

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

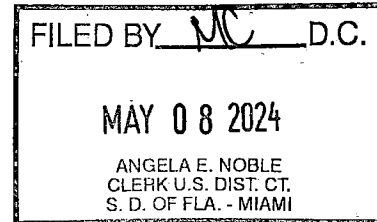
SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

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

Defendants.



**The Bankruptcy Trustee Michael Wheatley's Clarification of his Position in  
Response to the Receiver's Motion for Determination of Claims**

Michael Wheatley, as the Chapter 7 Trustee for the James Brad Law Bankruptcy Estate ("Bankruptcy Trustee"), Response Clarifying his Position to the Receiver's Motion to Approve Proposed Treatment of Claims (ECF No. 1843) ("Motion"). The Bankruptcy Trustee agrees with the Receiver's decision to categorize his Claim Number 0000020602 and 0000020603 as "Merchants in Litigation" (Exhibit 5) which should be allowed, and the amount is \$1,307,758.00.

**A. The Bankruptcy Trustee's Claim**

1. Michael Wheatley is the Chapter 7 Trustee for the James Brad Law Bankruptcy Estate ("Bankruptcy Trustee"), currently pending in the Bankruptcy Court for the Western District of Kentucky (Case No. 19-32508). Attached affidavit incorporated herein.

2. On March 20, 2023, the Chapter 7 Bankruptcy Trustee filed with the Receiver a verified Confirmation Number/Claim Number 0000020602 against "Business Solutions Group, Inc. d/b/a Par Funding", and a verified Confirmation Number/Claim Number 0000020603 against "Fast Advance, LLC" (collectively the "Claim"), in amounts to be determined.

3. The Bankruptcy Trustee filed two separate claims with the Receiver because Fast Advance Funding, Par Funding and Complete Business Solutions Group, Inc. were used interchangeably in their dealings with VPM Holdings, James Law, and the James Brad Law Bankruptcy Estate. The Bankruptcy Trustee is not seeking a double recovery.

4. The Bankruptcy Trustee’s Claim is based on, *inter alia*, a fraudulent conveyance in which Fast Advance Funding and/or Par Funding (collectively “Fast Advance”) placed a lien on real property with a warehouse at 1807 Button Court, LaGrange, Kentucky, that James Brad Law owned when filed bankruptcy, through his 100% ownership of VPM Holdings, LLC. The Fast Advance lien was used to secure a debt owed to Velmo USA, LLC (and not VPM Holdings).

5. Fast Advance failed to release the lien when Velmo USA, LLC’s initial debt owed was repaid and failed to release the lien upon demand made by the Bankruptcy Trustee. The Bankruptcy Trustee sustained \$1,307,758.00 in damages consisting of the loss of the building worth at least \$605,000.00, statutory damages, and attorneys’ fees recoverable by KRS § 382.365.

6. On December 20, 2023, the Bankruptcy Trustee filed with the Receiver a supplement to his originally filed Claim with additional support attaching documentation specifying the damages (“Claim Supplement”) as follows:

Building Value	\$605,000.00
Statutory Damages (KRS 382.365)	\$547,500.00
Attorneys' Fees (KRS 382.365)	\$155,258.00
<b>Total Damages</b>	<b>\$1,307,758.00</b>

7. The Receiver’s Motion classifies the Bankruptcy Trustee’s Claim in the “Merchants in Litigation” (Exhibit 5) and “Claims from Merchants in Litigation” (Exhibit 26).

8. The Trustee’s Claim and Claim Supplement establish the he has a valid claim that should be allowed by the Receiver in the amount of \$1,307,758.00.

**B. The Bankruptcy Trustee's Claim is Treated as a "Merchants in Litigation" (Ex. 5)**

9. The Bankruptcy Trustee's Claim is treated in the Motion to Approve Proposed Treatment of Claims within the "Merchants in Litigation" (Exhibit 5) category that applies to fraudulent conveyance claims being asserted by bankruptcy trustees. The Motion (at pp. 19-20) explains the treatment of claims in this category as follows (emphasis supplied):

In addition, certain merchants that filed for bankruptcy protection submitted claims in which they allege that CBSG's receipt of payments from these merchants prior to their bankruptcy filings constitute preferential or fraudulent transfers and, therefore, should be returned to the bankruptcy estates for these merchants. In general, the Receiver denied liability to the merchants (or bankruptcy trustees) submitting these claims, but did not contest and therefore allowed the claims for purposes of the claims submission process, and reserved the right to challenge liability before any distribution plan is finalized. Additionally, a determination regarding the priority of these claims will be part of the motion to approve a distribution plan, and is not addressed in this motion. As a result, the Receiver generally recommends that these claims be allowed at the submitted amounts.

10. The Receiver's Motion Chart in Exhibit 5 identifies the Bankruptcy Trustee's Claim amount as "undetermined", and it does not list an allowed claim dollar amount.

11. The Bankruptcy Trustee's initial Claim (filed 5/20/23) was listed as undetermined at that time, but the Bankruptcy Trustee's Supplemental Claim (filed 12/20/23) amended the unknown amount with documentation showing damages of \$1,307,758.00.

12. The Bankruptcy Trustee's Claim should be allowed for \$1,307,758.00 in the "Merchants in Litigation" (Exhibit 5) category.

**C. The Bankruptcy Trustee's Claim is Treated as a "Merchants in Litigation" (Ex. 26)**

13. The Bankruptcy Trustee's Claim is treated in the Motion to Approve Proposed Treatment of Claims within the "Claims from Merchants in Litigation" (Exhibit 26) category

relating to parties with suits against CBSG and its affiliates. The Motion (at pp. 19-20) explains the treatment of claims in this category as follows (emphasis supplied):

As the Court is aware, Magistrate Judge Reinhart has been presiding over a multi-session settlement conference with these merchants and their counsel, which is ongoing. If the parties are able to reach a resolution through these continued settlement discussions, the Receiver anticipates that these objections will be withdrawn. Thus, the Receiver recommends that the Court DEFER RULING on these objections. If the settlement discussions result in an impasse, the Receiver will present these objections to the Court through a separate motion for consideration and resolution.

14. The Bankruptcy Trustee that the Court should DEFER RULING on his Claim so the matter can be settled with the Receiver.

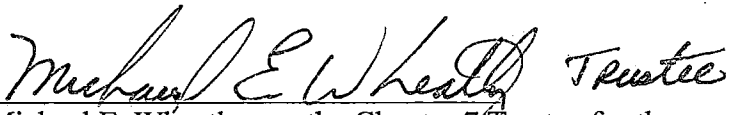
15. The Bankruptcy Trustee looks forward to attempting to settle his Claims with the Receiver, although he has not previously been contacted by the Receiver or Magistrate Judge Reinhart to do so.

16. The Receiver's Motion Chart in Exhibit 26 identifies the Bankruptcy Trustee's Claim amount as "undetermined", and it does not list an allowed claim dollar amount.

17. The Bankruptcy Trustee's initial Claim (filed 5/20/23) was listed as undetermined at that time, but the Bankruptcy Trustee's Supplemental Claim (filed 12/20/23) amended the unknown amount with documentation showing damages of \$1,307,758.00.

18. If the Bankruptcy Trustee's Claim is not allowed for \$1,307,758.00 in the "Merchants in Litigation" (Exhibit 5) category, in the alternative, it should be allowed for \$1,307,758.00 in the "Claims from Merchants in Litigation" (Exhibit 26) category.

WHEREFORE, Michael Wheatley, as the Bankruptcy Trustee, requests that the Court confirm the Receiver's decision to categorize his Claim Number 0000020602 and 0000020603 as "Merchants in Litigation" (Exhibit 5), and have it allowed for **\$1,307,758.00**, and for such relief as is fair and reasonable.

  
Michael E. Wheatley, as the Chapter 7 Trustee for the  
James Brad Law Bankruptcy Estate  
PO Box 1072  
Prospect, KY 40059  
Office: (502) 744-6484  
email: mwheatleytr@gmail.com

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on May 6, 2024, I sent by U.S. mail (via overnight service for delivery on May 7, 2024), with postage pre-paid, the Bankruptcy Trustee Michael Wheatley's

Response to the following address:

Clerk's Office  
Southern District of Florida  
Wilkie D. Ferguson Jr. US Courthouse  
400 North Miami Avenue  
Miami, FL 33128

I also sent on May 6, 2024, by U.S. Mail (with postage pre-paid) and e-mail, the Bankruptcy Trustee Michael Wheatley's Response to the following addresses:

**Timothy A. Kolaya**  
STUMPHAUZER KOLAYA  
NADLER & SLOMAN, PLLC  
Two South Biscayne Blvd., Suite 1600  
Miami, FL 33131

**VIA E-Mail: [tkolaya@sknlaw.com](mailto:tkolaya@sknlaw.com)**

**Gaetan J. Alfano**  
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