

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

CASE NO.: 20-CV-81205-RAR

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

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

Defendants.

**RECEIVER, RYAN K. STUMPHAUZER’S (1) RESPONSE TO
NON-PARTY SCR JOINT VENTURE, L.P.’S MOTION TO
INTERVENE AND (2) MOTION TO LIFT LITIGATION INJUNCTION
TO ALLOW CONTINUATION OF FORECLOSURE ACTION
INVOLVING PROPERTY LOCATED IN PULASKI COUNTY, ARKANSAS**

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

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

SCR Joint Venture L.P.'s Motion to Intervene [ECF No. 1953] (the "Motion to Intervene"); and (2) Motion to Lift Litigation Injunction to Allow Continuation of Foreclosure Action Involving Property Located in Pulaski County, Arkansas (the "Receiver's Motion to Lift Litigation Injunction"), and states as follows:

1. In the Motion to Intervene, non-party SCR Joint Venture L.P. ("SCR") asks the Court to permit it to intervene in this action for the purpose of obtaining relief from the litigation injunction contained in the Court's Amended Order Appointing Receiver [ECF No. 141] (the "Amended Order"), so that SCR may proceed with a foreclosure action captioned as *SCR Joint Venture, L.P. v. M&M Holding, Inc., et al.*, Case No. 60CV-22-8029, pending in the Eleventh Division of the Circuit Court of Pulaski County, Arkansas (the "Foreclosure Action").

2. SCR holds a first position lien over certain real property that M&M Real Estate, LLC owns in Pulaski County, Arkansas (the "Property") through a Mortgage, Security Agreement, and Assignment of Rents dated September 17, 2010, that M&M Real Estate, LLC executed in favor of a predecessor-in-interest to SCR.

3. In the Foreclosure Action, SCR alleges that M&M Real Estate, LLC defaulted under the Mortgage, Security Agreement, and Assignment of Rents, and seeks to foreclose on the Property.

4. Complete Business Solutions Group, Inc. d/b/a Par Funding ("CBSG"), as collateral for a merchant cash advance provided to Davis Trailer and Equipment, Inc., obtained a

LWP North LLC; The LME 2017 Family Trust; Recruiting and Marketing Resources, Inc.; Contract Financing Solutions, Inc.; Stone Harbor Processing LLC; LM Property Management LLC; and ALB Management, LLC; and the receivership also includes the property located at 568 Ferndale Lane, Haverford PA 19041.

Deed of Trust against the Property dated November 19, 2019, which is junior to SCR's Mortgage, Security Agreement, and Assignment of Rents.

5. As a result of CBSG's interest in the Property as a junior lienholder, SCR named CBSG as a defendant in the Foreclosure Action.

6. The Amended Order, and in particular the litigation injunction contained therein, prevents SCR from proceeding with its Foreclosure Action.

7. The Receiver has no reason to believe that CBSG's lien interest on the Property is superior to SCR's Mortgage, Security Agreement, and Assignment of Rents on the Property.

8. The Property consists of two parcels. According to the Pulaski County, Arkansas Assessor's Office, the appraised value of the two parcels comprising the Property is \$1,889,750.

9. According to representations from SCR's counsel, including in the Foreclosure Action, the amount of principal, interest, and other amounts M&M Real Estate, LLC owes to SCR under the Mortgage, Security Agreement, and Assignment of Rents exceeds \$2.92 million, with additional interest and other amounts continuing to accrue.

10. Through the Receiver's investigation, he has determined that a foreclosure sale in the Foreclosure Action is unlikely to result in surplus proceeds beyond the amount necessary to satisfy a portion of SCR's first position lien on the Property.

11. As a result, the Receiver believes that SCR should be permitted to proceed with its Foreclosure Action and a potential foreclosure sale of the Property, provided that any surplus proceeds to which CBSG may be entitled are promptly distributed to the Receiver.

12. As this Court is aware, CBSG has many merchants with outstanding balances on their merchant cash advance agreements. The Receiver is regularly negotiating with these merchants to resolve issues relating to their accounts. For example, as a result of Orders from this

Court granting the Receiver's prior motions to lift the Litigation Injunction, the Receiver has marked confessed judgments as satisfied or dissolved writs of attachment with respect to collections proceedings involving hundreds of merchants.

13. Recognizing the challenges that may accompany allowing numerous non-parties to intervene in this action for the purpose of seeking to lift the litigation injunction, the Receiver requests the Court to deny the Motion to Intervene.² At the same time, however, the Receiver, through the Receiver's Motion to Lift Litigation Injunction, hereby requests the Court to lift the Litigation Injunction for the limited purpose of allowing SCR to proceed with its Foreclosure Action and a potential foreclosure sale of the Property.

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

CERTIFICATION REGARDING PRE-FILING CONFERENCE

The undersigned counsel has attempted to confer with the SEC regarding the relief sought herein and certifies that, as of the time of this filing, counsel for the SEC has not responded with the SEC's position on the relief requested in the Receiver's Motion to Lift Litigation Injunction.

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

Dated: June 20, 2024

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on June 20, 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.

/s/ Timothy A. Kolaya
TIMOTHY A. KOLAYA

Exhibit “1”

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

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SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

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

Defendants.

**[PROPOSED] ORDER (1) DENYING NON-PARTY SCR JOINT
VENTURE, L.P.'S MOTION TO INTERVENE AND (2) GRANTING
RECEIVER, RYAN K. STUMPHAUZER'S MOTION TO LIFT LITIGATION
INJUNCTION TO ALLOW CONTINUATION OF FORECLOSURE ACTION
INVOLVING PROPERTY LOCATED IN PULASKI COUNTY, ARKANSAS**

THIS CAUSE comes before the Court upon Non-Party SCR Joint Venture L.P.'s Motion to Intervene [ECF No. 1953] (the "Motion to Intervene"); and (2) the Receiver, Ryan K. Stumphauzer's Motion to Lift Litigation Injunction to Allow Continuation of Foreclosure Action Involving Property Located in Pulaski County, Arkansas [ECF No. _____] (the "Receiver's Motion to Lift Litigation Injunction").

1. In the Motion to Intervene, Non-Party SCR Joint Venture L.P. seeks to intervene in this action for the limited purpose of requesting the Court to modify the asset freeze provided for in the Court's Amended Order Appointing Receiver dated August 13, 2020 [ECF No. 141] (the "Amended Order"), so as to permit SCR Joint Venture L.P. to proceed with a foreclosure action captioned as *SCR Joint Venture, L.P. v. M&M Holding, Inc., et al.*, Case No. 60CV-22-8029,

pending in the Eleventh Division of the Circuit Court of Pulaski County, Arkansas (the “Foreclosure Action”).

2. In the Receiver’s opposition to the Motion to Intervene and the Receiver’s Motion to Lift Litigation Injunction, the Receiver opposes the Motion to Intervene, but simultaneously requests the Court to lift the litigation injunction provided for in the Amended Order to allow Non-Party SCR Joint Venture L.P. to proceed with the Foreclosure Action.

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

ORDERED AND ADJUDGED that:

1. The Motion to Intervene is **DENIED**.
2. The Receiver’s Motion to Lift Litigation Injunction is **GRANTED**. For the reasons stated in the Receiver’s Motion to Lift Litigation Injunction, the litigation injunction set forth in the Court’s Amended Order Appointing Receiver dated August 13, 2020 [ECF No. 141] is hereby lifted to allow SCR Joint Venture L.P. to proceed with the Foreclosure Action.

DONE AND ORDERED in Miami, Florida, this ____ day of _____, 2024.

RODOLFO A. RUIZ II
UNITED STATES DISTRICT JUDGE

Copies to: Counsel of record