stop accruing additional fees once additional fees adds up to be 10% of the outstanding balance.

Property and Equipment
Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 7 years. Leasehold improvements are amortized over the estimated useful lives or the term of the lease, whichever is shorter. Upon sale or retirement of depreciable property and equipment, the cost and related accumulated depreciation or amortization are removed from the related accounts and the resulting gains or losses are reflected in income. Maintenance and repairs that neither materially add to the value of equipment nor appreciably prolong its life are charged to expense as incurred.

Debt Issuance Costs
The Company incurred debt issuance costs in connection with its investor loans. The Company has recorded the debt issuance costs as a reduction of the investor loans and amortized it as interest expense over the terms of the loans. Debt issuance costs consist of the following at December 31, 2017:

Debt issuance costs	$ 3,180,857
Less - Accumulated amortization	(1,857,090)
	$ 1,323,767

Amortization expense for the year ended December 31, 2017 was $1,338,009.

1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Company generates revenues from its factoring business. Funds are advanced to a client and recorded as advances receivable, inclusive of a deferred income component and a corresponding deferred revenue liability related to unearned factoring fees. Factoring fee revenues are fixed at the time the advances are made, recognized when earned over the expected term of the agreement, and reported net of amortization of deferred acquisition costs. Program fee and processing fee revenues are recognized when earned, amounts are deemed to be fixed or determinable and collectability are reasonably assured.

Income Taxes

The Company accounts for income taxes under the assets and liability method. This requires the Company to recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's consolidated financial statements and tax returns. In estimating future tax consequences, all expected future events are considered except for changes in the tax law or rates, other than as disclosed below.

The Tax Cuts and Jobs Act (the "Tax Act"), enacted on December 22, 2017, among other things, permanently lowered the statutory federal corporate tax rate from 35% to 21%, effective for tax years including or beginning January 1, 2018. Under the guidance of FASB ASC 740, "Income Taxes," the Company revalued its net deferred tax assets on the date of enactment based on the reduction in the overall future tax benefit expected to be realized at the lower tax rate implemented by the new legislation. Although in the normal course of business the Company is required to make estimates and assumptions for certain tax items which cannot be fully determined at period end, the Company did not identify any items for which the income tax effects of the Tax Act have not been completed as of December 31, 2017 and, therefore, considers its accounting for the tax effects of the Tax Act on its deferred tax assets and liabilities to be complete as of December 31, 2017.

The Company recognizes tax positions that meet a "more likely than not" minimum recognition threshold. The Company's income tax returns are subject to examination by the appropriate tax jurisdictions. The Company's Federal and state tax returns generally remain open for examination for the last three years. Any penalties and interest assessed by taxing authorities are included in income tax expense.

The Company's federal income tax return for the year ended December 31, 2016 is currently under review by the Internal Revenue Service ("IRS"). A final determination has not been made by the IRS as of the date of this report.

**COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)
The Company's consolidated entity, FSP, elected to be an "S" Corporation under the provisions of the Internal Revenue Code. As a result, income and losses of FSP are passed through to its stockholder for income tax purposes.

Advertising Costs
Advertising costs are expensed as incurred and totaled $100,802 for the year ended December 31, 2017.

Recent Accounting Pronouncements
In May 2014, FASB, jointly with the International Accounting Standards Board, issued a comprehensive new standard on revenue recognition from contracts with customers (ASC 606). The standard's core principle is that a reporting entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, this new guidance will require significantly expanded disclosures about revenue recognition. Provisions of this new standard are effective for annual reporting periods beginning after December 15, 2018. The Company is currently evaluating the potential effect on its consolidated financial position, results of operations and cash flows from adoption of this standard.

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842), which will be effective for reporting periods beginning after December 15, 2019. Early adoption is permitted in annual reporting periods beginning after December 15, 2016. The distinction between finance leases (previously capital leases) and operating leases is substantially similar to the distinction between capital leases and operating leases in the previous lease guidance. Lessor accounting is also largely unchanged. For lessees, leases under both categories will be reported on the balance sheet as a depreciable right-to-use asset and a liability to make lease payments. The asset and liability should be initially measured at the present value of the lease payments, including payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. The asset will be depreciated and the liability will be reduced by lease payments. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities. The Company is currently evaluating the timing of its adoption and the impact of adopting the new lease standard on its consolidated financial statements.

1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)
In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments (Topic 326). ASU 2016-13 will change the impairment model and how entities measure credit losses for most financial assets. The standard requires entities to use the new expected credit loss impairment model which will replace the incurred loss model used today.

The new guidance will be effective for annual reporting periods beginning after December 15, 2020. Early adoption is permitted, but not prior to fiscal years beginning after December 15, 2018. The Company is currently assessing the impact that the adoption of this guidance will have on its consolidated financial statements.

Subsequent Events
These consolidated financial statements were approved by management and available for issuance. Management has evaluated subsequent events through this date.

2 – ADVANCES RECEIVABLE, NET

Advances receivable, net consist of the following at December 31, 2017:

Advances receivable at contract value	$ 170,159,902
Add – Contract acquisition costs, net of accumulated amortization of $8,262,683	1,420,228
Less – Unfunded consolidation deals and related unearned fee	37,721,389
Less – Provision for credit losses	15,688,834
	$ 118,169,907

Allowance for doubtful accounts activity consist of the following for the year ended December 31, 2017:

Balance, beginning of year	$ 4,735,170
Provision for credit losses including adjustment for related deferred revenue	23,004,468
Advances written off	(12,337,567)
Recoveries of advances previously written off	286,763
Balance, end of year	$ 15,688,834

**COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 – ADVANCES RECEIVABLE, NET (Continued)

As of December 31, 2017, provision for credit losses, net of recoveries, on the consolidated statement of operations totaled $20,293,950 which includes the adjustment for related deferred revenue of $2,710,518.

Advances receivable aging at December 31, 2017 is as follows:

Originated During the Year Ended December 31,	Advances Receivable
2013	$ 136,236
2014	1,299,438
2015	1,253,891
2016	6,223,159
2017	168,154,415
Total advances receivable at contract value	$ 177,067,139
Less: Joint funding by syndicate partners serviced by the Company	6,907,237
	$ 170,159,902

The following table presents informative date of advances receivable regarding their age and fee accrual status at December 31, 2017:

		Status of Fee Accrual	
Total Past Due	Total Advance Receivables at contract value	Total Advance Receivables on Nonaccrual Status	Advance Receivable 90 Days Past Maturity Date and still accruing fees
$ 26,422,123	$ 170,159,902	$ 24,729,705	$ 957,762

3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2017:

Furniture and equipment	$ 163,222
Leasehold improvements	48,970
Computer equipment	18,748
	230,940
Less - Accumulated depreciation and amortization	(90,612)
	$ 140,328

Depreciation and amortization expense for the year ended December 31, 2017 was $36,690.

4 – INVESTOR LOANS PAYABLE

CBSG enters into non-negotiable term promissory notes with investors to fund operations and client advances, which are recorded as investor loans payable on the consolidated balance sheet. Interest on the loans is accrued based on each transaction's individual structure and payment schedule. Interest is paid based on the terms of each underlying promissory note, with interest rates ranging from 12% to 50% per year. Maturity dates on the promissory notes extend through December 2022. Accrued interest on the consolidated balance sheet is $2,146,537 at December 31, 2017 and is included in accrued expenses on the consolidated balance sheet. Interest expense was $11,965,213 at December 31, 2017.

In order to secure the loans with the investor, CBSG enters into a loan agreement with each investor whereas CBSG grants a security interest in substantially all of its assets.

The following are future maturities of the loans:

Year Ending December 31,	
2018	$ 53,044,450
2019	11,286,875
2020	2,731,250
2021	-
2022	28,645,000
	$ 95,707,575
Less: unamortized debt issuance costs	1,323,767
	$ 94,383,808

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5 – LEASE COMMITMENTS

The Company leases office facilities under various operating leases extending through December 2021. Rent expense for the year ended December 31, 2017 totaled $229,791. The future minimum rental payments under the agreements are as follows:

Year Ending December 31,	
2018	$ 363,582
2019	134,369
2020	104,856
2021	43,690
	$ 646,497

6 - RELATED PARTY TRANSACTIONS

During the year, the Company entered into numerous transactions with related parties.

<u>Consulting expenses</u>

As of December 31, 2017, consulting expense to related parties consisted of the following:

New Field Ventures, LLC	$ 2,376,731
Beta Abigail, Inc.	1,384,488
Heritage Business Consulting, Inc.	20,476,746
	$ 24,237,965

As of December 31, 2017, accrued consulting fees to related parties, which is included in accrued consulting fees on the consolidated balance sheet consisted of the following:

New Field Ventures, LLC	$ 797,331
Beta Abigail, Inc.	531,554
Heritage Business Consulting, Inc.	8,717,480
	$ 10,046,365

Heritage Business Consulting, Inc. ("HBC") is an entity affiliated to CBSG due to common ownership. Beta Abigail and New Field Ventures, LLC, Inc. are owned in part by the Company's Chief Financial Officer and Director of Investor Relations. The amount of consulting expense is based on the gross funding for the quarter, as described in the individual consulting agreements.

6 - RELATED PARTY TRANSACTIONS (Continued)

Commission expenses

For Recruiting & Marketing Resources, Inc. ("RMR"), an entity affiliated to CBSG due to common ownership, CBSG is to pay a commission to RMR in the amount of 8% of new funding amounts to clients pursuant to the independent sales organization agreement with RMR. In addition, commissions on renewal of new funding will also be paid out in the amount of 5%. Commission expense incurred to RMR during the year ended December 31, 2017 totaled $1,845,283.

Joint Funding

The Company services some of its contracts in conjunction with syndicate partners who are related parties. During the year, CBSG entered into numerous syndicate agreements with Capital Source 2000 ("CS 2000"), an entity owned in part by the Company's Chief Financial Officer, and Fast Advance Funding ("FAF"), an entity affiliated to CBSG due to common ownership, who also provides financing for small and medium size businesses in the form of factoring advances. The Company sells back a participation interest in the factoring advances to the syndicate partners. For these arrangements, gains or losses on the sale of the participation interests are not material as the carrying amount of the participation interest sold approximates the fair value at time of transfer. The syndicate partners have no recourse against the Company related to their interests for failure of debtors to pay when due.

The syndicate partners' interests have the same priority to the interest held by CBSG and are subject to the same risks as compared to CBSG. As of December 31, 2017, syndicate advances receivables that are being serviced by the Company due to CS 2000 and FAF totaled $5,081,957 and $98,287, respectively, which were excluded from advances receivable on the consolidated balance sheet. Refer to Note 10 for subsequent activity.

During the year ended December 31, 2017, FAF and CS 2000, also entered into numerous syndicate agreements with CBSG. Pursuant to these agreements, FAF and CS 2000 sells back a participation interest in the factoring advances to CBSG. For these arrangements, gains or losses on the sale of the participation interest are not material as the carrying amount of the participation interest sold approximates the fair value at time of transfer. CBSG has no recourse against FAF and CS 2000 related to their interests for failure of debtors to pay when due. Therefore, these advances receivable are due from the respective client, and not the related entities, FAF and CS 2000.

6 - RELATED PARTY TRANSACTIONS (Continued)

As of December 31, 2017, these joint funding receivables with related parties, which are included in advances receivables, consisted of the following:

CS 2000	$ 81,505
FAF	7,711,463
	$ 7,792,968

Due From Related Parties

As of December 31, 2017, notes receivable from related parties consisted of the following:

LME	$ 768,858
20 N 3rd St LLC	520,580
803 S 4th Street LLC	364
FAF	117,432
Metro Physical Medicine Group	25,000
LM Property Management	12,000
HBC	1,100,225
	$ 2,544,459

All notes are unsecured non-interest bearing and due on demand. Refer to Note 10 for subsequent activity.

Due To Related Party

During the year ended December 31, 2017, CBSG had a due to RMR, an entity affiliated to CBSG due to common ownership. The due to totaled $240,678 at December 31, 2017. Refer to Notes 8 and 10 for subsequent activity.

6 - RELATED PARTY TRANSACTIONS (Continued)

Note Payable

On July 19, 2017, the Company entered into a promissory note agreement with HBC for a total of $1,355,000. The note matures on August 19, 2018. Interest on the note accrues monthly at an annual rate of 35%. The note is accompanied by a security agreement which states CBSG grants a security interest in substantially all of its assets. Previously, the Company entered into four different promissory notes with HBC which totaled $1,355,000, bore interest at an annual rate of 35% per year and were repaid in 2017. The total note balance entered into in 2017 was still outstanding as of year-end. Accrued interest at year-end totaled $15,808 while interest expense incurred to HBC totaled $434,729 in 2017. Refer to Note 10 for subsequent activity.

Revenue

In the past, CBSG acted as a payment processor for CS 2000 as CS 2000 did not have its own ACH processor. Therefore, CBSG would collect payments on behalf of CS 2000 from CS 2000's customers and remit payment to CS 2000 at no cost. Total amount owed to CS 2000 as of December 31, 2017 is $131,250, which is included in advances receivable on the consolidated balance sheet. In the current year, CBSG would charge a fee for these services referred to as processing income at the time the advance is made to the customer. The income would be deferred over the term of the advances. For the year ended December 31, 2017, processing fee revenues totaled $758,367, while deferred revenue totaled $486,589 as of December 31, 2017.

During the year ended December 31, 2017, the Company recognized factoring fee revenue from Metro Physical Medicine Group, an entity affiliated to CBSG due to common ownership, in the amount of $72,000.

Advances Receivable

As of December 31, 2017, advances receivable included the following advances receivable from related parties:

Metro Physical Medicine Group	$ 300,000
LM Property Management	94,689
	$ 394,689

6 - RELATED PARTY TRANSACTIONS (Continued)

Rent

During the year ended December 31, 2017, FSP, leased three different office space locations from three different related parties. FSP leased office space from 205 Arch St Management LLC, 20 N 3rd St LLC, and RMR and incurred rent expense of $38,500, $18,000 and $21,000, respectively, for the year ended December 31, 2017.

7 – COMMITMENTS AND CONTINGENCIES

The Company has entered into several finder's fee agreements with outside consultants, in which consultants provide the Company the service of introducing creditors and procuring working capital in the form of a loan or other agreed upon funds to the Company. Once the principal funds are received from an investor, the Company compensates the consultant based on the terms set forth in each individual finder's fee agreement, typically a lump sum payment at an agreed upon rate. For any renewal agreements, the Company pays the finder a distribution at an agreed upon rate, typically over a twelve month period. At December 31, 2017, the Company had recorded unamortized finders' fees totaling $1,323,767, which were included in debt discount and presented net of investor loans payable on the consolidated balance sheet.

In addition to the finder's fee agreements above, on May 31, 2016, the Company entered into a finder's fee agreement with a certain finder (the "Finder"). In addition to the standard terms mentioned above, if the Company received funds in a certain specified amount from a creditor that was introduced by the Finder, and if the Company should sell all or a part of its equity, the Finder would receive warrants to purchase common shares in the Company at a pre-determined sliding scale of monies introduced by the Funder. Warrants would be issued with ten-year terms and an exercise price of $0.01 per share. As the Company has not sold all or a part of its equity, no warrants were due to the Finder as of December 31, 2017.

On January 1, 2017, the CBSG entered into an independent sales organization agreement with RMR, an entity affiliated to CBSG due to common ownership, in which RMR will provide marketing and promotional programs and assist prospective clients in completing and submitting applications to CBSG. CBSG is to pay commissions to the related party in the amount of 8% of new funding amounts pursuant to the independent sales organization agreement. In addition, commissions on renewal of new funding will also be paid out in the amount of 5%. Commissions are payable within fourteen days of funding. See Note 6 for related party transactions with RMR.

7 – COMMITMENTS AND CONTINGENCIES (Continued)

The Company has entered into multiple consulting agreements with both independent consultants and related party entities. Pursuant the agreements, the Company agreed to pay out profit participation fees in amounts stipulated in the agreements based on the gross funding of advances each quarter for the consulting services rendered. Profit participation fees are typically due within seven days of each calendar quarter. At December 31, 2017, the Company recorded $10,631,074 in accrued profit participation fees, which is included in accrued consulting fees in the consolidated balance sheet. Accrued consulting fees to related parties totaled $10,046,365 at December 31, 2017 (see Note 6 for related party transactions). Additionally, in the event of liquidity, the Company is required to make payments to the consultants based on the net proceeds of the liquidity event in lieu of the gross funding of advances at a rate equivalent to the consultants' profit participation percentage as stated in their respective consulting agreements.

On November 16, 2018, the Company entered into a settlement agreement with the Pennsylvania Department of Banking and Securities whereby the Company agreed to settle all allegations relating to the violation of the Pennsylvania Securities Act of 1972 in connection with the offer and sale of non-negotiable, non-transferable promissory notes issued by the Company during 2016 and 2017. At December 31, 2017, the Company recorded $499,000 in accrued expense on the consolidated balance sheet relating to this settlement. In order to satisfy Pennsylvania Regulatory requirements, the Company has instituted a policy that all new investor notes will be issued under private placement memorandum.

The Company, from time to time, in the normal course of business is involved in various legal proceedings. In the opinion of management, if adversely decided, none of these proceedings, individually or in the aggregate, would have a material effect on the Company's consolidated financial position or results of operations except as noted above.

8 – INVESTORS LOAN PAYABLE CONCENTRATION

At December 31, 2017, 10% of the Company's investor loans payables related to one investor and 10% of the Company's investor loans payables related to a second investor. In addition, a combined 31% of the Company's investor loans payable balance was payable to investors in the same family.

Additionally, during the year, the Company entered into consulting agreements with two members of the family above. As of December 31, 2017, the Company accrued profit participation fees to these two members in the amount of $186,044. Profit participation fees to these two members total $592,638 for the year ended December 31, 2017. See Note 7 for description of commitments related to these agreements.

9 – INCOME TAXES

Deferred taxes are recognized for temporary differences between the basis of assets and liabilities for financial statement and income tax purposes. The provision (benefit) for income taxes consists of the following as of December 31, 2017:

Current	
Federal	$ 1,787,376
State	709,858
	2,497,234
Deferred	
Federal	(2,586,614)
State	(1,442,842)
	$ (1,532,222)

The effective income tax rate differs from the statutory rate primarily due to a significant change in the federal statutory rate and changes in estimates relating to prior year tax accruals. The Tax Act enacted on December 22, 2017 reduces the federal corporate income tax rate to 21% for years beginning in 2018. A reconciliation of the Company's statutory income tax rate to the Company's effective income tax rate is as follows:

Loss at US statutory rate	34.00 %
State tax benefit	4.00
Federal - AMT	(2.16)
Statutory rate change	(18.50)
Other	2.41
	19.75 %

The tax effects of the items comprising the deferred income tax asset are as follows as of December 31, 2017:

Change in the provision for credit losses	$ 3,922,209
Other	(5,175)
Net operating loss carryforwards	1,148,618
	5,065,652
Valuation allowance	(1,148,618)
	$ 3,917,034

9 – INCOME TAXES (Continued)

The valuation allowance remains unchanged from the prior year.

As of December 31, 2017, the Company has net operating loss carryforwards (“NOLs”) for state and local purposes of approximately $ $9.5 million and $3.1 million , which begin to expire in 2034. As detailed above, it has been determined that a 100% valuation allowance related to the NOL portion of the deferred tax asset is necessary at December 31, 2017, as the future realization of the NOLs is uncertain.

10 – SUBSEQUENT EVENTS

Subsequent to December 31, 2017, distributions were made to the sole stockholder of CBSG totaling $14,300,000.

Subsequent to December 31, 2017, the Company approved and authorized 157 investor loan agreements totaling $129,728,235. Interest on the loans is accrued based on each transaction’s individual structure and payment schedule. Interest is paid based on the terms of each underlying promissory note, with interest rates ranging from 12% to 38% per year. Maturity dates on the promissory notes extend through August 2023.

The Company entered into a new promissory note with HBC, an entity under common ownership, for a total amount of $1,355,000 on July 19, 2018. The note matures on July 19, 2019 and interest on the note accrues monthly at an annual rate of 35%. Refer to Note 6 for related party detail.

Subsequent to year end, CBSG entered into numerous syndicate agreements for joint funding with CS 2000. As of December 18, 2018, CS 2000 joint funding advances receivable serviced by the Company totaled approximately $18,400,000, which are excluded from advances receivable on the consolidated balance sheet. Refer to Note 6 for related party detail.

Subsequent to year end, CBSG had an amount due to RMR, an entity affiliated to CBSG due to common ownership, of approximately $1.0 million. The note is non-interest bearing and is due on demand. Refer to Note 6 for related party detail.

Subsequent to year end, CBSG received in full the note receivables from 803 S 4th Street LLC, Metro Physical Medicine Group, and LM Property Management, entities under common ownership. Refer to Note 6 for related party detail.

10 – SUBSEQUENT EVENTS (Continued)

On July 1, 2018, the Company entered into an independent business service agreement with Eagle Six Consultants, Inc. ("ESC"), an entity affiliate to CBSG through common ownership, whereas ESC will perform the general management and executive level business operations of the day to day operations, which were previously performed by HBC. ESC will be compensated no less than $10,000,000 per annum.

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

AND

INDEPENDENT AUDITORS' REPORT

EXHIBIT

B

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE

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FRIEDMAN LLP®

ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder
Complete Business Solutions Group, Inc.

We have audited the accompanying consolidated financial statements of Complete Business Solutions Group, Inc. and Affiliate (the "Company") which comprise the consolidated balance sheet as of December 31, 2017, and the related consolidated statements of operations, changes in equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

Basis for Adverse Opinion

As more fully described in Note 1 to the consolidated financial statements, the Company has not accounted for its provision for credit losses in accordance with accounting principles generally accepted in the United States of America. In our opinion, accounting principles generally accepted in the United States of America require the Company to recognize a provision for credit losses on advances receivable in an amount equal to the estimated probable losses net of recoveries. Instead, the Company accounts for its provision for credit losses following the method used for income tax reporting purposes, and therefore only records credit losses when the advances are written off as bad debt during the year. Accordingly, no provision for estimated credit losses is recorded in the accompanying consolidated financial statements as required by accounting principles generally accepted in the United States of America. The financial effects of this departure could not be quantified.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the consolidated financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Complete Business Solutions Group, Inc. and Affiliate as of December 31, 2017, or the results of their operations or their cash flows for the year then ended.

Friedman LLP

January 18, 2019

COMPLETE BUSINESS SOLUTIONS GROUP, INC. AND AFFILIATE

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2017

ASSETS		
Cash (amounts related to variable interest entity of $55)	$	10,220,718
Advances receivable, net		133,858,741
Due from related parties		2,544,459
Property and equipment - at cost, less accumulated depreciation and amortization (amounts related to variable interest entity of $106,575)		140,328
Total assets	$	146,764,246
LIABILITIES AND STOCKHOLDER'S EQUITY		
Accounts payable (amounts related to variable interest entity of $1,434)	$	64,790
Accrued expenses		2,645,537
Accrued consulting fees		10,631,074
Due to related party		240,678
Note payable, related party		1,355,000
Investor loans payable, net of unamortized debt issuance costs of $1,323,767		94,383,808
Deferred revenue		23,171,471
Total liabilities		132,492,358
Commitments and contingencies		
Stockholder's equity		
Common stock, $0 par value, 1,500 shares authorized, issued, and outstanding		-
Retained earnings		14,295,999
Total Complete Business Solutions Group, Inc. stockholder's equity		14,295,999
Non-controlling interest		(24,111)
Total stockholder's equity		14,271,888
Total liabilities and stockholder's equity	$	146,764,246

See notes to consolidated financial statements.

COMPLETE BUSINESS SOLUTIONS GROUP, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2017

Gross revenues	
Factoring fees	$ 66,609,332
Program fees	1,837,702
Processing fees	758,367
	69,205,401
Amortization of contract acquisition costs	6,022,587
Net revenues	63,182,814
Operating expenses	
Consulting expense	33,115,219
Bad debt, net of recoveries	10,783,452
Selling, general and administrative expenses	4,263,019
	48,161,690
Income from operations	15,021,124
Other income (expense)	
Interest expense	(13,737,951)
	(13,737,951)
Net income before income taxes	1,283,173
Income tax expense	(68,321)
Net income	1,214,852
Net loss attributable to non-controlling interest	(24,111)
Net income attributable to Complete Business Solutions Group, Inc.	$ 1,238,963

See notes to consolidated financial statements.

COMPLETE BUSINESS SOLUTIONS GROUP, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Common Stock							
	Shares	Amount		Retained Earnings		Non-Controlling Interest		Total Equity
Balance at December 31, 2016	1,500	$ -	$	13,057,036	$	-	$	13,057,036
Net income (loss)	-	-		1,238,963		(24,111)		1,214,852
Balance at December 31, 2017	1,500	$ -	$	14,295,999	$	(24,111)	$	14,271,888

See notes to consolidated financial statements.

COMPLETE BUSINESS SOLUTIONS GROUP, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

Cash flows from operating activities	
Net income	$ 1,214,852
Adjustments to reconcile net income to net cash used in operating activities:	
Depreciation and amortization	36,690
Amortization of debt issuance costs	1,338,009
Amortization of contract acquisition costs	6,022,587
Payments on contract acquisition costs	(6,538,464)
Bad debt, net of recoveries	10,783,452
Changes in assets and liabilities:	
Fundings of advances receivable	(191,099,480)
Repayments of advances receivable	94,296,127
Accounts payable	47,985
Accrued expenses	2,193,000
Accrued consulting fees	7,066,598
Deferred revenue	15,907,456
Net cash used in operating activities	(58,731,188)
Cash flows from investing activities	
Advances to related parties	(6,455,457)
Repayments from related parties	5,039,469
Net cash used in investing activities	(1,415,988)
Cash flows from financing activities	
Borrowings from note payable, related party	1,817,731
Repayments of note payable, related party	(2,067,395)
Borrowings from investor loans payable	88,990,275
Repayments of investor loans payable	(18,627,250)
Payments for debt issuance costs	(2,016,070)
Net cash provided by financing activities	68,097,291
Net increase in cash	7,950,115
Cash, beginning of year	2,270,603
Cash, end of year	$ 10,220,718
Supplemental cash flow disclosures	
Interest paid	$ 10,705,942
Taxes paid	$ 68,321

See notes to consolidated financial statements.

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business
Complete Business Solutions Group, Inc. ("CBSG") was incorporated on October 20, 2011 under the laws of the State of Delaware. CBSG is wholly owned by LME 2017 Family Trust ("LME"). CBSG provides financing for small and medium size businesses in the form of factoring advances. Factoring advances provide working capital to its clients through CBSG's purchase of a portion of the future income stream of a client at a discount. Repayments of the factoring advances by clients are mainly in the form of daily ACH withdrawals by CBSG.

Full Spectrum Processing ("FSP") was incorporated on November 21, 2016 under the laws of the State of Pennsylvania. FSP, which shares common ownership with CBSG, and is a servicing entity that provides employees and back office support to CBSG.

Basis of Presentation
Except as described in "Basis for Adverse Opinion" below, the accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Principles of Consolidation
The accompanying consolidated financial statements include the accounts of CBSG and FSP (collectively, the "Company"). All significant intercompany balances and transactions have been eliminated in consolidation.

Basis for Adverse Opinion
GAAP requires a provision for credit losses on advances receivable in an amount equal to estimated probable losses. The provision is usually based on an analysis of the collectability of the receivable portfolio, historical bad debt expense, current aging analysis and expected future write-offs, as well as an assessment of specific identifiable customer accounts considered at risk or uncollectible.

The Company accounts for its allowance for credit losses following the method used for income tax reporting purposes, and therefore only records credit losses when the advances are written off as bad debt during the year. Accordingly, no provision for estimated credit losses is recorded in the accompanying consolidated financial statements. This is not in accordance with GAAP.

**COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Liquidity

During the year ended December 31, 2017, the Company incurred a cash flow deficit from operations of approximately $58.7 million and generated cash flows from financing activities of approximately $68.1 million. Due to continued growth, the Company expects to have continuing operating cash flow deficits through 2019. In addition, since a provision for credit losses was not recorded as required by GAAP (see Basis for Adverse Opinion above), the Company was unable to determine the level of working capital available.

It is management's plan in this regard to attempt to obtain additional investor loans and renew the existing investor loans at maturity. In addition, management plans to improve the Company's liquidity through a reduction of the Company's cost of investor capital, by reducing the fixed interest rate on investor debt upon renewal, as well as change the payment frequency of interest from monthly to quarterly to help preserve cash resources. Also, management believes the Company has sufficient cash resources to fund the operating activity deficits and the Company's ownership has the ability to eliminate or reduce consulting payments to affiliates, if necessary. However, management can provide no assurance that its plans will be successful.

Variable Interest Entities

In accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 810, the Company considers FSP to be a Variable Interest Entity ("VIE"). Under the consolidation guidance, the Company must make an evaluation of this entity to determine if it meets the definition of a VIE.

Generally, a VIE is an entity with one or more of the following characteristics: (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support; (b) as a group, the holders of the equity investment at risk lack (i) the ability to make decisions about an entity's activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; or (c) the equity investors have voting rights that are not proportional to their economic interests and substantially all of the entity's activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights.

Management has determined that FSP is a variable interest entity, as CBSG and its owner have the power to direct and control the activities, as well as share in the benefits and losses of FSP.

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Variable Interest Entities (Continued)
As noted above, this entity is consolidated as CBSG is the primary beneficiary. Equity of the VIE is represented as a noncontrolling interest in the accompanying consolidated financial statements. Management does not believe there are any material risks related to the relationship. See Note 6 for further detail.

Use of Estimates
The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The actual results could differ from those estimates.

Cash and Concentrations of Credit Risk
For purposes of the consolidated statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

As of December 31, 2017 the Company had no cash equivalents. Cash balances in banks are insured by the Federal Deposit Insurance Corporation subject to certain limitations. The Company's cash balances in financial institutions at times may exceed federally insured limits. The Company has not experienced any losses in such accounts, and management believes they are not exposed to any significant risk relating to cash balances.

Advances Receivable
Advances receivable are recorded when advances are made and are stated at the amount advanced, net of any participation interest sold, plus the Company's unearned fee, plus unamortized contract acquisition costs. The Company's unearned fee included in advances receivable with a corresponding credit to deferred revenue was $23,171,471 at December 31, 2017. Generally the repayment terms of the factoring advances are 100-200 days, but the terms vary by customer to be longer or shorter in length.

The Company defers direct costs incurred in connection with factoring advance originations. Contract acquisition costs are incurred with related parties and third party subcontractors. Eligible costs for deferral include all incremental commissions as a result of originating factoring advances or acquiring new customers and underwriting costs. Contract acquisition costs are deferred and amortized over the term of the related advances. Amortization expense for the year ended December 31, 2017 was $6,022,587, and is reported as a reduction of revenues.

**COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advances Receivable (continued)
The Company offers a consolidation product in which it funds a customer in installments, releasing a portion of the advance upfront with the remaining balance being released over a specified period. The Company records advances receivable net of the Company's future commitment and related unearned fee under consolidation deals on the consolidated balance sheet. The future commitments on consolidation deals and related unearned fee totaled $37,721,389 at December 31, 2017.

The Company services some of its contracts in conjunction with syndicate partners. The Company sells back a participation interest in the factoring advances to the syndicate partners. For these arrangements, gains or losses on the sale of the participation interest are not material as the carrying amount of the participation interest sold approximates the fair value at time of transfer. The syndicate partners have no recourse against the Company related to their interests for failure of debtors to pay when due. The syndicate partners' interests have the same priority to the interest held by the Company and are subject to the same risks as compared to the Company. Advance receivable of the syndicate partners that are being serviced by the Company totaled $6,907,237 as of December 31, 2017. Some of the Company's syndicate partners are related parties of the Company. Refer to Note 6 for related party detail.

The Company does not record a provision for estimated credit losses as required by GAAP. The Company writes off advances receivable as bad debt when they become significantly past due and are deemed uncollectable by management. The Company charges additional fees for non payment and will stop accruing additional fees once additional fees adds up to be 10% of the outstanding balance.

Property and Equipment
Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 7 years. Leasehold improvements are amortized over the estimated useful lives or the term of the lease, whichever is shorter. Upon sale or retirement of depreciable property and equipment, the cost and related accumulated depreciation or amortization are removed from the related accounts and the resulting gains or losses are reflected in income. Maintenance and repairs that neither materially add to the value of equipment nor appreciably prolong its life are charged to expense as incurred.

**COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Issuance Costs

The Company incurred debt issuance costs in connection with its investor loans. The Company has recorded the debt issuance costs as a reduction of the investor loans and amortized it as interest expense over the terms of the loans. Debt issuance costs consist of the following at December 31, 2017:

Debt issuance costs	$ 3,180,857
Less - Accumulated amortization	(1,857,090)
	$ 1,323,767

Amortization expense for the year ended December 31, 2017 was $1,338,009.

Revenue Recognition

The Company generates revenues from its factoring business. Funds are advanced to a client and recorded as advances receivable, inclusive of a deferred income component and a corresponding deferred revenue liability related to unearned factoring fees. Factoring fee revenues are fixed at the time the advances are made, recognized when earned over the expected term of the agreement, and reported net of amortization of deferred acquisition costs. Program fee and processing fee revenues are recognized when earned, amounts are deemed to be fixed or determinable and collectability are reasonably assured.

Income Taxes

The Company accounts for income taxes under the assets and liability method. This requires the Company to recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's consolidated financial statements and tax returns. In estimating future tax consequences, all expected future events are considered except for changes in the tax law or rates, other than as disclosed below.

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)
The Tax Cuts and Jobs Act (the "Tax Act"), enacted on December 22, 2017, among other things, permanently lowered the statutory federal corporate tax rate from 35% to 21%, effective for tax years including or beginning January 1, 2018. Under the guidance of FASB ASC 740, "Income Taxes," the Company revalued its net deferred tax assets on the date of enactment based on the reduction in the overall future tax benefit expected to be realized at the lower tax rate implemented by the new legislation. Although in the normal course of business the Company is required to make estimates and assumptions for certain tax items which cannot be fully determined at period end, the Company did not identify any items for which the income tax effects of the Tax Act have not been completed as of December 31, 2017 and, therefore, considers its accounting for the tax effects of the Tax Act on its deferred tax assets and liabilities to be complete as of December 31, 2017.

The Company recognizes tax positions that meet a "more likely than not" minimum recognition threshold. The Company's income tax returns are subject to examination by the appropriate tax jurisdictions. The Company's Federal and state tax returns generally remain open for examination for the last three years. Any penalties and interest assessed by taxing authorities are included in income tax expense.

The Company's federal income tax return for the year ended December 31, 2016 is currently under review by the Internal Revenue Service ("IRS"). A final determination has not been made by the IRS as of the date of this report.

The Company's consolidated entity, FSP, elected to be an "S" Corporation under the provisions of the Internal Revenue Code. As a result, income and losses of FSP are passed through to its stockholder for income tax purposes.

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments
Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair value. The carrying value of cash, advances receivables, accounts payable, accrued consulting and accrued expenses approximate their fair value because of the short term nature of these instruments. Management is of the opinion that the Company is not exposed to significant market or credit risks arising from these financial instruments. Due to the nature of the related party receivables and payables, it is not practicable to determine the fair values of due from related parties, due to related party and note payable, related party

Advertising Costs
Advertising costs are expensed as incurred and totaled $100,802 for the year ended December 31, 2017.

Recent Accounting Pronouncements
In May 2014, FASB, jointly with the International Accounting Standards Board, issued a comprehensive new standard on revenue recognition from contracts with customers (ASC 606). The standard's core principle is that a reporting entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, this new guidance will require significantly expanded disclosures about revenue recognition. Provisions of this new standard are effective for annual reporting periods beginning after December 15, 2018. The Company is currently evaluating the potential effect on its consolidated financial position, results of operations and cash flows from adoption of this standard.

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)
In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842), which will be effective for reporting periods beginning after December 15, 2019. Early adoption is permitted in annual reporting periods beginning after December 15, 2016. The distinction between finance leases (previously capital leases) and operating leases is substantially similar to the distinction between capital leases and operating leases in the previous lease guidance. Lessor accounting is also largely unchanged. For lessees, leases under both categories will be reported on the balance sheet as a depreciable right-to-use asset and a liability to make lease payments. The asset and liability should be initially measured at the present value of the lease payments, including payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. The asset will be depreciated and the liability will be reduced by lease payments. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities. The Company is currently evaluating the timing of its adoption and the impact of adopting the new lease standard on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments (Topic 326). ASU 2016-13 will change the impairment model and how entities measure credit losses for most financial assets. The standard requires entities to use the new expected credit loss impairment model which will replace the incurred loss model used today.

The new guidance will be effective for annual reporting periods beginning after December 15, 2020. Early adoption is permitted, but not prior to fiscal years beginning after December 15, 2018. The Company is currently assessing the impact that the adoption of this guidance will have on its consolidated financial statements.

Subsequent Events
These consolidated financial statements were approved by management and available for issuance on January 18, 2019. Management has evaluated subsequent events through this date.

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 – ADVANCES RECEIVABLE, NET

Advances receivable, net consist of the following at December 31, 2017:

Advances receivable at contract value	$ 170,159,902
Add – Contract acquisition costs, net of accumulated amortization of $8,262,683	1,420,228
Less – Unfunded consolidation deals and related unearned fee	37,721,389
	$ 133,858,741

For the year ended December 31, 2017, bad debt, net of recoveries, on the consolidated statement of operations totaled $10,783,452.

Advances receivable aging at December 31, 2017 is as follows:

Originated During the Year Ended December 31,	Advances Receivable
2013	$ 136,236
2014	1,299,438
2015	1,253,891
2016	6,223,159
2017	168,154,415
Total advances receivable at contract value	$ 177,067,139
Less: Joint funding by syndicate partners serviced by the Company	6,907,237
	$ 170,159,902

**COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 – ADVANCES RECEIVABLE, NET (Continued)

The following table presents informative date of advances receivable regarding their age and fee accrual status at December 31, 2017:

		Status of Fee Accrual	
Total Past Due	Total Advance Receivables at contract value	Total Advance Receivables on Nonaccrual Status	Advance Receivable 90 Days Past Maturity Date and still accruing fees
$ 26,422,123	$ 170,159,902	$ 24,729,705	$ 957,762

3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2017:

Furniture and equipment	$ 163,222
Leasehold improvements	48,970
Computer equipment	18,748
	230,940
Less - Accumulated depreciation and amortization	(90,612)
	$ 140,328

Depreciation and amortization expense for the year ended December 31, 2017 was $36,690.

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4 – INVESTOR LOANS PAYABLE

CBSG enters into non-negotiable term promissory notes with investors to fund operations and client advances, which are recorded as investor loans payable on the consolidated balance sheet. Interest on the loans is accrued based on each transaction's individual structure and payment schedule. Interest is paid based on the terms of each underlying promissory note, with interest rates ranging from 12% to 50% per year. Maturity dates on the promissory notes extend through December 2022. Accrued interest on the consolidated balance sheet is $2,146,537 at December 31, 2017 and is included in accrued expenses on the consolidated balance sheet. Interest expense was $11,965,213 at December 31, 2017.

In order to secure the loans with the investor, CBSG enters into a loan agreement with each investor whereas CBSG grants a security interest in substantially all of its assets.

The following are future maturities of the loans:

Year Ending December 31,	
2018	$ 53,044,450
2019	11,286,875
2020	2,731,250
2021	-
2022	28,645,000
	$ 95,707,575
Less: unamortized debt issuance costs	1,323,767
	$ 94,383,808

5 – LEASE COMMITMENTS

The Company leases office facilities under various operating leases extending through December 2021. Rent expense for the year ended December 31, 2017 totaled $229,791. The future minimum rental payments under the agreements are as follows:

Year Ending December 31,	
2018	$ 363,582
2019	134,369
2020	104,856
2021	43,690
	$ 646,497

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 - RELATED PARTY TRANSACTIONS

During the year, the Company entered into numerous transactions with related parties.

Consulting expenses

As of December 31, 2017, consulting expense to related parties consisted of the following:

New Field Ventures, LLC	$ 2,376,731
Beta Abigail, Inc.	1,384,488
Heritage Business Consulting, Inc.	20,476,746
	$ 24,237,965

As of December 31, 2017, accrued consulting fees to related parties, which is included in accrued consulting fees on the consolidated balance sheet consisted of the following:

New Field Ventures, LLC	$ 797,331
Beta Abigail, Inc.	531,554
Heritage Business Consulting, Inc.	8,717,480
	$ 10,046,365

Heritage Business Consulting, Inc. ("HBC") is an entity affiliated to CBSG due to common ownership. Beta Abigail and New Field Ventures, LLC, Inc. are owned in part by the Company's Chief Financial Officer and Director of Investor Relations. The amount of consulting expense is based on the gross funding for the quarter, as described in the individual consulting agreements.

Commission expenses

For Recruiting & Marketing Resources, Inc. ("RMR"), an entity affiliated to CBSG due to common ownership, CBSG is to pay a commission to RMR in the amount of 8% of new funding amounts to clients pursuant to the independent sales organization agreement with RMR. In addition, commissions on renewal of new funding will also be paid out in the amount of 5%. Commission expense incurred to RMR during the year ended December 31, 2017 totaled $1,845,283.

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 - RELATED PARTY TRANSACTIONS (Continued)

Joint Funding

The Company services some of its contracts in conjunction with syndicate partners who are related parties. During the year, CBSG entered into numerous syndicate agreements with Capital Source 2000 ("CS 2000"), an entity owned in part by the Company's Chief Financial Officer, and Fast Advance Funding ("FAF"), an entity affiliated to CBSG due to common ownership, who also provides financing for small and medium size businesses in the form of factoring advances. The Company sells back a participation interest in the factoring advances to the syndicate partners. For these arrangements, gains or losses on the sale of the participation interests are not material as the carrying amount of the participation interest sold approximates the fair value at time of transfer. The syndicate partners have no recourse against the Company related to their interests for failure of debtors to pay when due.

The syndicate partners' interests have the same priority to the interest held by CBSG and are subject to the same risks as compared to CBSG. As of December 31, 2017, syndicate advances receivables that are being serviced by the Company due to CS 2000 and FAF totaled $5,081,957 and $98,287, respectively, which were excluded from advances receivable on the consolidated balance sheet. Refer to Note 10 for subsequent activity.

During the year ended December 31, 2017, FAF and CS 2000, also entered into numerous syndicate agreements with CBSG. Pursuant to these agreements, FAF and CS 2000 sells back a participation interest in the factoring advances to CBSG. For these arrangements, gains or losses on the sale of the participation interest are not material as the carrying amount of the participation interest sold approximates the fair value at time of transfer. CBSG has no recourse against FAF and CS 2000 related to their interests for failure of debtors to pay when due. Therefore, these advances receivable are due from the respective client, and not the related entities, FAF and CS 2000.

As of December 31, 2017, these joint funding receivables with related parties, which are included in advances receivables, consisted of the following:

CS 2000	$ 81,505
FAF	7,711,463
	$ 7,792,968

**COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 - RELATED PARTY TRANSACTIONS (Continued)

Due From Related Parties

As of December 31, 2017, notes receivable from related parties consisted of the following:

LME	$	768,858
20 N 3rd St LLC		520,580
803 S 4th Street LLC		364
FAF		117,432
Metro Physical Medicine Group		25,000
LM Property Management		12,000
HBC		1,100,225
	$	2,544,459

All notes are unsecured non-interest bearing and due on demand. Refer to Note 10 for subsequent activity.

Due To Related Party

During the year ended December 31, 2017, CBSG had a due to RMR, an entity affiliated to CBSG due to common ownership. The due to totaled $240,678 at December 31, 2017. Refer to Notes 8 and 10 for subsequent activity.

Note Payable

On July 19, 2017, the Company entered into a promissory note agreement with HBC for a total of $1,355,000. The note matures on August 19, 2018. Interest on the note accrues monthly at an annual rate of 35%. The note is accompanied by a security agreement which states CBSG grants a security interest in substantially all of its assets. Previously, the Company entered into four different promissory notes with HBC which totaled $1,355,000, bore interest at an annual rate of 35% per year and were repaid in 2017. The total note balance entered into in 2017 was still outstanding as of year-end. Accrued interest at year-end totaled $15,808 while interest expense incurred to HBC totaled $434,729 in 2017. Refer to Note 10 for subsequent activity.

**COMPLETE BUSINESS SOLUTIONS GROUP, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 - RELATED PARTY TRANSACTIONS (Continued)

Revenue

In the past, CBSG acted as a payment processor for CS 2000 as CS 2000 did not have its own ACH processor. Therefore, CBSG would collect payments on behalf of CS 2000 from CS 2000's customers and remit payment to CS 2000 at no cost. Total amount owed to CS 2000 as of December 31, 2017 is $131,250, which is included in advances receivable on the consolidated balance sheet. In the current year, CBSG would charge a fee for these services referred to as processing income at the time the advance is made to the customer. The income would be deferred over the term of the advances. For the year ended December 31, 2017, processing fee revenues totaled $758,367, while deferred revenue totaled $486,589 as of December 31, 2017.

During the year ended December 31, 2017, the Company recognized factoring fee revenue from Metro Physical Medicine Group, an entity affiliated to CBSG due to common ownership, in the amount of $72,000.

Advances Receivable

As of December 31, 2017, advances receivable included the following advances receivable from related parties:

Metro Physical Medicine Group	$ 300,000
LM Property Management	94,689
	$ 394,689

Rent

During the year ended December 31, 2017, FSP, leased three different office space locations from three different related parties. FSP leased office space from 205 Arch St Management LLC, 20 N 3rd St LLC, and RMR and incurred rent expense of $38,500, $18,000 and $21,000, respectively, for the year ended December 31, 2017.

**COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7 – COMMITMENTS AND CONTINGENCIES

The Company has entered into several finder's fee agreements with outside consultants, in which consultants provide the Company the service of introducing creditors and procuring working capital in the form of a loan or other agreed upon funds to the Company. Once the principal funds are received from an investor, the Company compensates the consultant based on the terms set forth in each individual finder's fee agreement, typically a lump sum payment at an agreed upon rate. For any renewal agreements, the Company pays the finder a distribution at an agreed upon rate, typically over a twelve month period. At December 31, 2017, the Company had recorded unamortized finders' fees totaling $1,323,767, which were included in debt discount and presented net of investor loans payable on the consolidated balance sheet.

In addition to the finder's fee agreements above, on May 31, 2016, the Company entered into a finder's fee agreement with a certain finder (the "Finder"). In addition to the standard terms mentioned above, if the Company received funds in a certain specified amount from a creditor that was introduced by the Finder, and if the Company should sell all or a part of its equity, the Finder would receive warrants to purchase common shares in the Company at a pre-determined sliding scale of monies introduced by the Funder. Warrants would be issued with ten-year terms and an exercise price of $0.01 per share. As the Company has not sold all or a part of its equity, no warrants were due to the Finder as of December 31, 2017.

On January 1, 2017, the CBSG entered into an independent sales organization agreement with RMR, an entity affiliated to CBSG due to common ownership, in which RMR will provide marketing and promotional programs and assist prospective clients in completing and submitting applications to CBSG. CBSG is to pay commissions to the related party in the amount of 8% of new funding amounts pursuant to the independent sales organization agreement. In addition, commissions on renewal of new funding will also be paid out in the amount of 5%. Commissions are payable within fourteen days of funding. See Note 6 for related party transactions with RMR. In 2018, the agreement was amended to change the rates to 2.5% for new funding amounts.

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7 – COMMITMENTS AND CONTINGENCIES (Continued)

The Company has entered into multiple consulting agreements with both independent consultants and related party entities. Pursuant the agreements, the Company agreed to pay out profit participation fees in amounts stipulated in the agreements based on the gross funding of advances each quarter for the consulting services rendered. Profit participation fees are typically due within seven days of each calendar quarter. At December 31, 2017, the Company recorded $10,631,074 in accrued profit participation fees, which is included in accrued consulting fees in the consolidated balance sheet. Accrued consulting fees to related parties totaled $10,046,365 at December 31, 2017 (see Note 6 for related party transactions). Additionally, in the event of liquidity, the Company is required to make payments to the consultants based on the net proceeds of the liquidity event in lieu of the gross funding of advances at a rate equivalent to the consultants' profit participation percentage as stated in their respective consulting agreements.

On November 16, 2018, the Company entered into a settlement agreement with the Pennsylvania Department of Banking and Securities whereby the Company agreed to settle all allegations relating to the violation of the Pennsylvania Securities Act of 1972 in connection with the offer and sale of non-negotiable, non-transferable promissory notes issued by the Company during 2016 and 2017. At December 31, 2017, the Company recorded $499,000 in accrued expense on the consolidated balance sheet relating to this settlement. In order to satisfy Pennsylvania Regulatory requirements, the Company has instituted a policy that all new investor notes will be issued under private placement memorandum.

The Company, from time to time, in the normal course of business is involved in various legal proceedings. In the opinion of management, if adversely decided, none of these proceedings, individually or in the aggregate, would have a material effect on the Company's consolidated financial position or results of operations except as noted above.

8 – INVESTORS LOAN PAYABLE CONCENTRATION

At December 31, 2017, 10% of the Company's investor loans payables related to one investor and 10% of the Company's investor loans payables related to a second investor. In addition, a combined 31% of the Company's investor loans payable balance was payable to investors in the same family.

Additionally, during the year, the Company entered into consulting agreements with two members of the family above. As of December 31, 2017, the Company accrued profit participation fees to these two members in the amount of $186,044. Profit participation fees to these two members total $592,638 for the year ended December 31, 2017. See Note 7 for description of commitments related to these agreements.

**COMPLETE BUSINESS SOLUTIONS GROUP, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9 – INCOME TAXES

Deferred taxes are recognized for temporary differences between the basis of assets and liabilities for financial statement and income tax purposes. The provision (benefit) for income taxes consists of the following as of December 31, 2017:

Current		
Federal	$	-
State		68,321
		68,321
Deferred		
Federal		-
State		-
		-
Total	$	68,321

The effective income tax rate differs from the statutory rate primarily due to a significant change in the federal statutory rate and changes in estimates relating to prior year tax accruals. The Tax Act enacted on December 22, 2017 reduces the federal corporate income tax rate to 21% for years beginning in 2018. A reconciliation of the Company's statutory income tax rate to the Company's effective income tax rate is as follows:

Loss at US statutory rate	34.00	%
State tax benefit	4.00	
Permanent difference	9.23	
Statutory rate change	314.35	
Change in valuation allowance	(366.04)	
Other	9.69	
	5.23	%

The tax effects of the items comprising the deferred income tax asset are as follows as of December 31, 2017:

Net operating loss carryforwards	$	6,568,400
Other		(5,175)
		6,563,225
Valuation allowance		(6,563,225)
	$	-

**COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9 – INCOME TAXES (Continued)

During the year ended December 31, 2017, the valuation allowance decreased by $4,785,152.

As of December 31, 2017, the Company has net operating loss carryforwards ("NOLs") for federal, state, and local purposes of approximately $23.3 million, $19.2 million and $3.1 million, which begin to expire in 2034. It has been determined that a 100% valuation allowance related to the deferred tax assets is necessary at December 31, 2017, as the future realization is uncertain.

10 – SUBSEQUENT EVENTS

Subsequent to December 31, 2017, distributions were made to the sole stockholder of CBSG totaling $14,300,000.

Subsequent to December 31, 2017, the Company approved and authorized 174 investor loan agreements totaling $153,247,935. Interest on the loans is accrued based on each transaction's individual structure and payment schedule. Interest is paid based on the terms of each underlying promissory note, with interest rates ranging from 12% to 38% per year. Maturity dates on the promissory notes extend through August 2023.

The Company entered into a new promissory note with HBC, an entity under common ownership, for a total amount of $1,355,000 on July 19, 2018. The note matures on July 19, 2019 and interest on the note accrues monthly at an annual rate of 35%. Refer to Note 6 for related party detail.

Subsequent to year end, CBSG entered into numerous syndicate agreements for joint funding with CS 2000. As of December 18, 2018, CS 2000 joint funding advances receivable serviced by the Company totaled approximately $18,400,000, which are excluded from advances receivable on the consolidated balance sheet. Refer to Note 6 for related party detail.

Subsequent to year end, CBSG had an amount due to RMR, an entity affiliated to CBSG due to common ownership, of approximately $1.0 million. The note is non-interest bearing and is due on demand. Refer to Note 6 for related party detail.

Subsequent to year end, CBSG received in full the note receivables from 803 S 4th Street LLC, Metro Physical Medicine Group, and LM Property Management, entities under common ownership. Refer to Note 6 for related party detail.

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10 – SUBSEQUENT EVENTS (Continued)

On July 1, 2018, the Company entered into an independent business service agreement with Eagle Six Consultants, Inc. ("ESC"), an entity affiliate to CBSG through common ownership, whereas ESC will perform the general management and executive level business operations of the day to day operations, which were previously performed by HBC. ESC will be compensated no less than $10,000,000 per annum.

Exhibit "7"

CBSG Q4 2017 Profit Sharing

Total Wired:	$	53,376,265.96			
Returns / Adjustments:	$	(220,898.22)			
Net Wires:	**$**	**53,155,367.74**			
Profit Sharing Basis - 3.5%	**$**	**1,860,437.87**	**Profit Sharing Basis - 10%**	**$**	**5,315,536.77**
HBC - 64%:	$	1,190,680.24	HBC - 64%:	$	3,401,943.54
Perry - 15%:	**$**	**279,065.68**	Perry - 15%:	$	797,330.52
Joe Cole - 10%:	$	186,043.79	Joe Cole - 10%:	**$**	**531,553.68**
Chuck - 7.5%:	**$**	**139,532.84**	Chuck - 7.5%:	$	398,665.26
Jojo - 2.1875%:	$	40,697.08	Jojo - 2.1875%:	**$**	**116,277.37**
Isaac - 1.3125%:	$	24,418.25	Isaac - 1.3125%:	**$**	**69,766.42**
Total 3.5%:	**$**	**1,860,437.87**	**Total 3.5%:**	**$**	**5,315,536.77**
HBC Profit Sharing:	$	1,190,680.24	HBC Profit Sharing:	$	3,401,943.54
HBC Waterfall - 10%:	$	5,315,536.77	HBC Waterfall - 10%:	$	5,315,536.77
HBC Total:	**$**	**6,506,217.01**	**HBC Total:**	**$**	**8,717,480.31**
				$	10,631,073.55
					82%

CS 2000 Q4 2017 Profit Sharing

	Total Wired:	$	4,743,088.35
	Returns / Adjustments:	$	(14,685.25)
	Net Wires:	**$**	**4,728,403.10**
Difference	**Profit Sharing Basis - 10%**	**$**	**472,840.31**
$ 2,211,263.30	HBC - 60%:	$	283,704.19
$ 518,264.84	Bill - 30%:	$	141,852.09
$ 345,509.89	Joe Cole - 10%:	$	47,284.03
$ 259,132.42	**Total 10%:**	**$**	**472,840.31**
$ 75,580.29			
$ 45,348.17			
$ 3,455,098.90			

Exhibit “8”

From: chuckfrei <chuckfrei@yahoo.com>
Sent: Thursday, August 18, 2016 1:16 PM EDT
To: joecole@parfunding.com <joecole@parfunding.com>
CC: Joe Mack <joemack888@aol.com>; JoJo Chehebar <jojo@chehebar.com>
Subject: Re: TD Bank View Only

Thanks Joe. I have included JoJo on the email.

Sent from my iPhone

On Aug 18, 2016, at 12:58 PM, Joe Cole <joecole@parfunding.com> wrote:

Chuck,

We set up the view only access to our TD Bank accounts. Please use the following authentications:

Username: parview1
Password: cbsg141!

All answers to the security questions are: par

Keep in mind that information and access to our accounts is limited to only yourself and the investors you bring in.

Thanks.

Joe Cole
<image001.jpg>
141 N 2nd St
Philadelphia, PA 19106
Office 1: 215.613.4126
Office 2: 215.922.2636 x106
Cell: 949.232.2463

Exhibit "9"

From: Joe Cole <joecole@parfunding.com>
Sent: Tuesday, September 13, 2016 6:34 PM EDT
To: Jeffrey Kaufman <jkaufmancpa@gmail.com>
CC: JoJo Chehebar <jojo@chehebar.com>; Chuck Frei <cfrei@skiva.com>
Subject: RE: CBSG
Attachment(s): "CBSG Financial Review Letter 2015.pdf","CBSG Profit Loss 0816.pdf","CBSG Profit Loss 2015.pdf","CBSG Sample Advance.pdf","CBSG Balance Sheet - 0816.pdf","CBSG Balance Sheet 2015.pdf","CBSG Funding Analysis - 0816.pdf"

Jeffrey,

Please see the attached items as discussed.

We'd like to keep the scope of this project to a review of the relevant items Jojo wants to cover to feel comfortable with his increased investment with us and not turn this into a full audit.

You're welcome to come to our office, connect to our books and pull files as needed. We can assign someone to assist you in getting through your due diligence. I can answer your questions as we make progress and outline what we're looking for in this review.

We've also gone into great detail with Chuck in regards to our financial methodology and accounting system. I'm sure he could answer a lot of questions about our company.

Thank you.

Joe Cole

-----Original Message-----
From: Chuck Frei [mailto:cfrei@skiva.com]
Sent: Tuesday, September 13, 2016 12:01 PM
To: Joe Cole (joecole@parfunding.com) <joecole@parfunding.com>
Cc: Jeffrey Kaufman <jkaufmancpa@gmail.com>; JoJo Chehebar <jojo@chehebar.com>
Subject: RE: CBSG

Joe,

Please see below from Jeffrey Kaufman. He is JoJo's accountant. You can work directly with im.

Thanks,

Chuck

From: Jeffrey Kaufman [mailto:jkaufmancpa@gmail.com]
Sent: Monday, September 12, 2016 12:15 PM
To: JoJo Chehebar <jojo@chehebar.com>
Cc: Chuck Frei <cfrei@skiva.com>
Subject: Re: CBSG

Jo Jo,

In order to analyze the company in a bsic manner to see what the Audit will entail I would need to see the following:

1. How was it organized (Corp, Partnership, etc.)
2. I would like to see a copy of a tax return
3. If possible I would also like to see a General Ledger These will give me a basic understanding as to the nature of the business so I can get a feeling of what work I will need to perform for the Audit.

After that we will have to negotiate a price and get an Engagement Letter signed. Please confirm what years will be under Audit, just 2016 which is not yet complete or do you want to go back and do 2015, and will this be a yearly thing going forward.

Thank you,

Jeffrey Kaufman CPA

Jeffrey Kaufman CPA
1318 Davies Road
Far Rockaway, NY 11691
917-REDACTED

On Mon, Sep 12, 2016 at 11:59 AM, JoJo Chehebar <jojo@chehebar.com<mailto:jojo@chehebar.com>> wrote:
Jeffrey,

Please advise what u need from Complete Business Solutions Group in order to do a full 2015/2016 financial audit.

Best Regards,
JoJo

--

JoJo Chehebar

jojo@chehebar.com<mailto:jojo@chehebar.com>
1-917-REDACTED>

1412 Broadway, Suite 1400
New York, New York 10018

[Image removed by sender. vCard]<http://www.gideonam.com/new/wp-content/uploads/2014/11/JoJo-Chehebar.vcf>

[Image removed by sender. Website]<http://www.chehebar.com/>

[Image removed by sender. Email]<mailto:jojo@chehebar.com>

[Image removed by sender. LinkedIn]<https://www.linkedin.com/in/josef-chehebar-87626a81>

[Image removed by sender. Instagram]<https://www.instagram.com/JoJoC123/>

From: Joe Cole <joecole@parfunding.com>
Sent: Tuesday, September 20, 2016 10:09 AM EDT
To: Jeffrey Kaufman <jkaufmancpa@gmail.com>; JoJo Chehebar <jojo@chehebar.com>; Chuck Frei <cfrei@skiva.com>; Isaac Klein <ik@gideonam.com>
Subject: RE: Review

Hi Jeffrey,

Thanks for following up, we can certainly set up remote access to be able to get to our files.

I'm thinking having a data room online for our files would be easiest and doing an RDP connection to our books remotely. We obviously would like to have an NDA with you in place before doing this but it will take a couple days for IT to get that established anyways.

I'd like to schedule a call to go over logistics to better accommodate your process and have things go smoothly.

So just let me know what works for you.

Joe Cole

From: Jeffrey Kaufman [mailto:jkaufmancpa@gmail.com]
Sent: Tuesday, September 20, 2016 8:43 AM
To: joecole@parfunding.com; JoJo Chehebar <jojo@chehebar.com>; Chuck Frei <cfrei@skiva.com>; Isaac Klein <ik@gideonam.com>
Subject: Review

Good Morning Joe,

I have agreed with Jo Jo to do a review of the Loans that CBSG has initiated from January 2015 to date. The plan is to do this from New York. In order to set up the process it would be helpful to have two things to start with. First, is a list of loans initiated during that time so I can pick a sample to review. Second, if possible, to send one sample file that you have for a customer so I can gain an understanding of your files. This will help make the whole thing go smoother.

Thank you for your help in advance.

Jeffrey Kaufman CPA
1318 Davies Road
Far Rockaway, NY 11691
917REDACTED

From: Joe Cole <joecole@parfunding.com>
Sent: Wednesday, March 01, 2017 11:53 AM EST
To: JoJo Chehebar <jojo@chehebar.com>; Chuck Frei <cfrei@skiva.com>; joe@parfunding.com <joe@parfunding.com>; Zacko Shehebar <isaac@skiva.com>
BCC: pa@cbsgus.com <pa@cbsgus.com>
Subject: RE: Jeffrey Kaufman Investment

Good morning Jojo,

We're good for the 25.0% family rate for Jeffrey and appreciate the validation from someone who's really gone through our records.

I'll just need a W9 completed and to confirm the duration of the note he'd like.

I can have documents ready by end of day.

Let me know if you have any questions, thank you.

Joe Cole

From: JoJo Chehebar [mailto:jojo@chehebar.com]
Sent: Wednesday, March 1, 2017 11:10 AM
To: Chuck Frei <cfrei@skiva.com>; Joe Cole <joecole@parfunding.com>; joe@parfunding.com; Zacko Shehebar <isaac@skiva.com>
Subject: Jeffrey Kaufman Investment

Hi Joe,

I spoke to Chuck last week about this, and today I'm asking you, because the accountant we hired to audit your company, Jeffrey Kaufman, who is now our in-house CFO & CPA (for Gideon Asset Management) would like to participate in lending to CBSG, needless to say on my part, this is obviously very comforting that the CPA we sent to audit CBSG now wants to invest in CBSG lol. As a Chehebar company man, he is now hoping to get a "Chehebar" rate? please let me know what you can do. he doesnt have a large amount of excess capital, he wanted to put in $50,000 of his own, but he wanted to make a single entity with his family and put in $250,000 if that was ok with you.

please let me know,

Thank You

JoJo Chehebar
jojo@chehebar.com
1-917REDACTED

1412 Broadway, Suite 1400
New York, New York 10018

Exhibit “10”

From: JoJo Chehebar <jojoc123@gmail.com>
Sent: Thursday, December 26, 2019 9:23 AM EST
To: Joe Cole <joecole@parfunding.com>
CC: Eddie Chehebar <eddie@chehebar.com>; Gabriel I. Shehebar <gs@gideonam.com>; Isaac Shehebar <isaac@skiva.com>; Michael Chehebar <michael@chehebar.com>; Zudy Shehebar <zudy@shehebar.com>
Subject: Re: Bank Deal Follow Up
Attachment(s): "Cendera Subscription Package.pdf"

Hi Joe, see my attached subscription agreement.

my father and brothers still have to do theirs. i will help them with it if needed.

On Thu, Dec 19, 2019 at 12:33 PM Joe Cole <joecole@parfunding.com> wrote:

> Good afternoon,
>
> The lawyers were following up to confirm if your group would have the subscription agreements ready for this week.
>
> They're looking to finalize subscription documents for the remaining investors with the regulators.
>
> Please confirm, thanks.
>
> Joe Cole
>
> On Thu, Dec 12, 2019 at 11:50 AM Joe Cole <joecole@parfunding.com> wrote:
>
>> Isaac,
>>
>> Good speaking with you about our company updates.
>>
>> Please see the attached subscription agreement copy.
>>
>> This is the only document we need to get each investor on board for the deal. We're good doing the investment from your trust.
>>
>> I'll keep you posted as funding is needed but we can always work out cash flow logistics between the CBSG notes if needed. So it shouldn't be an issue.
>>
>> Thank you.
>>
>> Joe Cole
>>
>> On Thu, Dec 12, 2019 at 7:35 AM Joe Cole <joecole@parfunding.com> wrote:
>>
>>> Good morning,
>>>
>>> Please confirm if you were able to get the subscription agreements filled out for the brothers planning on investing on the bank purchase.
>>>
>>> Our counsel is looking to get the remaining subscription forms signed this week. We still expect escrow to occur towards the end of the month, though it may be pushed to January due to the holidays.
>>>
>>> I'm available to review the transaction today if you guys have any other questions.
>>>
>>> Thanks.
>>>
>>> Joe Cole
>>>
>>> On Thu, Dec 5, 2019 at 9:39 AM Joe Cole <joecole@parfunding.com> wrote:
>>>
>>>> Thanks for the update Jojo.
>>>>
>>>> We expect cash flows to be somewhat consistent for the upcoming quarterly distribution and we welcome the conversion for any notes you may have to equity on the bank deal for as much as you guys would like to individually participate in. We don't have a firm closing date yet but we'll have some flexibility on cash coming in for the deal.
>>>>
>>>> Please have the attached subscription package completed reflecting the tax information and total shares purchase for each person. I'm available if you have any questions on the specifics, but basically it's a verification of

accreditation, W9 information and total share purchase.

I'll follow up with Zudy and Gaby as needed to go over the details for the bank investment.

We greatly appreciate our your family's continued partnership in our deals. This will be a major leap forward for our commercial finance enterprise.

Joe Cole

On Thu, Dec 5, 2019 at 9:02 AM JoJo Chehebar <jojoc123@gmail.com> wrote:

> Hey Joe,
>
> We have discussed this with my bro's.
>
> The main issue is we don't know what our January distribution will be till January, that being said, I know u need an answer now, my brothers and I and my father can commit to 12.5% total (so that's 2.5% for each of me and my 3 brothers, as well as 2.5% for my father)
> That's $700,000 for each of the 2.5% totaling $3,500,000
>
> Now if the January distribution is less then we expected, we will have to convert some of our loan money into equity for this deal. (Which would mean calling some of the loan and then giving it back as equity for bank) but hopefully that won't be necessary.
>
> Also, the last time I spoke to my uncle, he too seemed interested for 2.5% for $700,000 but please get the actual commitment from him directly.
>
> I have not spoken to Zudy or Gaby about it at all, as I have been out of the country for most of the last month. I am including them in this email to keep them in the loop. But please give them a call to let them know what the deal is about.
>
> On Tue, Dec 3, 2019 at 7:46 PM Joe Cole <joecole@parfunding.com> wrote:
>
>> Good morning,
>>
>> I hope you guys had a great Thanksgiving holiday.
>>
>> Please confirm if you have some availability to do a follow up call this week regarding the bank deal and the revised management agreements for the audit.
>>
>> We made some progress in discussing the debt to equity options for the company at the end of the audit and I wanted to run some ideas by you guys.
>>
>> Thanks for getting the audit letters confirmed for your investor notes for the auditors.
>>
>> Joe Cole
>>
>> On Tue, Nov 19, 2019 at 7:19 PM Joe Cole <joecole@parfunding.com> wrote:
>>
>>> Ok, sounds good Eddie.
>>>
>>> Let me know if you guys have any questions, we can follow up after the holidays next week.
>>>
>>> Joe Cole
>>>
>>> On Tue, Nov 19, 2019 at 3:58 PM Eddie Chehebar <eddie@chehebar.com> wrote:
>>>
>>>> Joe yes we're interested in the bank deal just need to discuss how much each of us wants to go in we need to have a meeting about that but everyone is traveling these next 2 weeks so sometime after that I will have a sit down to finalize that and also to rollover the shares into equity were ok w that just let us know when you want
>>>>
>>>> Thanks
>>>> Eddie Chehebar
>>>>
>>>> On Nov 19, 2019, at 3:49 PM, Joe Cole <joecole@parfunding.com> wrote:

Good afternoon guys,

I wanted to follow up on the subscription agreement with the bank deal and see if you had any questions. The Dallas Federal Reserve Bank confirmed that our application was being processed on Friday and we're looking to get the remaining shareholder commitments in place by the end of the month.

Please let me know if you have any questions.

Also let me know if you want to do a follow up call with counsel to go over the modifications for the consulting agreement and locking in language we'd all happy with to roll over debt into equity when we do a private equity deal next year.

Thanks.

Joe Cole

On Tue, Nov 12, 2019 at 7:34 PM Joe Cole <joecole@parfunding.com> wrote:

> Good evening,
>
> Please see the attached subscription agreement for the bank deal we spoke of. This is a straight equity purchase of the holding company for the bank and shares carry the same rights across the board for both director and non-director investors.
>
> There are a total of 10,000 shares at $2,800.00 each totalling the $28M purchase. We can offer individual investors a 100 (1%) share minimum at $280,000.00 up to 499 (4.9%) shares at $1,397,200.00. We just need to detail that along with W9 information on each investor's subscription agreement.
>
> There is a 36 month lock before we're allowed to buy / sell our shares and we can also pay dividends after this period. Our proforma reflects about a $4M EBITDA figure at the end of this period which prices the bank from $21M to $60M after 3 years. This is a very conservative estimate and we expect actual EBITA performance closer to $5-6M giving a total asset value of $75M - $90M respectively.
>
> You can also use the following information to log into thedata room:
>
> https://hunton.egnyte.com/fl/NgkbMpo27U/Cendera_Bancorp_
>
> Password: 8u2dc98E
>
> Call reports for the bank are also available from the FDIC, though the strongest value and growth proposition comes from our ability to originate commercial deals to send over to the bank.
>
> Let me know if you have any questions on the deal, regulatory counsel is just looking to get the signed subscription documents in soon with escrow to occur near closing in mid to late December.
>
> Also I'll plan to go over the consulting agreement changes to add the equity conversion we discussed for the private equity deal down the road. We should be able to come up with a shared mechanism we can all work with and it was important for us to make sure we're all on the same side when pursuing a bigger deal for Par Funding. This should ultimately yield a greater return than the rates from our profit sharing and interest payments.
>
> Thanks.
>
> <image.png>

From: anthony@unitedllc.com <anthony@unitedllc.com>
Sent: Friday, January 04, 2019 2:31 PM EST
To: Eddie Chehebar <eddie@chehebar.com>; chuck frei <chuckfrei@yahoo.com>
CC: joe@parfunding.com <joe@parfunding.com>; ken@reacos.com <ken@reacos.com>
Subject: FW: Colorado Natural Products, LLC Legal Representation Engagement & Fee Agreement
Attachment(s): "CLIENT INTAKE FORM 2019.pdf","CREDIT CARD AUTHORIZATION FORM 2019.pdf","19.1.3 Colorado Natural Products, LLC Legal Rep.pdf"

Gentlemen-

Attached is the agreement to retain Hoban Law Group in Denver Colorado
they specialize in the Hemp Industry - I have been dealing with David Bush in the firm.

it is a 5K retainer

They would serve to help with contracts and tolling agreements with farmers, brokers, and corporations, they would also act in a legal consulting capacity for compliance. The intention would be to make sure we have all required licenses and are handling sales and purchases in accordance with state and federal laws.

https://hoban.law/David-Bush

David serves on the Business Advisory Council of the National Hemp Association and is a member of the Board of Directors of the Hemp Industries Association. He also is President of the Industrial Hemp Research Foundation, a 501c3 nonprofit dedicated to supporting hemp-related public education and academic research at institutions of higher education in Colorado.

I wanted everyone's approval before I signed the agreement and had accounting book it in AP.

Thank you, please advise after your review

Anthony

-----Original Message-----
From: "Deedee Quiel" <deedee@hoban.law>
Sent: Friday, January 4, 2019 1:58pm
To: anthony@unitedllc.com
Cc: "David Bush" <davidb@hoban.law>, ken@reacos.com
Subject: Colorado Natural Products, LLC Legal Representation Engagement & Fee Agreement

Hello,

Attached is our firm's engagement letter. Please review it and let me know if you have any questions. We need the following returned to us before representation can commence:

-Engagement letter, executed
-Client intake form, executed
-$5,000.00 retainer, payable by cash, check, wire transfer or credit card.

Let me know if you have any questions. We look forward to working with you!

Thanks,
--
Deedee Quiel
Legal Assistant
Hoban Law Group

730 17th Street, Suite 420
Denver, CO 80202

Phone: 303-674-7000
Fax: 303-382-4685

Email: deedee@hoban.law
Web: hoban.law

With Offices in CO, CA, AK, OR, WA, AZ, TX, IL, KY, FL, DC, PA, NY, NJ, MA, NH

From: Eddie Chehebar <eddie@chehebar.com>
Sent: Monday, January 21, 2019 2:38 PM EST
To: Eric Keiter <ekeiter@capacityfunding.com>
CC: Ranko Mocevic <ranko@customcoloradohome.com>; chuckfrei <chuckfrei@yahoo.com>; Gabriel Shehebar <gs@gideonam.com>; Michael Chehebar <michael@chehebar.com>; isaac@skiva.com <isaac@skiva.com>; Anthony Z <anthonyz@parfunding.com>; Joe Mack <joe@parfunding.com>; Rod Ermel <rod@reacos.com>; Ken Bacon <ken@reacos.com>; JoJo Chehebar <jojoc123@gmail.com>
Subject: Re: Hemp Processing Update

So we have some options here I think we really have no choice but to start with both paragon and Gus's extraction because even if China is able to ship before Chinese New Year it won't get there till end feb and Yes I think we need another conf call

Also Eric I wanna try and understand little bit more from paragon extractors because I'm a little confused are the kilo numbers after extraction or before meaning if we look at the min 10% potency line do we get 2700kgs of distillate that we pay .50 or we get 2700kgs of crude where we pay .50 and we get 2620kgs of distillate in which case would give us how many kgs of isolate (or can they do 0%thc distillate??)
If scenario A would look like this
paragon 100,000lbs @min 10% cbd content
Scenario A
Full spectrum distillate -2700kg@$3574/k
Isolate-2620kg@$4183/kg
Or
Scenario B need to now how much isolate we get!!!
Crude oil - 2700kg@$3072kg
Full spectrum distillate -2620kg@$3683
Isolate-?????kg@$????? (The cost $10,960,780 incl hemp costs)

Thanks
Eddie Chehebar

On Jan 21, 2019, at 12:12 PM, Eric Keiter <ekeiter@capacityfunding.com> wrote:

> Hi Everyone,
>
> Here is an update on everything:
>
> **Hemp Extraction** - While we are waiting for our equipment, we want to start tolling as we discussed. For us, the best strategy is to take our hemp to winterized crude oil as the shelf life is much longer and this can be further converted to many different products. The issues for us to consider are extraction method (100% ethanol preferred) , price and capacity. Part of the problem for us is that many companies are currently processing their own hemp and will be for some time. However, a few do have availability, with some caveats. As an example, Paragon Processing (http://paragonprocessors.com/) has built a large facility and can take our hemp within the month. Please see the attached Paragon agreement and PO. These are typical contracts in that we would pay some amount upfront to get to winterized crude ($35/lb in this case) and then pay on a per gram basis for further processing. For example, most companies charge $0.50 at least per gram to turn this into distillate and more money for decarboxylation and going to isolate in this case. Interestingly, in the Exhibit A, they are assuming a ~60% conversion rate based upon percentage. (Another way to do this is to simply have it processed but then we split the output instead of paying money. This is always a much worse deal economically.)
>
> I have other tolling proposals, including one company that can possibly take some of our hemp for $25/lb (no one else is close to this price), but they cannot process very much. It turns out that Tom's lab in Colorado Springs (the one that you guys saw) is about to take delivery of the much larger processing equipment this week (I believe) and is willing to take our hemp and process it to winterized crude for $30/lb. I recommend we do this for at least 1/2 our hemp currently stored in the warehouse and possibly all of it. This will allow us to recycle our money and feel more confident about buying additional hemp with the remaining capital (away from operational and lab expenses). Plus I trust them and we can share notes and work together on eventual sales as needed.
>
> **Our Hemp Extraction and Lab:**
>
> Extraction equipment: the latest update as of this morning is that it is being made now and they will update me again at the end of the week.
>
> Distillation equipment: it is ready (!) and the final balance needs to be paid (see attached invoice and wiring instructions). I think we will receive this next week hopefully. This will allow us to take the winterized crude and further refine it to distillate which could be sold immediately.
>
> Analytical Testing Equipment: Will need an HPLC, working on right unit for us.

Prep Chromatography System for THC removal, working on right unit for us. In discussions with a lot of firms on this.

I have enclosed a spreadsheet purchase list to get started on a few items we will need. This is by no means comprehensive, but it will get us going. There will still be many miscellaneous items to buy (lab coats, safety goggles, containers, etc.) but we can get those pretty easily. Please let me know how to proceed (i.e., place order and then money will be paid directly?)

Ranko, we will need a restaurant grade stainless steel sink or two installed (for equipment cleaning and drying) as well as a large lockable refrigeration unit. Can you please spec this out? Also, we need to spec out running the proper electric and outlets to the lab room.

Also, we will need to hire some people to operate this stuff. And lastly, I have reached out to an an analytical chemist who is an FDA expert as well. I will report back as I learn more.

Warehouse Insurance, etc. - I have spoken to the insurance broker that Anthony provided. We are speaking again today at 6 pm ET. He is going to come out to the warehouse on Wednesday at 10 am MT to look it over. I have also asked Randy Leger (http://www.firetechconsulting.com/home.html) to come see us at the same time to assess our needs to be fully compliant with all fire codes, etc. for extraction processes and the lab. From there, we will need to craft a plan to outfit any safety items needed. We are also still exploring our needs for being compliant with any Denver county regulations - there seems to be some confusion as to who we are supposed to answer to (Excise and License?) and what is actually allowed with hemp, even though marijuana extraction is allowed in Denver county. As an aside, we have been in discussions with two lawyers on this topic and the need to determine what the impact is with the hemp laws changing, I will report back as well on this.

I'd be happy to set a call to discuss this further as needed.

Regards,

Eric

Eric H. Keiter
Managing Member
Capacity Funding LLC
9599 Blandford Road
Orlando, FL 32827
ekeiter@capacityfunding.com
(914) 902-8900 office
(917) REDACTED cell

<Balance of Distillation Equipment.pdf>

<Distillation Equipment Invoice.pdf>

<Paragon PO.pdf>

<Paragon Processing Agreement.pdf>

<Purchases to Make 1-21-19.xlsx>

Exhibit "11"

Albert Chehebar – Claim 544

Hi Robert,

I am a financial advisor assisting the Receiver of Complete Business Solutions Group, Inc., d/b/a Par Funding, et al. ("CBSG") and I can respond to your objection.

The Claims Motion included instructions for investors to calculate their claims to determine the "Net Investment".

> 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.

As discussed, the difference you have noted of $313,000 is resulting from two interest payments you have missed in March 2018 for $60,000 and $253,333.33.

Here is a detail of the activity containing the original investments and cash received, showing the calculation of the net investment:

Type	Date	Num	Name	Account	Disbursement	Receipt	Amount
Deposit	04/20/2016		Albert Chehebar	Investor - ACH		500,000.00	500,000.00
Check	05/24/2016	2957	Albert Chehebar	Interest Expense	10,416.67		(10,416.67)
Deposit	05/25/2016		Albert Chehebar	Investor - ACH		500,000.00	500,000.00
Check	06/20/2016	2998	Albert Chehebar	Interest Expense	20,833.34		(20,833.34)
Deposit	06/24/2016		Albert Chehebar	Investor - ACH		1,000,000.00	1,000,000.00
Check	07/18/2016	3033	Albert Chehebar	Interest Expense	41,666.67		(41,666.67)
Check	08/17/2016	3073	Albert Chehebar	Interest Expense	41,666.67		(41,666.67)
Check	09/19/2016	3110	Albert Chehebar	Interest Expense	41,666.67		(41,666.67)
Check	10/27/2016	3157	Albert Chehebar	Interest Expense	41,666.67		(41,666.67)
Check	11/22/2016	3209	Albert Chehebar	Interest Expense	41,666.67		(41,666.67)
Check	12/21/2016	3274	Albert Chehebar	Interest Expense	41,666.67		(41,666.67)
Deposit	01/12/2017		Albert Chehebar	Investor - ACH		3,000,000.00	3,000,000.00
Check	01/18/2017	3318	Albert Chehebar	Interest Expense	41,666.67		(41,666.67)
Check	02/13/2017	3382	Albert Chehebar	Interest Expense	86,666.67		(86,666.67)
Check	03/09/2017	3449	Albert Chehebar	Interest Expense	-		-
Check	03/13/2017		Albert Chehebar	Interest Expense	86,666.67		(86,666.67)
Check	04/11/2017		Albert Chehebar	Interest Expense	86,666.67		(86,666.67)
Deposit	05/11/2017		Albert Chehebar	Investor - ACH		1,000,000.00	1,000,000.00
Check	05/15/2017	3600	Albert Chehebar	Interest Expense	86,666.67		(86,666.67)
Check	06/13/2017	3672	Albert Chehebar	Interest Expense	107,500.00		(107,500.00)
Check	07/11/2017	3728	Albert Chehebar	Interest Expense	107,500.00		(107,500.00)
Deposit	07/21/2017		Albert Chehebar	Investor - ACH		1,000,000.00	1,000,000.00
Check	08/14/2017	3813	Albert Chehebar	Interest Expense	128,333.34		(128,333.34)
Check	09/11/2017	3893	Albert Chehebar	Interest Expense	128,333.34		(128,333.34)
Check	10/17/2017	4008	Albert Chehebar	Interest Expense	128,333.34		(128,333.34)
Deposit	11/07/2017		Albert Chehebar	Investor - ACH		1,000,000.00	1,000,000.00
Check	11/13/2017	4150	Albert Chehebar	Interest Expense	128,333.34		(128,333.34)
Deposit	12/08/2017		Albert Chehebar	Investor - ACH		2,000,000.00	2,000,000.00
Check	12/12/2017	4291	Albert Chehebar	Interest Expense	149,166.67		(149,166.67)
Check	01/16/2018	4422	Albert Chehebar	Interest Expense	45,000.00		(45,000.00)
Check	01/16/2018	4413	Albert Chehebar	Interest Expense	145,833.33		(145,833.33)
Check	02/12/2018	4504	Albert Chehebar	Interest Expense	190,833.33		(190,833.33)
Deposit	02/20/2018		Albert Chehebar	Investor - ACH		1,000,000.00	1,000,000.00
Deposit	02/23/2018		Albert Chehebar	Investor - ACH		2,000,000.00	2,000,000.00
Check	03/06/2018	4578	Albert Chehebar	Interest Expense	60,000.00		(60,000.00)
Check	03/16/2018	4597	Albert Chehebar	Interest Expense	253,333.33		(253,333.33)
Check	04/11/2018		Albert Chehebar	Interest Expense	253,333.33		(253,333.33)
Check	05/11/2018		Albert Chehebar	Interest Expense	253,333.33		(253,333.33)
Check	06/11/2018		Albert Chehebar	Interest Expense	253,333.33		(253,333.33)
Deposit	06/15/2018		Albert Chehebar	Investor - ACH		1,000,000.00	1,000,000.00
Check	07/11/2018		Albert Chehebar	Interest Expense	274,166.66		(274,166.66)
Check	08/10/2018		Albert Chehebar	Interest Expense	274,166.66		(274,166.66)
Check	09/11/2018		Albert Chehebar	Interest Expense	274,166.66		(274,166.66)
Check	10/11/2018		Albert Chehebar	Interest Expense	274,166.66		(274,166.66)
Check	11/13/2018		Albert Chehebar	Interest Expense	274,166.66		(274,166.66)
Check	12/11/2018		Albert Chehebar	Interest Expense	274,166.66		(274,166.66)
Deposit	12/19/2018		Albert Chehebar	Investor - ACH		1,500,000.00	1,500,000.00
Check	01/11/2019		Albert Chehebar	Interest Expense	305,416.67		(305,416.67)
Check	02/11/2019		Albert Chehebar	Interest Expense	305,416.67		(305,416.67)
Check	03/11/2019		Albert Chehebar	Interest Expense	305,416.67		(305,416.67)
Check	04/11/2019		Albert Chehebar	Interest Expense	305,416.67		(305,416.67)
Check	05/10/2019		Albert Chehebar	Interest Expense	305,416.67		(305,416.67)
Check	06/11/2019		Albert Chehebar	Interest Expense	305,416.67		(305,416.67)
Check	07/11/2019		Albert Chehebar	Interest Expense	305,416.67		(305,416.67)
Check	08/14/2019		Albert Chehebar	Interest Expense	305,416.67		(305,416.67)
Check	09/11/2019		Albert Chehebar	Interest Expense	305,416.67		(305,416.67)
Check	10/11/2019		Albert Chehebar	Interest Expense	305,416.67		(305,416.67)
Check	11/12/2019		Albert Chehebar	Interest Expense	305,416.67		(305,416.67)
Check	12/11/2019		Albert Chehebar	Interest Expense	305,416.67		(305,416.67)
Check	12/12/2019		Albert Chehebar	Interest Expense	3,645.83		(3,645.83)
Check	01/10/2020		Albert Chehebar	Interest Expense	305,416.67		(305,416.67)
Check	01/13/2020		Albert Chehebar	Interest Expense	3,645.83		(3,645.83)
Check	02/10/2020		Albert Chehebar	Interest Expense	305,416.67		(305,416.67)
Check	03/10/2020		Albert Chehebar	Interest Expense	305,416.67		(305,416.67)
Check	06/01/2020		Albert Chehebar	Interest Expense	729.17		(729.17)
Check	06/01/2020		Albert Chehebar	Interest Expense	64,583.33		(64,583.33)
Check	07/01/2020		Albert Chehebar	Interest Expense	64,583.33		(64,583.33)
							6,134,479.11

I hope this answers your question, please let me know if you have any additional questions.

Ezra Chehebar – Claim 502

Hi Robert,

I am a financial advisor assisting the Receiver of Complete Business Solutions Group, Inc., d/b/a Par Funding, et al. ("CBSG") and I can respond to your objection.

The Claims Motion included instructions for investors to calculate their claims to determine the "Net Investment".

> 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.

As noted in your letter, you are incorrectly adding your reinvestments of $750,000 and $731,250. The net investment amount is calculated on a cash-in and cash-out basis, thus any reinvestments are excluded from this calculation. See detail below for the $6,666.67 interest payment on 6/1/2020. Note, you have this interest payment included in claim 477; however, it is coded to Ezra Chehebar and is included in claim 502.

Here is a detail of the activity containing the original investments and cash received, showing the calculation of the net investment:

Trans #	Type	Date	Num	Name	Account	Disbursement	Receipt	Amount
193369	Deposit	05/27/2016		Ezra Chehebar	Investor - ECH		250,000.00	250,000.00
200596	Check	06/24/2016		Ezra Chehebar	Interest Expense	5,208.33		(5,208.33)
208761	Check	07/25/2016		Ezra Chehebar	Interest Expense	5,208.33		(5,208.33)
218305	Check	08/25/2016		Ezra Chehebar	Interest Expense	5,208.33		(5,208.33)
226988	Check	09/26/2016		Ezra Chehebar	Interest Expense	5,208.33		(5,208.33)
235915	Check	10/25/2016		Ezra Chehebar	Interest Expense	5,208.33		(5,208.33)
246153	Check	11/25/2016		Ezra Chehebar	Interest Expense	5,208.33		(5,208.33)
256306	Check	12/23/2016		Ezra Chehebar	Interest Expense	5,208.33		(5,208.33)
267325	Check	01/25/2017		Ezra Chehebar	Interest Expense	5,208.33		(5,208.33)
279068	Check	02/24/2017		Ezra Chehebar	Interest Expense	5,208.33		(5,208.33)
290816	Check	03/24/2017		Ezra Chehebar	Interest Expense	5,208.33		(5,208.33)
304562	Check	04/25/2017		Ezra Chehebar	Interest Expense	5,208.33		(5,208.33)
316474	Check	05/25/2017		Ezra Chehebar	Interest Expense	5,208.33		(5,208.33)
324442	Deposit	06/14/2017		Ezra Chehebar	Investor - ECH		2,250,000.00	2,250,000.00
329648	Check	06/26/2017		Ezra Chehebar	Interest Expense	3,645.83		(3,645.83)
870334	Check	06/17/2019		Ezra Chehebar	Interest Expense	975,000.00		(975,000.00)
1425530	Check	06/01/2020		Ezra Chehebar	Interest Expense	6,666.67		(6,666.67)
1425549	Check	06/02/2020		Ezra Chehebar	Interest Expense	16,588.54		(16,588.54)
1423175	Check	07/01/2020		Ezra Chehebar	Interest Expense	16,588.54		(16,588.54)
								1,419,010.46

I hope this answers your question, please let me know if you have any additional questions.

Ezra Shehebar LLC – Claim 477

Hi Robert,

I am a financial advisor assisting the Receiver of Complete Business Solutions Group, Inc., d/b/a Par Funding, et al. ("CBSG") and I can respond to your objection.

As communicated previously, the proposed allowed amount should be $689,999. There was a net investment of $158,333 being coded to Ezra Shehebar that was previously missed and will be added to the total proposed amount.

The remaining difference of $6,666.67 from your proposed amount is from a payment you are including on 6/1/20 that is coded to Ezra Chehebar and is being included in claim 502.

Here is a detail of the activity containing the original investments and cash received, showing the calculation of the net investment:

Trans #	Type	Date	Num	Name	Account	Disbursement	Receipt	Amount
264521	Deposit	01/19/2017		Ezra Shehebar LLC	Investor - ESH		200,000.00	200,000.00
264955	Deposit	01/19/2017		Ezra Shehebar LLC	Investor - ESH		50,000.00	50,000.00
264972	Deposit	01/20/2017		Ezra Shehebar LLC	Investor - ESH		250,000.00	250,000.00
276610	Check	02/17/2017		Ezra Shehebar LLC	Interest Expense	10,416.67		(10,416.67)
289141	Check	03/20/2017		Ezra Shehebar LLC	Interest Expense	10,416.67		(10,416.67)
301805	Check	04/19/2017		Ezra Shehebar LLC	Interest Expense	10,416.67		(10,416.67)
314016	Check	05/19/2017		Ezra Shehebar LLC	Interest Expense	10,416.67		(10,416.67)
326715	Check	06/16/2017		Ezra Shehebar LLC	Interest Expense	10,416.67		(10,416.67)
340360	Check	07/19/2017		Ezra Shehebar LLC	Interest Expense	10,416.67		(10,416.67)
342975	Deposit	07/27/2017		Ezra Shehebar LLC	Investor - ESH		310,000.00	310,000.00
344173	Deposit	07/31/2017		Ezra Shehebar LLC	Investor - ESH		190,000.00	190,000.00
353263	Check	08/18/2017		Ezra Shehebar LLC	Interest Expense	20,833.34		(20,833.34)
370541	Check	09/19/2017		Ezra Shehebar LLC	Interest Expense	20,833.34		(20,833.34)
388414	Check	10/19/2017		Ezra Shehebar LLC	Interest Expense	20,833.34		(20,833.34)
412530	Check	11/20/2017		Ezra Shehebar LLC	Interest Expense	20,833.34		(20,833.34)
431614	Check	12/19/2017		Ezra Shehebar LLC	Interest Expense	20,833.34		(20,833.34)
435719	Deposit	12/27/2017		Ezra Shehebar LLC	Investor - ESH		100,000.00	100,000.00
452394	Check	01/19/2018		Ezra Shehebar LLC	Interest Expense	20,833.34		(20,833.34)
458609	Check	01/26/2018		Ezra Shehebar LLC	Interest Expense	2,500.00		(2,500.00)
480900	Check	02/20/2018		Ezra Shehebar LLC	Interest Expense	20,833.34		(20,833.34)
481445	Check	02/27/2018		Ezra Shehebar LLC	Interest Expense	2,500.00		(2,500.00)
496523	Check	03/19/2018		Ezra Shehebar LLC	Interest Expense	20,833.34		(20,833.34)
503101	Check	03/27/2018		Ezra Shehebar LLC	Interest Expense	2,500.00		(2,500.00)
521968	Check	04/19/2018		Ezra Shehebar LLC	Interest Expense	20,833.34		(20,833.34)
531446	Check	04/27/2018		Ezra Shehebar LLC	Interest Expense	2,500.00		(2,500.00)
546783	Check	05/18/2018		Ezra Shehebar LLC	Interest Expense	20,833.34		(20,833.34)
550737	Check	05/25/2018		Ezra Shehebar LLC	Interest Expense	2,500.00		(2,500.00)
568976	Check	06/19/2018		Ezra Shehebar LLC	Interest Expense	20,833.34		(20,833.34)
575894	Check	06/27/2018		Ezra Shehebar LLC	Interest Expense	2,500.00		(2,500.00)
592631	Check	07/19/2018		Ezra Shehebar LLC	Interest Expense	20,833.34		(20,833.34)
598179	Check	07/27/2018		Ezra Shehebar LLC	Interest Expense	2,500.00		(2,500.00)
619908	Check	08/20/2018		Ezra Shehebar LLC	Interest Expense	20,833.34		(20,833.34)
619986	Check	08/27/2018		Ezra Shehebar LLC	Interest Expense	2,500.00		(2,500.00)
647062	Check	09/19/2018		Ezra Shehebar LLC	Interest Expense	20,833.34		(20,833.34)
649470	Check	09/27/2018		Ezra Shehebar LLC	Interest Expense	2,500.00		(2,500.00)
666515	Check	10/19/2018		Ezra Shehebar LLC	Interest Expense	20,833.34		(20,833.34)
671016	Check	10/26/2018		Ezra Shehebar LLC	Interest Expense	2,500.00		(2,500.00)
693492	Check	11/19/2018		Ezra Shehebar LLC	Interest Expense	20,833.34		(20,833.34)
693855	Check	11/27/2018		Ezra Shehebar LLC	Interest Expense	2,500.00		(2,500.00)
727567	Check	12/19/2018		Ezra Shehebar LLC	Interest Expense	20,833.34		(20,833.34)
741354	Check	12/27/2018		Ezra Shehebar LLC	Interest Expense	2,500.00		(2,500.00)
763966	Check	01/18/2019		Ezra Shehebar LLC	Interest Expense	20,833.34		(20,833.34)
765013	Check	01/28/2019		Ezra Shehebar LLC	Interest Expense	2,500.00		(2,500.00)
763646	Deposit	02/19/2019		Ezra Shehebar	Investor - ESH		400,000.00	400,000.00
763775	Check	02/19/2019		Ezra Shehebar LLC	Interest Expense	20,833.34		(20,833.34)
763646	Deposit	02/19/2019		Ezra Shehebar	Investor - ESH		100,000.00	100,000.00
772651	Check	02/27/2019		Ezra Shehebar LLC	Interest Expense	2,500.00		(2,500.00)
784708	Check	03/19/2019		Ezra Shehebar	Interest Expense	34,166.67		(34,166.67)
819434	Check	04/19/2019		Ezra Shehebar	Interest Expense	34,166.67		(34,166.67)
844388	Check	05/20/2019		Ezra Shehebar	Interest Expense	34,166.67		(34,166.67)
877589	Check	06/19/2019		Ezra Shehebar	Interest Expense	34,166.67		(34,166.67)
911221	Check	07/19/2019		Ezra Shehebar	Interest Expense	34,166.67		(34,166.67)
943881	Check	08/19/2019		Ezra Shehebar	Interest Expense	34,166.67		(34,166.67)
980700	Check	09/19/2019		Ezra Shehebar	Interest Expense	34,166.67		(34,166.67)
1002149	Check	10/18/2019		Ezra Shehebar	Interest Expense	34,166.67		(34,166.67)
1032484	Check	11/19/2019		Ezra Shehebar	Interest Expense	34,166.67		(34,166.67)
1068999	Check	12/18/2019	1	Ezra Shehebar	Interest Expense	34,166.67		(34,166.67)
1410355	Check	01/17/2020		Ezra Shehebar LLC	Interest Expense	34,166.67		(34,166.67)
1416730	Check	02/18/2020		Ezra Shehebar LLC	Interest Expense	34,166.67		(34,166.67)
1423176	Check	07/01/2020		Ezra Shehebar LLC	Interest Expense	6,666.67		(6,666.67)
								689,999.81

I hope this answers your question, please let me know if you have any additional questions.

Josef Shehebar - Claim 484

Hi Robert,

I am a financial advisor assisting the Receiver of Complete Business Solutions Group, Inc., d/b/a Par Funding, et al. ("CBSG") and I can respond to your objection.

The Claims Motion included instructions for investors to calculate their claims to determine the "Net Investment".

> 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.

As discussed, the difference of $925,000 between our net investment amount and your proposed amount is made of up the $300K reinvestment, the $600k note into GEMJ, and a missed interest payment of $25K. The reinvestment of $300,000 is considered a non-cash transaction and is not included in the determination of the net investment. The net investment is calculated only by cash in and cash out items and thus, any accrued interest that was used to reinvest is excluded. See below for detail on the $25k interest payment on 11/12/19.

Note, the 600k was coded into GEMJ Chehebar GRAT LLC on our end and is thus included in claim 478.

Trans #	Type	Date	Num	Name	Account	Disbursement	Receipt	Amount
562173	Deposit	06/08/2018		GEMJ Chehebar GRAT, LLC	Investor - JCH		600,000.00	600,000.00

Here is a detail of the activity containing the original investments and cash received, showing the calculation of the net investment:

Trans #	Type	Date	Num	Name	Account	Disbursement	Receipt	Amount
439399	Deposit	01/02/2018		Josef Chehebar	Investor - GCH		1,000,000.00	1,000,000.00
586177	Check	07/11/2018		Josef Chehebar	Interest Expense	12,500.00		(12,500.00)
619828	Check	08/10/2018		Josef Chehebar	Interest Expense	12,500.00		(12,500.00)
638352	Check	09/11/2018		Josef Chehebar	Interest Expense	12,500.00		(12,500.00)
662711	Check	10/11/2018		Josef Chehebar	Interest Expense	12,500.00		(12,500.00)
684660	Check	11/13/2018		Josef Chehebar	Interest Expense	12,500.00		(12,500.00)
726176	Check	12/11/2018		Josef Chehebar	Interest Expense	12,500.00		(12,500.00)
758843	Deposit	01/07/2019		Josef Chehebar	Investor - JCH		300,000.00	300,000.00
763938	Check	01/11/2019		Josef Chehebar	Interest Expense	12,500.00		(12,500.00)
765373	Check	02/11/2019		Josef Chehebar	Interest Expense	25,000.00		(25,000.00)
778211	Check	03/11/2019		Josef Chehebar	Interest Expense	25,000.00		(25,000.00)
808104	Check	04/11/2019		Josef Chehebar	Interest Expense	25,000.00		(25,000.00)
835150	Check	05/10/2019		Josef Chehebar	Interest Expense	25,000.00		(25,000.00)
870318	Check	06/11/2019		Josef Chehebar	Interest Expense	25,000.00		(25,000.00)
897210	Check	07/11/2019		Josef Chehebar	Interest Expense	25,000.00		(25,000.00)
943865	Check	08/14/2019		Josef Chehebar	Interest Expense	25,000.00		(25,000.00)
958130	Check	09/11/2019		Josef Chehebar	Interest Expense	25,000.00		(25,000.00)
1002105	Check	10/11/2019		Josef Chehebar	Interest Expense	25,000.00		(25,000.00)
1022841	Check	11/12/2019		Josef Chehebar	Interest Expense	25,000.00		(25,000.00)
1068540	Check	12/11/2019		Josef Chehebar	Interest Expense	25,000.00		(25,000.00)
1407878	Check	01/02/2020		Josef Chehebar	Interest Expense	300,000.00		(300,000.00)
1408855	Check	01/10/2020		Josef Chehebar	Interest Expense	25,000.00		(25,000.00)
1412489	Check	02/10/2020		Josef Chehebar	Interest Expense	25,000.00		(25,000.00)
1456703	Check	03/11/2020		Josef Chehebar	Interest Expense	25,000.00		(25,000.00)
1425532	Check	06/01/2020		Josef Chehebar	Interest Expense	9,166.67		(9,166.67)
1423180	Check	07/01/2020		Josef Chehebar	Interest Expense	9,166.67		(9,166.67)
								544,166.66