

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 20-CV-81205-RAR

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SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

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

Defendants.

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**OBJECTION TO RECEIVER'S MOTION TO APPROVE SETTLEMENT  
AND FOR ENTRY OF A BAR ORDER**

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*/s/ Matthew L. Minsky*

*/s/ George Bochetto*

By: \_\_\_\_\_

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*Pro Hac Vice*

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FBN: 1033408

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Dean Vagnozzi (“Dean”), Albert Vagnozzi (“Albert”), Alec Vagnozzi (“Alec”) (sometimes collectively referred to as the “Vagnozzis”), and Terry Kohler (“Kohler”), by and through undersigned counsel, Bochetto & Lentz, P.C. (“B&L”), hereby submit the following Objection to the Motion to Approve Settlement and Entry of a Bar Order (CM/ECF No. 1861).

**I. INTRODUCTION**

The Court should not enter the extraordinary relief of a “bar order” requested by the Receiver’s Motion to Approve Settlement and for Entry of a Bar Order (“Motion”).

*The U.S. Supreme Court Decision in Harrington*

The entire legal foundation for the availability of a bar order the Receiver (and passively the Eckert Firm) seeks pursuant to Eleventh Circuit case law has just been overruled by the United States Supreme Court in *Harrington v. Purdue Pharma, L.P.*, 603 U.S. \_\_\_\_ (2024), decided on June 27, 2024.<sup>1</sup> The Supreme Court expressly overruled the Eleventh Circuit’s

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<sup>1</sup> It is certainly acknowledged that the Receiver filed its Motion prior to the release of the *Harrington* decision, and nothing herein should be regarded as a criticism of the Receiver’s inability to consider *Harrington* prior to such

precedent, *In re Seaside Engineering & Surveying, Inc.*, 780 F.3d 1070 (11<sup>th</sup> Cir. 2015), on which the entirety of subsequent Eleventh Circuit decisions rely for the availability of “bar orders.” See *Harrington*, 603 U.S. \_\_\_\_, \*6-7 n.1 (citing Eleventh Circuit’s *Seaside* case as one of the cases approving of “bar orders” and part of the Circuit “split” that the Supreme Court overruled); see also *SEC v. Quiros*, 966 F.3d 1195, 1199 (11<sup>th</sup> Cir. 2020) (citing *Seaside* and *In re Munford*, 97 F.3d 449 (11<sup>th</sup> Cir. 1996), noting the Eleventh Circuit’s SEC receiverships cases have relied on “bar order” bankruptcy decisions “given the similarity between bankruptcy and receivership proceedings, [they] often apply bankruptcy principles to receivership cases.”)

The “bar order” proposed by the Receiver would grant non-parties – Eckert Seamans Cherin & Mellot, LLC and John Pauciulo, Esquire (collectively “Eckert”) – the exact same “release” the Sackler family sought in *Harrington*. As the Supreme Court observed:

Purdue’s long-time owners, members of the Sackler family, confronted a growing number of suits too. But instead of declaring bankruptcy, they chose a different path. From the court overseeing Purdue’s bankruptcy, they sought and won an order extinguishing vast numbers of existing and potential claims against them. They obtained all this without securing the consent of those affected or placing anything approaching their total assets on the table for their creditors.

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How do the plan proponents and the dissent reply to all this? Essentially, they ask us to look the other way.

603 U.S. at \_\_\_\_, \*1, 15.

Eckert is in an even more egregious posture than the Sackler family. Eckert seeks a “free pass” without putting up *any* of its assets, much less than the roughly 50% of assets the Sacklers offered in *Harrington*. 603 U.S. at \_\_\_\_, \*3, \*6 (noting out of \$11 billion, Sackler’s offered initially \$4.3 billion, and then another \$1.675 billion while on appeal). Eckert, like the Sacklers, hopes everyone “will look the other way.” But the Supreme Court in *Harrington* made it clear

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filing.

that federal courts can no longer “look the other way” and issue such free passes to mass tortfeasors such as Eckert who refuse to place their assets on the settlement negotiation table. For this reason alone, the Court should deny the requested bar order.

*Eckert is a Mass Tortfeasor Undeserving of a Bar Order*

While the Supreme Court’s decision in *Harrington* completely eviscerates the legal authority for a “bar order” that would release Eckert for its outrageous conduct, the Receiver’s requested bar order would still be completely unjustified under the Eleventh Circuit’s now overruled *Munford* factors.

Eckert’s outrageous conduct is well documented. Indeed, in confirmation of Eckert’s blameworthiness, the SEC filed a Cease-and-Desist Order (signed-off by Pauciulo personally and while still an equity partner at Eckert), which found that:

Pauciulo made material misstatements and omissions in private placement memoranda (“PPMs”) he prepared for many of these private investment funds and in in-person and video presentations he made to prospective investors and investors. Among other things, Pauciulo said that the investments did not need to be registered with the SEC and that they complied with the securities laws and gave full disclosure to investors. However, Pauciulo knew or was reckless in not knowing that there was no exemption from registration available for the CBSG offering or some of the private investment fund offerings because CBSG and some of the private investment funds engaged in a general solicitation. By engaging in this conduct, Pauciulo violated Sections 5(a), 5(c) and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.<sup>2</sup>

The Vagnozzis and Kohler – as demonstrated below – put complete faith in their counsel, trusting the oft-repeated mantra by Eckert and Pauciulo that they were “SEC Compliance Experts” when accepting their advice as to whether to do business with Complete Business

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<sup>2</sup> A copy of the Cease-and-Desist Order, dated July 7, 2022, is attached hereto as **Ex. “1.”** In addition, Pauciulo executed an Offer of Settlement with the SEC on May 12, 2022, incurring a civil penalty of \$125,000. *See June 19, 2023 Dep. Tr. of Timothy S. Coon*, at 138, attached hereto as **Ex. “2.”**

Solutions Group, Inc. d/b/a Par Funding (“Par Funding”), whether the availability of “private placement memoranda” exempt from SEC registration was lawful, and whether disclosures contained within such private placement memoranda were appropriate.

The narrative that the Vagnozzis and Kohler were “in league” with Par Funding could not be further from the truth. In this regard, a false narrative permeates the Receiver’s Motion: that Dean Vagnozzi was somehow complicit in the fraudulent conduct of Par Funding, which tragically duped investors out of hundreds of millions of dollars. But the Vagnozzis and Kohler were **NOT** perpetrators of any fraud. The Receiver and the SEC have repeatedly overlooked overwhelming material evidence that demonstrates – beyond any doubt – that Dean Vagnozzi is innocent of any misconduct. He, along with many of his family members and friends, were duped by Par Funding. They, too, invested hundreds of thousands of their personal funds with Par Funding. This Objection sets forth irrefutable evidence that exonerates the Vagnozzis and Kohler, exposing the Receiver’s fundamental misunderstanding of the true facts in this regard.

The Receiver’s focus has been on the investors in Par Funding, and the Vagnozzis and Kohler respect and applaud those efforts in trying to obtain a recovery for the investors. That focus, however, should not be allowed to create a profound injustice to the people who brought Eckert to its knees and produced the primary motivation for the proposed settlement. The proposed bar order also seeks to prevent Dean Vagnozzi from accessing an additional \$50 million of coverage from Eckert’s insurers, while also wiping out claims of Dean that are not even related to Par Funding or the Receivership entities in this case.

The Vagnozzis and Kohler were not fraudsters, as the Receiver attempts to portray them. They were innocent victims of egregious malpractice by their lawyers. If Pauciulo, a former New York SEC enforcement attorney, and his law firm, Eckert, a national law firm run by over

100 equity partners and 300 total lawyers,<sup>3</sup> had initially performed a basic due diligence into Par Funding (which the Vannozzis and Kohler paid for), and if they had provided their clients with even minimally competent advice concerning securities laws, exemptions from registration and disclosures pertaining to Private Placement Memorandums (“PPMs”), the fraud by Par Funding on the Vagnozzis and their hundreds of investors would not have occurred.

*Class Action Counsel’s Windfall*

The record before this Court will amply demonstrate, finally, that Class Action counsel is obtaining an unearned windfall from the diligent action of the Vagnozzis and Kohler. Dean, Albert and Kohler were forced to file separate legal malpractice claims against Eckert and Pauciulo for the devastating and continuing harm that was caused to them personally. *See Dean Vagnozzi v. Pauciulo and Eckert*, Civil Action No. 2115, April Term 2021, Crt of Comm Pl. Phila and *Albert Vagnozzi et al. v. Pauciulo and Eckert*, Civil Action No. 2334, May Term 2021, Ct. of Comm. Pl., Phila.

The Receiver’s Motion provides an incomplete view of the litigation against Eckert, one that glosses over the enormous efforts of the Vagnozzis and Kohler to expose the many admissions of malpractice committed by Eckert. The parties taking the lead in litigating against Eckert were the Vagnozzis and Kohler, not the Receiver and certainly not counsel for the Class Action investors. The Vagnozzis and Kohler, as the clients and direct victims of Pauciulo and Eckert, aggressively and at enormous personal expense prosecuted their malpractice claims, pressing Eckert for discovery, filing motion after motion to unearth key evidence, deposing critically important witnesses including Timothy Coon, Esq. (“Coon”), Eckert’s general counsel, and obtaining detailed expert witness opinions. As a result of those efforts, it was the Vagnozzis and Kohler who developed an extensive record establishing exactly how Eckert allowed an

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<sup>3</sup> See also Eckert Organizational chart, attached hereto as Ex. “3.”

unsupervised and incompetent attorney to expose the firm to more than \$190 million of liability when Eckert was dramatically underinsured for such damages. Comparing the thin class action dockets and absence of time entries in Class Action Counsel’s request for fees to the full-court press against Eckert by the Vagnozzis and Kohler shows that it would be plainly inequitable to award class action counsel \$6.75 million in fees while the Vagnozzis and Kohler and their counsel walk away with virtually nothing.

*The Court Should Reject a “Bar Order” in Favor of a Global Settlement*

In the end, under the proposed settlement, Eckert and Pauciulo contribute nothing. Their carriers are paying \$45 million – the single claim limits of the policies – without any contribution from the wrongdoers.<sup>4</sup> Eckert and Pauciulo avoid any liability under this proposed settlement, under which the bar order, the very basis for which has now been undermined by the Supreme Court of the United States, would relieve Eckert and Pauciulo of the massive liability claims.

Justice would not be served if Eckert and Pauciulo can avoid liability for their reckless malpractice and escape accountability to their own clients for the life-altering personal damages they suffered at the hands of Eckert and Pauciulo. The Court should reject the Receiver’s requested bar order, and direct the interested parties to revisit an alternative, more equitable solution, much like the Supreme Court did to the Sacklers and Purdue Pharma in *Harrington*. 603 U.S. \_\_\_\_, \*17-18 (“The Sacklers may ‘want global peace,’ the Trustee acknowledges, but that doesn’t mean that they wouldn’t pay a lot for 97.5 percent peace.’ After all, the Trustee reminds us, during the appeal in this very case, the Sacklers agreed to increase their contribution by more than \$1 billion in order to secure the consent of the eight objecting States. If past is prologue, the Trustee says, there may be a better deal on the horizon.”)

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<sup>4</sup> It is even questionable whether Eckert’s insurers will end up paying \$45 million since the proposed settlement includes an off-set of as much as \$15 million against the Receiver’s future collection efforts.

## II. FACTUAL BACKGROUND

### A. The Relationship of Eckert with the Vagnozzis and Kohler, and the Reckless and Improper Advice Provided by Pauciulo

Dean first met Pauciulo in or around 2004, when he was looking for an attorney to represent him in connection with joining other investors to buy real estate. Pauciulo, then an attorney at the Philadelphia law firm of White & Williams, held himself out as a specialist in corporate and securities law, and touted the fact that he was formerly an “enforcement lawyer” with the Securities and Exchange Commission.

In or around 2010, Pauciulo moved to the Eckert law firm, where he continued to represent Dean personally. *See* Eckert Legal Representation Letter, dated September 19, 2010, and executed by Dean Vagnozzi on October 15, 2010, attached hereto as **Ex. “4.”** Significantly, the letter of representation under which Dean obtained advice from Pauciulo and Eckert *identifies Dean as the client*, not a Receivership Entity. *Id.* Thus began a long series of representations by Pauciulo and Eckert of Dean. As time progressed, Pauciulo became intimately familiar with almost all of Dean’s personal and business affairs. Pauciulo even appeared on radio shows with Dean and recorded videos that were then shown to potential investors. *See* video link compilation of several of Pauciulo’s representations and appearances, attached hereto as **Ex. “5.”** In fact, during one of those appearances, Pauciulo specifically assured audience members that Dean’s investments were completely “legal”:

[Pauciulo speaking] Frankly, Dean spent a lot of money with me and my law firm. This kind of legal compliance is complicated. And because it is complicated, we spend a lot of time on it and that time results in expense. And Dean has spent, and continues to spend, a lot money to make sure things are done the right way.

*Id.* (start of video). *See also* video link dated April 2018, attached hereto as **Ex. “6.”**

During the first ten years of this representation (2004-2014), and as Dean experienced



more and more success, he relied upon Pauciulo's advice and guidance regarding almost every aspect of his business operations. Pauciulo's first "investment vehicle" representation of Dean was in connection with the formation of an entity to invest in real estate. Later, starting in or around 2010-2011, Pauciulo and Eckert represented Dean in connection with creating other entities for investments in life settlement funds that were called "Pillar Funds." Specifically, Pauciulo and Eckert advised Dean that by forming funds through limited partnerships, limited partnership interests could be sold to private investors through private placement memoranda (PPMs), and that it was fully compliant with state and federal securities laws. Pauciulo prepared a letter to Dean summarizing the regulatory framework pertaining to the Pillar Funds, directly stating that because the Pillar Funds are organized as "limited partnerships," and interests in the partnership were sold by the principals of the partnership, "the principals themselves are exempt from registration as a broker dealer." *See* Pauciulo letter to Dean, dated January 28, 2016, attached hereto as **Ex. "7."** Pauciulo also explained that the partnership interest itself was a "security," but it would be "exempt" from registration under "Regulation D" of the federal security laws. *Id.*

In or around April 2016, after successfully selling various life settlement funds through PPMs, Dean directed Pauciulo to perform "due diligence" into Par Funding, a merchant cash advance company, for which Dean was considering raising capital. Pauciulo agreed. *See* SEC Dep. Tr. of Pauciulo, dated April 9, 2021, p. 162:7-165:13, attached hereto as **Ex. "8."**

As part of his due diligence, on April 19, 2016, Pauciulo e-mailed Joe Cole at Par Funding a due diligence request list. *See* E-mails, dated in April of 2016 regarding due diligence, attached hereto as **Ex. "9."** *See also* Ex. 8 at 165-16. Unbeknownst to Dean, Pauciulo's due diligence into Par Funding was wholly deficient and amateurish. By way of

example only, Pauciulo later admitted at his deposition that Par Funding never even provided him with the due diligence items requested, including audited financial statements:

2     **Q.** This is your attachment, the due diligence  
3 request list, of the documents you sought from Par  
4 Funding in your April 20, 2016 request list.  
5         Is that accurate?  
6     **A.** That's the due diligence request list that  
7 I sent to Par Funding.  
8     **Q.** And did Par Funding provide everything  
9 that you requested on this due diligence request  
10 list?  
11     **A.** No, I don't think they provided everything  
12 that we requested.  
13     **Q.** Okay. So did they provide you with  
14 audited financial statements?  
15     **A.** They did not.  
16     **Q.** Okay. Did you -- did you ask them whether  
17 they had audited financial statements, whether any  
18 existed?  
19     **A.** Yes.  
20     **Q.** And what did they tell you?  
21     **A.** In 2016 I was told that Par Funding did  
22 not have audited financial statements.  
23     **Q.** Did they -- did anyone from CBSG ever  
24 provide you any audited financial statements?  
25     **A.** No.

Ex. 8 at 169. Pauciulo incredibly testified that *he was not concerned* about the absence of audited financial statements after asking for them, even though Vagnozzi was planning to raise hundreds of millions of dollars to invest in the entity:

1     **Q.** Okay. Were you -- when CBSG told you  
2 during due diligence that there were no audited  
3 financial statements, were you concerned about that?  
4     **A.** I was not concerned about the absence of  
5 audited financial statements.

*Id.* at 170:1-5. Pauciulo testified under oath concerning his lack of due diligence into Par Funding when asked to do so by Dean:

12 **Q. Did you do any research into Lisa McElhone**  
13 **since you thought she was -- you understood she was**  
14 **the president and CEO at that time?**

15 **A. I don't recall.**

6 **Q. Did you do any background searches on**  
7 **anyone at Par Funding?**

8 **A. Not that I recall.**

9 **Q. Did Par Funding provide you with -- you**  
10 **requested tax returns on -- on the list that we're**  
11 **looking at on Exhibit 7.**

12 **Q. Did Par Funding provide you with any tax**  
13 **returns in connection with your due diligence**  
14 **request?**

15 **A. No, they did not.**

16 **Q. Did they tell you why?**

17 **A. Not that I recall.**

18 **Q. Did you do any Westlaw searches or any --**  
19 **any other research about litigation that Par Funding**  
20 **was involved in?**

21 **A. No, I did not.**

*Id.* at 176:12-15, 177:6-21.

After this woefully deficient due diligence analysis, Pauciulo and Eckert gave Par Funding a clean bill of financial health and agreed to prepare various Private Placement Memoranda (“PPM”) relating to Dean soliciting investments for Par Funding. Pauciulo admitted, and Eckert’s records show, that Dean was one of Pauciulo’s largest clients:

21 **Q. Were Mr. Vagnozzi and his entities some of**  
22 **your biggest clients?**

23 **A. In what time frame?**

24 **Q. Any.**

25 **Was there ever a time when Mr. Vagnozzi**

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1 **and his entities were some of your biggest clients?**

2 **A. In 2018 and 2019 Dean Vagnozzi and his**  
3 **related entities were among my larger clients.**

*Id.* at 319:21-320:3; *see also* Eckert’s Financial Data, Equity Member John W. Pauciulo for the years 2014 through 2020, attached hereto as **Ex. “10.”**

The PPMs were to contain the required disclosures about the risks of the investment and were to be properly filed with the SEC to claim an exemption from registration under Regulation D. Eckert’s and Pauciulo’s legal advice concerning Par Funding and the PPMs was wrong on many levels. The Par Funding investment promissory notes were not exempt securities. The PPMs were deemed completely deficient by the SEC and other regulatory bodies as they failed to disclose basic and required information, including the fact that the founder of Par Funding – “Joseph Mack” a/k/a Joe LaForte – was using a pseudonym to hide a prior federal mail and wire fraud conviction – a fact that Pauciulo knew, but told Dean was not a required disclosure. Pauciulo admitted that he knew Joe LaForte had a criminal record by 2017:

19     **A.** I don’t recall when I learned that  
20 Joseph -- the individual that had been introduced to  
21 me as Joe Mack or Joey Mack, his legal name was  
22 Joseph LaForte.  
23 BY MS. BERLIN:  
24     **Q.** Do you remember a year?  
25     **A.** I think it was 2017.

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1     **Q.** Did you ever come to learn that Joseph  
2 LaForte had a criminal record?  
3     **A.** Yes.  
4     **Q.** And did you learn that during your due  
5 diligence of Par Funding?  
6     **A.** No.  
7     **Q.** When did you learn it?  
8     **A.** Sometime in 2017.

Ex. 8 at 143:19-144:8. Despite this, the PPMs drafted by Pauciulo did not disclose the criminal history of LaForte. *See, e.g., id.* at 262:19-22 (testifying as to agent funds).

This was not the first time Pauciulo concealed a criminal history with respect to a security while working with Dean. ***Discovery in the legal malpractice litigation revealed that Pauciulo had a history and practice of not disclosing material information in the PPMs he drafted. In April 2011, pertaining to Dean’s Pillar II Funds (which is unrelated to the Par***

*Funding PPMs), Pauciulo made a similar unilateral decision not to disclose material information about Life Partners Inc, which was then under criminal investigation. Instead, Pauciulo advised his Eckert associate Enrico Pagnanelli, to draft the PPMs in the “usual format” and “just do it.”*<sup>5</sup> The final PPMs submitted by Pauciulo and Eckert failed to disclose the criminal investigation.

Pauciulo and Eckert also provided legally deficient advice about disclosing criminal histories for other investments to Dean: most notably Fallcatcher, a non-Par Funding investment which involved a convicted felon. In August 2018 and thereafter, Pauciulo was drafting a Fallcatcher PPM, advising on Fallcatcher offerings, and then defending Dean regarding the Fallcatcher investigation:

13       **Q.** Now, the Fallcatcher investigation -- and  
14 when I say "Fallcatcher investigation," do you  
15 understand that I'm referring to the matter you  
16 represented ABFP, A Better Financial Plan and  
17 Mr. Vagnozzi in before the Securities and Exchange  
18 Commission in 2018 and 2019 and 2020?  
19           I -- I'm trying to give you a quick  
20 definition. Do you know -- if I say -- how about  
21 this, Mr. Pauciulo, because you look puzzled. If I  
22 say "the Fallcatcher investigation," I am referring  
23 to the matter that ultimately resulted in an order  
24 against your client in July 2020 in connection with  
25 the Fallcatcher offering.

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1           Do you understand what I mean when I say  
2 "the Fallcatcher matter"?

3       **A.** I understand what you mean when you say  
4 the Fallcatcher matter.

5       **Q.** Thank you.

6           Now, the Fallcatcher matter ultimately  
7 ended in a settled order being entered against  
8 Mr. Vagnozzi on July 14, 2020; is that correct?

9       **A.** That is correct.

<sup>5</sup> See E-mail exchanges in April of 2011 between Pauciulo and Eckert’s associate Enrico Pagnanelli, attached hereto as Ex. “11.”

Ex. 8 at 97:13-98:9. Pauciulo admitted that he understood that the principal of Fallcatcher, Henry Ford, a/k/a Cleothus Lefty Jackson, was a convicted felon. But Pauciulo decided, as an attorney, not to disclose this in the investment documents he drafted:

4       **Q.** So did you know about Mr. Ford's criminal  
5 conviction and decide not to include it in the PPM?  
6       **MS. RECKER:** Object to the form.  
7       **A.** Yes, that's correct.

*Id.* at 133:4-7. With respect to Fallcatcher, therefore, Dean received recklessly deficient advice from Pauciulo and Eckert, which resulted in an SEC order against Dean. ***Fallcatcher is not a Receivership Entity and did not involve Par Funding.***<sup>6</sup>

Ultimately, in mid-2020, the SEC filed an action in the United States District Court for the Southern District of Florida (“the Florida Action”) against Par Funding as well as Dean and his businesses. Specifically, the SEC alleged that the PPMs prepared by Pauciulo and Eckert were woefully incomplete, inaccurate, and in direct violation of registration requirements—the precise advice that Dean went to Pauciulo and Eckert for and for which he relied on Pauciulo and Eckert.

Aside from Dean, Albert and Kohler also created a fund to invest in Par Funding. Albert and Kohler were partners in an investment firm called PTK Financial. They first learned of Par Funding’s merchant cash advance business through Dean – Albert’s brother – who had been raising investment funds for Par Funding’s merchant cash advance business for several years under the specific guidance and legal representation of Pauciulo and Eckert.

On January 10, 2018, Albert and Kohler met with Pauciulo to discuss forming a fund. They engaged Pauciulo because Pauciulo represented himself as having expertise in securities

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<sup>6</sup> In July 2020, the SEC filed an enforcement action in New York against Dean and his entities relating to Dean’s Pillar Funds and Fallcatcher, which directly arose out of Pauciulo’s reckless advice and inadequate PPMs. ***The advice given in these investments was unrelated to Par Funding, but constitutes separate malpractice by Eckert and Pauciulo.***

laws, was a partner in a large national law firm, and was already familiar with Par Funding and preparing PPMs. Pauciulo and Eckert took on this additional representation. The Eckert engagement letter, dated February 20, 2018, specifically delineated the scope of services:

Our services will consist of the following: *(i) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (ii) the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D and (iii) counseling with respect to conducting the offering and other regulatory compliance.*

See Eckert Engagement letter, dated February 20, 2018, attached hereto as **Ex. “12.”** The Capricorn Income Fund I, LLC, and Capricorn Income Fund I Parallel, LLC funds created through Eckert’s services under this retainer agreement are termed “Agent Funds” by the Receiver but *are not Receivership Entities*.

Alec – Dean’s son – also became a co-sponsor of a fund called Pisces Income Fund, LLC. Pauciulo and Eckert accepted this engagement in September 2019 under the same scope of services set forth above. At that time, Alec was 23 years old and had graduated from Penn State University about 18 months earlier in May 2018. Following his graduation, he started his first job at JP Morgan in Portfolio Management, where he worked for about a year. He then started working at his father’s company, ABFP.

On or about September 16, 2019, the Pisces Income Fund, LLC (not a Receivership Entity) was formed by Eckert’s paralegal Cynthia Woolheater. Pauciulo drafted and prepared the Pisces Income Fund, LLC’s PPMs. Eckert is also identified as legal counsel in the PPM. Again, Pauciulo, as the drafter of the PPMs and securities expert, was exclusively responsible for what to disclose or not to disclose in the PPMs.

There is now no dispute that Eckert and Pauciulo’s advice constituted legal malpractice

as to clients such as the Vagnozzis and Kohler. On July 7, 2022, Pauciulo accepted a settlement in a matter brought against him by the SEC in *In Re Pauciulo*, S.E.C. Admin. Proc. No. 3-20926 (the “Order”). Ex. 1. The Order is an expansive and shocking document from the perspective of a Pauciulo client, particularly given that its terms were proposed by Pauciulo:

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose

*Id.* at 2. The Order begins with Pauciulo’s blithe admission to violation of the securities laws by issuing the Par Funding PPMs created for the Vagnozzis and Kohler:

Group, d/b/a Par Funding (“CBSG”). Pauciulo made material misstatements and omissions in private placement memoranda (“PPMs”) he prepared for many of these private investment funds and in in-person and video presentations he made to prospective investors and investors. Among other things, Pauciulo said that the investments did not need to be registered with the SEC and that they complied with the securities laws and gave full disclosure to investors. However, Pauciulo knew or was reckless in not knowing that there was no exemption from registration available for the CBSG offering or some of the private investment fund offerings because CBSG and some of the private investment funds engaged in a general solicitation. By engaging in this conduct, Pauciulo violated Sections 5(a), 5(c) and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

*Id.*

The Order names Dean specifically, *id.* at 3, states that Pauciulo “provided legal representation” to Dean, *id.* at 4, and then goes through the details of Pauciulo’s involvement in Dean’s business, the PPMs, solicitation dinners attended (and approved by) Pauciulo, and Pauciulo’s knowledge and participation in radio advertising with Dean. *Id.*

Pauciulo further admitted his own recklessness, material misrepresentations, and the deficiencies in the advice he gave and his conduct as Dean’s attorney:



16. Pauciulo knew or was reckless in not knowing that there was no exemption from registration available for the CBSG offering that he and the Agent Funds participated in, because CBSG engaged in a general solicitation. Pauciulo also knew that Vagnozzi was engaged in a general solicitation through radio ads and dinner seminars, and thus, the seven Agent Funds Vagnozzi controlled had no exemption from registration.

17. Pauciulo made material misrepresentations and omissions to investors. Pauciulo told investors that the investments did not need to be registered with the SEC and that they complied with the securities laws. Pauciulo knew or was reckless in not knowing that there was no exemption available for the CBSG offering or the Vagnozzi Agent Funds offerings, and thus, the offerings needed to be registered with the SEC. Pauciulo touted Vagnozzi's investment experience in presentations and in the PPMs he prepared, but failed to disclose Vagnozzi's regulatory history and also failed to disclose LaForte's criminal history. Pauciulo made these omissions while telling investors and prospective investors that the PPMs he prepared contained all the information that a reasonable person would want to know in order to make an informed investment decision.

*Id.* at 5. This conduct, under the Order, supports the finding that Pauciulo's legal work for the Vagnozzis and Kohler constituted a willful violation of the securities laws:

#### **Findings**

19. Based on the foregoing, the Commission finds that Pauciulo willfully violated Sections 5(a), 5(c) and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

*Id.*

#### **B. Eckert Failed to Supervise and Monitor Pauciulo, Who Headed Eckert's Securities Practice Group**

Thanks to the efforts of the Vagnozzis and Kohler in litigating their malpractice claims against Eckert, the wholesale failure of Eckert to supervise and monitor Pauciulo and his advice to clients has been laid bare. Timothy Coon, Esquire, Eckert's general counsel since 2012, was deposed in Dean's malpractice case on June 19, 2023. Ex. 2. Mr. Coon testified, with respect to Eckert's supervision of Pauciulo:

6 Q Was there any supervision of Mr. Pauciulo  
7 during that period of time regarding his practicing  
8 of securities law?

9 A I don't understand what supervision means  
10 in regards to equity members in a firm.

11 Q Was anybody responsible to look over his  
12 shoulder to see what he was doing and whether what  
13 he was doing, exposed the firm to any liability?

14 A There was nobody responsible to look over  
15 John's shoulder as an equity member in the practice  
16 that he maintained.

*Id.* at 45:6-16.

Coon further confirmed that Eckert had no practices, processes, or policies in place regarding supervision, reporting, or the establishment and creation of new practice groups, including the securities group. Eckert's general counsel could not identify anyone in Eckert's management who had any securities background. *Id.* at 9:23-10:3. With respect to understanding the risks Pauciulo's practice presented to Eckert, Coon testified under oath that Eckert relied on background interactions to know what Pauciulo did:

5 Q Well, did anybody ever sit down with  
6 Mr. Pauciulo to try to understand what it was he was  
7 doing in the securities law field, and make a  
8 determination as to whether he was doing so  
9 correctly or in a manner that didn't expose the  
10 Eckert firm to liability claims?

11 A That's a very compound question, but I --  
12 I don't know, because I didn't deal with John  
13 Pauciulo.

14 But John was a member of the firm.  
15 He interacted with others in the business division  
16 and in the financial transaction area, would have  
17 interacted with others including practice group  
18 leaders.

19 So yes. He would have -- there  
20 would -- he would have interacted with other people  
21 about his practice, generally. What he did specific  
22 on any particular transaction, I don't know. You  
23 would have to ask him that.

*Id.* at 23:5-23,129:23-130:11.

Eckert's abdication of management responsibility over its attorneys is even more shocking considering there was no requirement at Eckert to report government investigations of its clients—a particular concern in the securities field:

7 Q Was there any mechanism in place at Eckert  
8 by which attorneys needed to report to management  
9 the commencement or existence of regulatory  
10 investigations of clients that had been represented  
11 by Eckert?

12 A I'm not aware of anything in particular.  
13 It would be up to the attorney to -- if he felt it  
14 would be appropriate, the member responsible for the  
15 matter to raise it.

*Id.* at 41:7-15. In fact, despite the exposure created by Pauciulo's practice and the lack of

supervision, no one at Eckert knew the scope of Pauciulo’s involvement in the creation of PPMs for hundreds of millions of dollars in investments:

23 Q Okay. Was Eckert ever aware that  
24 Mr. Pauciulo's drafted private placement memorandums

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1 were being used to raise hundreds of millions of  
2 dollars of investor money?

3 A The way you phrased it was Eckert aware --  
4 you can ask me if I was aware.

5 Q Were you aware?

6 A Yes. Yeah. I became aware. Sure.  
7 During the course of PAR Funding litigation.

8 Q Separate from what you became aware of in  
9 the PAR Funding litigation, were you ever aware that  
10 there were hundreds of millions of dollars being  
11 raised through Mr. Pauciulo's securities law  
12 instruments?

13 A No.

*Id.* at 50:23-51:13.

Coon’s testimony is particularly shocking given the history of Pauciulo while at Eckert. Left unsupervised, Pauciulo dispensed reckless securities advice about unregistered promissory notes to many clients, not just the claimants in this case. For example, Pauciulo’s securities’ advice was called into question in *The Matter of Retirement Surety, LLC et al.*, Admin Proceeding File No. 3-18061<sup>7</sup> and *SEC v. Schantz*, D.N.J. 1:17-cv-03115, where, like this case, Pauciulo erroneously advised clients that promissory notes did not have to be registered as securities because of exemptions. That turned out to be completely erroneous advice and resulted in SEC actions against Pauciulo’s clients and others in these matters. Significantly, the SEC started to bring charges in those matters in 2017 when Pauciulo was creating the funds for Dean.

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<sup>7</sup> See Initial Decision, dated December 20, 2019, in *The Matter of Retirement Surety, LLC et al.*, Admin Proceeding File No. 3-18061, attached hereto as **Ex. “13.”**

But these SEC matters were never disclosed to Dean by Pauciulo or Eckert. Nor were these previous SEC actions disclosed to Albert, Kohler, or Alec, who created funds in 2019. These prior SEC actions should have, but did not, raise red flags for Eckert concerning the illegitimate nature of Pauciulo's securities practice.

In *Schantz*, the SEC filed a complaint in the United States District Court for the District of New Jersey alleging chillingly similar securities violations to those so familiar to the Court now, resulting in a consent judgment by Pauciulo's client, William R. Schantz. See Letter and Am. Final Order and Judgment, *SEC v. Schantz*, D.N.J. 1:17-cv-03115, attached hereto as **Exhibit "14."** Pauciulo is noted as a defense attorney on the letter to Judge Kugler transmitting the agreed-upon amended judgment, *id.*, and the Complaint in *Schantz* (filed **four days** before the consent judgment agreed to by Pauciulo's client) states that a radio-advertised investment was sold as an unregistered security, as in the Pauciulo-approved investments sold by Dean:

6. In addition, the Notes sales constituted unregistered sales of securities for which no applicable registration exemption existed and, thus, violated the securities sale registration provisions of the federal securities laws.

**I. Verto's Business Model**

16. From at least November 2013 through November 2015, Defendants issued approximately \$12.5 million in Verto Notes to approximately 80 investors.<sup>1</sup> Generally, the Brokers sold Verto Notes to Texas investors, who learned of the Note program through the Brokers' advertisements on a Christian-themed radio show. A few investors, however, were located elsewhere across the country, including New Jersey, Indiana, Nevada, and South Carolina.

See Compl., *SEC v. Schantz*, 1:17-cv-03115, at 3, 5, attached hereto as **Exhibit "15."** Eckert should have been on notice of this "red flag" in May 2017, when the complaint was filed and the first consent judgment entered.

*The Matter of Retirement Surety, LLC et al.* exposes the depth of Pauciulo's conduct in

the *Schantz* securities violations. The Initial Decision in that case contains the following findings concerning Pauciulo:

Schantz recruited Rose to begin selling Verto Notes in late 2012 or early 2013. *See* Resp. App. at 1007. Rose and Leeman then formed Crescendo as a vehicle for the sale of the Verto Notes. *See* Settlement Order ¶ III.A.2. Rose stated that the Verto Note offerings caught his attention because he thought “it was not a security” based on the “advice by [Schantz] and his attorneys,” including John Pauciulo. Resp. App. at 1007, 1011-12. Leeman knew that Pauciulo was “from a very large and reputable law firm” in Philadelphia.” *Id.*

In August 2014, Schantz forwarded to Rose and Leeman an email from Pauciulo stating that “providing a formal legal opinion on this point would not be feasible” because of its complexity. Resp. App. at 996. But Pauciulo stated that he “thought that a regulator or court should find that the notes are exempt” and that they had been “drafted . . . with the intent to meet the requirements of the 9 month note exemption.” *Id.* Pauciulo also suggested changing Respondents’ compensation so that instead of receiving a commission from Verto, they would be paid “a fee for the purchaser” as a “purchaser representative.” *Id.* at 996-97. Pauciulo offered to draw up the

Ex. 10 at 5, 7.

Despite Pauciulo’s advice coming under SEC scrutiny as early as 2017, as evidenced by these public filings and regulatory actions, Eckert nevertheless allowed Pauciulo to provide unchecked securities’ advice to its clients. Not only did Eckert allow Pauciulo to provide unsupervised advice, but Eckert also allowed Pauciulo to participate in video appearances, touting the alleged legality of his securities advice to prospective investors. In his own words, Pauciulo assured the public, despite the consent judgment in *Schantz*:

“I work with clients to identify market opportunities and investment opportunities, and we do that in a couple different ways. The first step is usually due diligence and just looking at an opportunity and trying to determine whether it’s worthwhile. Once we identify them, we prepare documents that allow the promoter – the principal behind the fund to create a fund and bring in investment dollars and that’s done also in a couple steps but a big part of that the drafting or creation of a what’s called a Private Placement Memorandum, sometimes you’ll hear people refer to it as a PPM or an offering book or a circular book...different words for the same thing. The private placement is the tool through which an investor can invest into a company. So every time you sell a

security, it either has to be registered with the SEC or there's got to be an exemption, and we operate under exemptions from the registration requirements."

Ex. 6 at 0:02:51. Despite the above representations, Pauciulo failed to practice what he preached, at the tremendous personal and financial cost to his clients.

The complete abdication of responsibility by Eckert is inconsistent with the obligations of supervising an attorney such as Pauciulo. The Vagnozzis and Kohler have obtained the expert opinion of Joseph Jacovini, Esq., on the issue of "whether a 200-person general practice law firm should have in place an adequate system of internal controls to supervise and monitor the actions



of its lawyers in complying with their professional responsibilities to firm clients, particularly in corporate securities and financing transactions involving raising hundreds of millions of dollars of investments from the public over a number of years." See Report of Joseph Jacovini, Esq., at 1, attached hereto as **Exhibit "16."** Mr.

Jacovini served as Chairman of Dilworth Paxson LLP<sup>8</sup> for over 25 years, and continues to practice as a Senior Partner and as part of Dilworth's Executive Committee: he is a widely respected member of the bar in the city in which Pauciulo practiced at Eckert and has extensive experience managing a large law firm, as well as serving as a law professor, and serving on the boards of numerous public, private, and governmental institutions. *Id.*

Mr. Jacovini's opinion, based on the Pennsylvania Rules of Professional Conduct and his experience, is that "[r]esponsible law firms as large as Eckert" should "monitor and supervise" practices of law, including "to review and monitor representations being made by its lawyers" to clients and third parties. *Id.* at 2-3. In securities law, Mr. Jacovini describes these "internal

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<sup>8</sup> Dillworth Paxson, LLP is one of the oldest and most respected law firms in Philadelphia, tracing its roots back over 100 years. <https://www.dilworthlaw.com/about/history/> It has nine offices in Pennsylvania, New Jersey, New York and Delaware, run by 120 attorneys.

controls” as “critical[.]” Such controls would include the participation of at least two experienced partners on any legal opinion; regular meetings to understand what matters are being worked on; mandatory annual disclosure of “any potential liability of the firm;” due diligence on clients and circulation of information on new clients; “prior approval of public statements;” prompt attention to red flags such as Pauciulo’s connection to the “solicitation of investments from the public;” and review of the dependence of counsel on their clients. *Id.* at 3-4. Based on a review of Coons’ testimony, Dean’s complaint, and other documents, Mr. Jacovini concludes that:

*the Eckert firm failed to have in place an adequate system of internal controls to supervise Mr. Pauciulo’s activities on behalf of Mr. Vagnozzi and his entities. Further, there were sufficient “red flags” arising from Mr. Pauciulo’s activities on behalf of Mr. Vagnozzi’s entities that should have alerted the firm to inquire into Mr. Pauciulo’s activities.*

*Id.* at 5 (emphasis added).

Had Eckert properly supervised and monitored Pauciulo and had Eckert ensured that there were proper policies and/or practices in place to ensure that its members complied with the acceptable standards of care in providing securities advice, Dean, Albert, Kohler and Alec’s life would not have been drastically altered. Instead, Eckert allowed Pauciulo to provide reckless securities advice and place their clients at grave risk.

**C. Eckert Failed to Maintain Adequate Liability Insurance, and Has Substantial Revenue and Earnings Which Eckert Refuses to Contribute to the Proposed Settlement**

Eckert further failed to understand and maintain proper liability insurance coverage. Considering the significant liability exposure of its’ newly formed Eckert’s Securities Practice Group, headed by Pauciulo, who provided securities advice to clients whose funds raised investments of more than a hundred million dollars, Eckert at a minimum should have performed



a simple risk analysis to determine the amount of insurance necessary to insure such practice. Eckert did not perform any analysis.

Indeed, Mr. Coon agreed the amount of coverage Eckert secured should have taken into consideration the amount of liability exposure of the securities practice, but that Eckert admittedly failed to take into consideration the liability exposure that Pauciulo had created:

17 Q Would you agree with me that the amount of  
18 per claim coverage that Eckert secured should have  
19 taken into consideration the amount of liability  
20 exposure it was exposing itself to, given the  
21 practice of law that it was engaged in?

22 MR. DUBOW: Object to the form.

23 THE WITNESS: Yes. I mean, we do consider  
24 it, given the fact that Eckert hadn't had any

1 judgment against it in -- actually, to date.

2 We evaluated what we thought was an appropriate  
3 risk level.

4 BY MR. BOCHETTO:

5 Q Well, in terms of evaluating that  
6 appropriate level, did anybody bother to review the  
7 amount of investment dollars that John Pauciulo's  
8 securities instruments were being used to raise?

9 A I believe I answered before that to my  
10 knowledge, nobody at Eckert, including, to my  
11 understanding, John Pauciulo, knew how much was  
12 being raised by Dean Vagnozzi and others. That  
13 isn't information that was shared with Eckert.

Ex. 2 at 59:17-60:13.

Dean has obtained the expert report of James C. Schwartzman, Esq., on the issue of adequate insurance coverage for Eckert given the exposure presented by its representation of Dean, and others, who raised money ultimately invested in Par Funding. See Report of James C.



Schwartzman, Esq., at 1, attached hereto as **Exhibit “17.”** Mr. Schwartzman has been an preeminent member of the Pennsylvania Bar for more than 50 years, having served on the Disciplinary Board of the Supreme Court of Pennsylvania for six years (including service as Chairman and Vice-Chairman); the Pennsylvania IOLTA Board; Supreme Court of Pennsylvania Continuing Legal Education Board; the Pennsylvania Judicial Conduct Board (including service as Chairman); and as a Judge on the Pennsylvania Court of Judicial Discipline, including as President Judge of that body. *Id.* at 1-2.

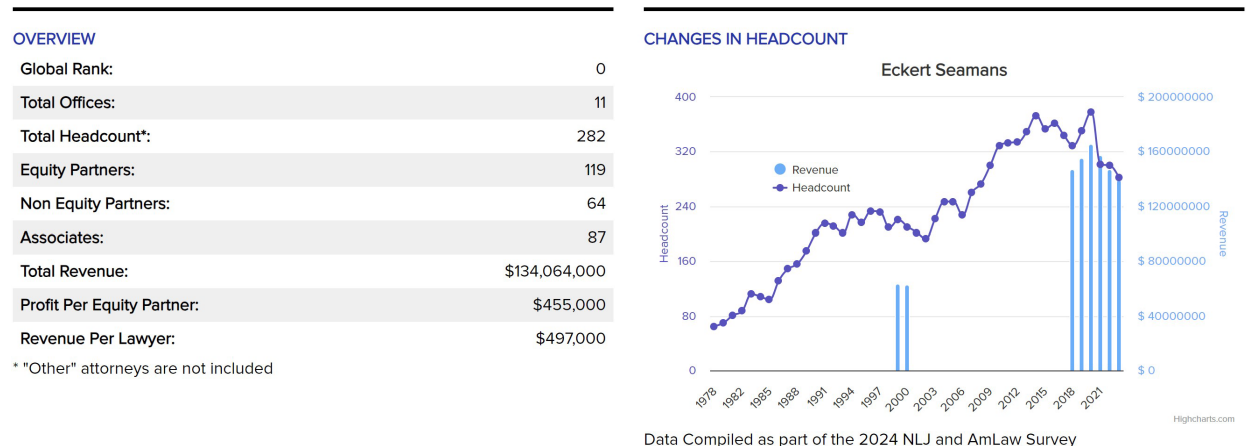
After reviewing numerous documents related to the instant matter and Dean’s malpractice case (including various documents in which regulators called Pauciulo’s advice into question as early as 2017), Mr. Schwarzman concluded that numerous red flags concerning Pauciulo’s practice “pre-dated the liability claims stemming from Par Funding investments.” *Id.* at 3. Mr. Schwarzman notes that it is important for a firm like Eckert to “know and review the type of legal services being provided to its clients by its lawyers within the firm in order to assess the proper levels of general liability insurance” to carry, as well as understanding the “financial magnitude” of client matters as that affects the “financial exposure of the firm.” *Id.*

After reviewing the amount of investment and the scope of representation of Pauciulo with respect to Par Funding, the Coons deposition, and the laundry list of actions against Pauciulo’s clients pre-dating this matter, Mr. Schwarzman concludes that “the decision-making of the Eckert firm and its equity partners rendered the firm severely underinsured... ***It was irresponsible, unreasonable and not at all consistent with commercially reasonable standards for a firm of Eckert’s size and the type of corporate and securities transaction work the firm was engaged in to only have \$50 million per claim of liability insurance.***” *Id.* at 4-7 (emphasis

added).

While Eckert’s failure to maintain proper liability insurance coverage has rendered Eckert’s insurance coverage in this matter insufficient, Eckert has substantial assets outside its insurance coverage. Eckert’s gross revenue in 2022 was approximately \$140 million. Ex. 2 at 67:3-6. Moreover, Mr. Coon further testified that Eckert’s bonus pool in 2022 was more than \$10 million, and that Eckert can also draw, if necessary, at least \$10 million from its credit facility. *Id.* at 162:7-18, 166:1-3, 168:2-169:5.

Eckert, however, need not seek the assistance of its credit facility, given its size, revenue, wealth, and the availability of other insurance.



This table and chart, from a 2024 National Law Journal and AmLaw Survey,<sup>9</sup> provides an independent view of Eckert’s ability to contribute in a settlement. With 119 equity partners in 2024 and a robust profit per equity partner of almost half a million dollars, Eckert could easily contribute to a settlement, over and above any insurance: just by way of example, a modest 10%

<sup>9</sup> <https://www.law.com/americanlawyer/law-firm-profile/?id=96&name=Eckert-Seamans#:~:text=Description,2024%20Am%20Law%20200%20ranking>.

per partner per year for three years would result in Eckert still realizing a profit per equity partner of \$405,000, but provide a substantial increase in the settlement amount of \$16,065,000.

*The issue of additional insurance is also not finally determined yet in this matter.*

Although this Court denied Dean’s motion to file a declaratory judgment action on the issue, the denial of that motion is presently before the Eleventh Circuit Court of Appeals at Docket No. 23-13027. Dean is pressing the issue that his malpractice complaint contains separate “claims” having no connection with Par Funding which trigger \$50,000,000 of *additional* insurance proceeds apart from the insurance proceeds the Receiver’s settlement purports to obtain, and that the \$100,000,000 aggregate limits of the subject policies can be reached.

Eckert’s insurers initially recognized Dean’s malpractice complaint as including separate claims under the relevant policies, telling Eckert, ***“with respect to the Pillar 6 Claim, based on the information available to us at this time, Vagnozzi’s merchant cash advance appears to be separate from Vagnozzi’s life insurance business. Accordingly, Insurers will continue to treat the Pillar 6 Claim [a Vagnozzi related investment] as a separate claim . . .”*** See Nov. 9, 2020 letter from insurance counsel to Eckert attached as Ex. “18” (emphasis added). After insurance counsel reversed course, Eckert itself took the position that Dean’s complaint contained more than one claim, as Coon wrote, “we believe further information is needed to assess whether some of the other suits are limited to ‘claims that arise out of the same Act or series of related Acts’.” As one example, the *Dean Vagnozzi* suit appears to allege different acts, claims, and time periods than those involved in the three class actions or the *Schapperle* claim.” See Coon’s Mar. 21, 2022 letter attached as Exhibit “19.” Coon maintained the same position at his deposition and went so far as to state that Eckert was reserving its rights as to the insurer’s determination. Ex. 2 at 79:12-22.

The facts, therefore, demonstrate that Eckert's underinsurance was dramatic, additional insurance exists, and Eckert has the revenue, profits and credit facility to easily support a higher settlement amount. The Receiver's Motion is devoid of any discussion of these issues.

**D. Despite the Receiver's False Narrative, the Vagnozzis and Kohler Were Completely Innocent of Any Complicity With Par Funding's Fraud**

The Receiver's Motion casts aspersions against Dean, claiming he was complicit with Par Funding in "hatching" the scheme to defraud investors. Notably, the Receiver cites zero evidence supporting these accusations about Dean's so-called complicity. The reason the Receiver cites no evidence: there is none. Dean too was duped by Par Funding and he was the victim of Eckert's egregious malpractice. The evidence below shows that the Receiver's accusations are entirely false.

**1. Dean was not complicit with Par Funding's fraud on investors**

A pivotal foundation underlying the Receiver's claim that Dean was complicit in Par Funding's scheme is the Receiver's accusation that Dean conspired with Par Funding to conceal from investors the fact that Par Funding was under investigation by the Pennsylvania Department of Banking and Securities as of January 2018. *See* Receiver's Mot. at 23. According to the Receiver's Motion, Dean schemed with Par Funding to create the "Agent Funds" model so that investors would no longer enter promissory notes directly with Par Funding, as it had previously done. Citing zero evidence, the Receiver's Motion states:

Between August 2012 and December 2017, Par Funding notes were sold directly to the investing public through a network of unregistered sales agents, largely recruited by Vagnozzi. In January 2018, however, Par Funding learned that it was under investigation by the Pennsylvania Department of Banking and Securities for violating state securities laws through its use of unregistered agents. In response, Dean Vagnozzi, Defendant Joseph LaForte, and others *hatched a scheme to allow Vagnozzi to continue raising capital for Par Funding* by creating 'Agent

Funds,' which would sell promissory notes to investors (instead of Par Funding selling them) and would not disclose that the sole investment of the Agent Funds was, in fact, Par Funding.

*Id.* at 23 (emphasis added).

The idea that Dean “hatched” the scheme of the Agent Funds model to avoid investors learning of the 2018 Pennsylvania investigation of Par Funding is false. Dean did no such thing. For one, Dean did not know about the 2018 Pennsylvania investigation of Par Funding. Perry Abbonizio was a Par Funding insider. He was Dean’s “main contact” at Par Funding. He states in a “Sworn Declaration” that:

The State of PA commenced their investigation into Par Funding on January 4, 2018 and it continued throughout most of 2018. ***Dean Vagnozzi was never told about this investigation.*** . . . It was alleged that once the State of PA commenced their investigation into Par Funding, Mr. Vagnozzi worked with Par Funding to create the “Agent Fund” model in an effort to conceal information about Joseph LaForte and/or Par Funding. ***This also is not true.*** Mr. Vagnozzi had very little interaction with anyone from Par Funding about the creation of his first fund, and again, ***Mr. Vagnozzi was unaware of the State of PA’s investigation.***

Declaration of Perry Abbonizio at ¶¶ 3, 6 (emphasis added), attached hereto as **Ex. “20.”**

The fact is the Receiver knows full well that Dean was making plans to create Agent Funds as early as 2016, well ***before*** the 2018 Pennsylvania investigation. In June 2016, Pauciulo, at Dean’s request, drafted a PPM for a Fund that planned to “purchase promissory notes issued by one or more companies which provide merchant case advances to small businesses.”<sup>10</sup> The date on this draft PPM is June 1, 2016, some eighteen months before Par Funding came under investigation in January 2018.

Dean continued his plans to create Agent Funds throughout 2017. He posted a video

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<sup>10</sup> For convenience and ease of reference for the Court, Vagnozzi is attaching a power point with numerous documents which prove the Receiver’s allegations as false and completely exonerate Dean. That power point is attached as Exhibit “21.” The slide containing the June 1, 2016 draft PPM is Slide 2.

online recruiting agents in August 2017. Ex. 21 at Slide 3. A few months later, on October 4, 2017, Dean emailed Pauciulo, informing him he wants to proceed with forming “a fund to invest in Mca we started to do last year.” *Id.* at Slide 4. On November 5, 2017, Dean emailed LaForte, copying Abbonizio, advising them that his “agent meeting” was a few days away and that he was “going to give agents 2 options,” explaining the first option would be agents “do their own MCA fund,” and the second option was to “sell my MCA fund.” *Id.* at Slide 5. Dean held his meeting with prospective agents on November 7, 2017, a meeting which Pauciulo attended. *Id.* at Slide 6 (including a video of the meeting). By December 16, 2017, Dean had been given the go ahead by Par Funding to create his own investment fund, as well as separate funds to be created by sub-agents. He reported this to Pauciulo, asking for his assistance “so that I’m not doing anything wrong.” *Id.* at Slide 7.

All the foregoing establishes – beyond any doubt – that Dean was not “hatching” any scheme with Par Funding. Dean was kept in the dark about Par Funding’s 2018 Pennsylvania investigation. The movement to the “Agent Fund” model had absolutely nothing to do with Par Funding’s 2018 Pennsylvania investigation. Dean had been working toward the Agent Fund model since 2016, more than a year before 2018. Perhaps most troubling is the fact that these documents that prove the falsity of the Receiver’s allegations are currently in the Receiver’s possession. The Receiver has had custody of Dean’s emails and data from the very beginning of the Receivership. Yet, the Receiver fails to disclose any of this exculpatory evidence – directly contradicting the Receiver’s allegations – to this Court. Troubling, indeed.

**2. Dean was not a Par Funding “insider,” he relied on his attorney’s and other professionals’ advice concerning raising money for Par Funding, and he consistently acted in the best interest of his investor clients.**

Another canard is that Dean was a Par Funding “insider,” and thus was complicit in

purposely hiding negative facts about Par Funding from investors. This is not true either. Dean relied on his lawyer for all legal disclosures to investors. He also received information about Par Funding and based on that information genuinely believed the investments with Par Funding were tremendous wealth building vehicles for his clients.

For legal disclosures, Dean relied on Pauciulo and Eckert for what disclosures were required in the PPMs. Pauciulo admits that he told Dean that there was no requirement to disclose Joe LaForte's criminal history or to identify Par Funding in the PPMs. Indeed, Pauciulo assured Dean – as he did directly to investors in multiple videos – that the PPMs and the investment fully complied with all state and federal securities law. *See* Ex. 5 (video link compilation of several of Pauciulo's representations and appearances).

Dean expressly asked Pauciulo if Par Funding could be mentioned in the PPM. In February 2019 – before Dean was about to start his third Fund – Dean wrote an email to Pauciulo asking about the status of the PPM, stating “last week you were not sure if you should mention cbsg [Par Funding] as the main document since the insurance policy will be with them. *I thought you should*. You were not sure.” Ex. 21 at Slide 8 (emphasis added). Pauciulo, however, continued to advise Vagnozzi not to mention Par Funding and to keep the PPMs general.

Dean also did not purposely mislead investors about Par Funding's “default rate” with merchants, despite the Receiver and the SEC stating he did. Par Funding provided Dean with spreadsheets representing their merchants' default rates monthly. *Id.* at Slide 9-10. Those spreadsheets consistently showed default rates under 2%. Par Funding also supplied Dean with brochures outlining their elaborate underwriting practices, which was represented to be the reason they could achieve a 2% or lower default rate. *Id.* at Slide 11-12. Perry Abbonizio



confirms that “Dean Vagnozzi was not privy to any information pertaining to Par’s default rates, underwriting practices or number of lawsuits other than what was conveyed to him by Par’s management team.” *Id.* at Slide 13, Abbonizio Declaration at ¶ 7.

When Par Funding started to default on interest payments at the time the Covid pandemic hit the Country, Dean – who genuinely believed Par Funding was a fabulous investment – was apoplectic. As Abbonizio describes it:

When Par Funding defaulted on March 25, 2020, Dean Vagnozzi had numerous *heated exchanges with Joseph LaForte*. Mr. Vagnozzi demanded to see Par’s financials. He wanted proof that Par Funding was insolvent before he would sign off on a restructured note for investors. Dean Vagnozzi was promised no compensation by Par Funding for investors to accept the restructured promissory notes from PAR.

*Id.* at Slide 14, Abbonizio Decl. at ¶¶ 9-10 (emphasis added).

A sampling of Dean’s text messages exchanged with LaForte on March 25, 2020 – the day Par Funding announced it was defaulting on its payment obligations – fully supports Abbonizio’s statements. At 7:36 AM, March 25, 2020, Dean texted LaForte, “My dad is a retired policeman. He put in 125k. Was supposed to get it back today. Havent called him. Scared. Joe, the sooner you can provide more clarity to people the better. Thanks.” *Id.* at Slide 15. Three hours later, at 10:51 AM, Dean told LaForte, “Joe . . . I’m about to break the hearts [of] over 600 people that are gonna worry like crazy. Just tell me they will be ok.” *Id.* at Slide 15. The next day, after Dean told his clients about the default, he continued to harangue LaForte on behalf of his investors:

Joe . . . 600 of my clients received email from me an hour ago. They got your letter and a letter that I drafted. I told them that par funding is made up of the hardest working people out there. I told them you guys will deliver. I’m receiving a ton of emails back. The majority of them Joe are supportive. That is the good news. I can share some of the emails with you if you wanted to see. Very

understanding people. Having said that Joe, some people were supposed to get money the other day. If there is a group of people I'm sympathetic to it's this group. I have one woman that is recently divorced, out of work for 6 months and for months has been telling me how bad she needs her 100k. This woman is losing her mind. I'm not even talking about my dad. Is there anything that can be done for her let me know. The majority of everyone else seems understanding. We appreciate your efforts.

*Id.* at Slide 16.

While Dean's text messages with LaForte after Par Funding defaulted clearly show that he was no "insider" and he was legitimately scared for his investors when Par defaulted, perhaps even more telling are Dean's text messages with LaForte immediately before Par Funding defaulted. On March 8, 2020 – a few weeks before Par announced it was defaulting – Dean texted LaForte about favorable reviews Dean was receiving from his clients. Dean stated: "They are all legitimate reviews the people have given us and its all tied to the success they are having with your business. ***Literally changing people's lives.***" *Id.* at Slide 17. LaForte texted back to Dean "U are a good man," to which Dean replied "You too Joe. Thank you."

Until Par Funding defaulted a few weeks later, Dean wholeheartedly believed in Par Funding. Dean's longtime lawyer Pauciulo had done due diligence on the company and gave his approval that Par Funding was operating a legitimate business. Dean had seen Par Funding meet every payment obligation to investors for many years. Other significant things that bolstered Dean's confidence in Par Funding were: (1) he knew that in 2018 Par Funding had been audited by Friedman LLP – a large national accounting firm; (2) he knew that in 2019 Par Funding had procured credit insurance from Euler Hermes, and based on Dean's insurance background he felt this was an excellent indicator of the health of Par Funding's business; (3) he learned that principals at Par Funding – Joe Cole and William Bromley – were in the process of buying a

bank in 2019-2020, which led him to conclude that Par Funding's business was well run since the Federal Reserve would need to approve such a purchase; and (4) in 2020, the SEC had just ended its investigation of Dean's businesses, which included full disclosure of the Par Funding notes and investment funds, none of which was red flagged by the SEC.

So convinced of Par Funding's abilities, Dean invested his and his immediate families' money in Par Funding. He was no insider at Par Funding, but he had every reason to believe that Par Funding was a solid investment. He was shocked and dismayed at what transpired after March 2020, but Dean never saw the catastrophe coming. Abbonizio, who was a Par insider, summarized it best:

In summary, *Dean Vagnozzi was not an insider with PAR Funding and I never witnessed him do anything but fight for what was in the best interest of his investors.* I believe that all of the fraudulent allegations and assumptions made against Mr. Vagnozzi by the SEC's Miami Office . . . were wrong.

*Id.* at Slide 14, Abbonizio Decl. at ¶ 11 (emphasis added).

**E. The Damages Suffered by the Vagnozzis and Kohler Arise From Harm Not Related to Receivership Entities**

**1. Dean's Damages**

Dean's out of pocket economic damages are in the millions. The significant out of pocket cost that Dean has incurred as a direct result of Eckert and Pauciulo's negligent securities advice are as follows:

- Dean settled an action by the PA Banking & Securities Department in the amount of **\$490,000**.
- Dean was fined and paid **\$700,000** in connection with an action brought by the New York Office for the Securities Exchange Commission for Pillar and Fallcatcher funds *unrelated to Par Funding*.
- Dean paid **\$4,531,248** in a settlement in connection with the Florida Action brought by the SEC.
- Dean paid **\$250,000** to the Receiver in connection with the Florida Action.
- Dean paid approximately **\$312,500** to his legal counsel for legal fees and cost

incurred in the defense of numerous litigation matters.

- Dean anticipates he will be responsible for an additional **\$250,000** for cost incurred in the defense of the Florida Action.

Based on the foregoing, the total approximate loss from those sources is **\$6,533,748**.

In addition to these losses, Dean's future earnings have also been severely impacted. Dean was ordered to stop operating his business when it was placed in a Receivership, thus effectively prohibiting Dean from earning a living in his field of expertise. Importantly, and unrelated to Par Funding litigation, Dean lost personal income he had generated over the years pertaining to the life insurance industry and other (unrelated to Par Funding) business ventures.<sup>11</sup> Moreover, even after Dean settled the Florida Action, his earnings continued to be impacted. In that regard, due to Eckert's and Pauciulo's conduct, Dean's ability to continue his work in the insurance field has been destroyed. He has been forced to surrender his Pennsylvania insurance license, and despite retaking the state insurance exam and reapplying for his license, the Pennsylvania Department of Insurance denied his application to be relicensed in May 2023. Dean may never be able to work in the insurance field again. Previously, however, Dean earned on average almost \$500,000 annually through his life insurance business. Dean also lost the opportunity to raise funds for other business ventures, which would have resulted in additional income per business opportunity of approximately \$700,000.

It is therefore conservatively estimated that Dean, and wholly unrelated to Par Funding, would have earned, at a minimum, approximately between \$1,200,000 annually from age 52 through 70, for a total of **\$21,600,000**.

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<sup>11</sup> From 2008-2016, Dean's personal income ranged from a low of \$263,089 to a high of \$716,043, an average of \$426,000 per year. During this period, Dean primarily sold various forms of life insurance, including creating the Pillar Life Insurance Funds 1-8, which gives rise to part of Dean's non-Par Funding malpractice claims. Dean received numerous accolades and national awards for his life insurance sales. In 2021, due directly to the malpractice, Dean's personal income plummeted to \$9,843, and only increased to \$50,721 in 2022 because Dean finally found employment as a driver for FedEx.

Dean's reputation in the industry as well as his personal reputation have been forever harmed. Simply put, google "Dean Vagnozzi" and a plethora (dozens and dozens) of unfavorable and negative articles about Dean Vagnozzi, published not only in the *Philadelphia Inquirer* but also in other reputable publications, will inevitably show up. The effects of the reputational harm are evidenced by several rejections of employment, despite Dean being qualified for the position. This harm is obviously significant.<sup>12</sup>

The emotional toll this has had on Dean's life and his immediate family for the past three years and continuing to the present cannot be overstated. Dean has received implied death threats from anonymous sources. His children have also received threats online, calling them "bastards" and "whores," while describing Dean as a "disgrace to humanity" and "fraudulent piece of sh\*#." Not surprisingly, Dean suffers from depression and daily anxieties. He suffers from emotional breakdowns, nightmares and has trouble sleeping. He also **lost \$7 million** in tax free life insurance coverage which lapsed because Dean was unable to pay the premiums. The loss of life insurance coverage has further caused additional stress and anxieties as his family is now even less secure. Moreover, the significant drop in income has further caused additional stresses and anxieties as Dean is unable to afford to pay for his youngest son's college tuition, is unable to save or contribute to his daughter's wedding, and he is unable to assist his elderly parents – who similarly lost their money in Par Funding investments – with money for nursing support. Although Dean's familial relationships have all been impacted, Dean's relationship with his son Alec has become severely strained because Dean was the one that insisted that Alec should come work at ABFP.

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<sup>12</sup> Separately, Dean's personal finances have likewise been destroyed. Dean's banks and credit card companies – Chase, Capital One, Citizens Bank, Wells Fargo – have all cancelled his credit and loan accounts, citing the "possible reputational risk" to the bank by continuing the relationship and a "material change" to Dean's "financial circumstances." Dean has further lost access to his home's line of credit and has had vehicles repossessed.

The total damages to Dean alone, therefore, are at least \$28,133,748, plus reputational harm, emotional damages, and the value of the lost insurance.

Currently, Dean is earning approximately \$69,000 annually as a FedEx driver.

## **2. Albert Vagnozzi's and Terry Kohler's Damages**

Albert's<sup>13</sup> reputation, business and personal life have been severely impacted. As a direct result of Pauciulo's reckless advice, the SEC recently filed an enforcement action against him, placing his professional licenses at risk. Not only is Albert forced to defend himself in the SEC action at great legal expense, but he was also forced to defend himself – along with his partner Kohler – in another Pennsylvania regulatory action that was brought against Albert and Kohler based on the erroneous legal advice of Pauciulo, which ended with a substantial fine of \$125,000. Albert and Kohler were also named as defendants in the Putative Class Actions, and will remain defendants in those actions, even if the Court were to enter a bar order, which would unfairly prevent them from seeking relief against Eckert in the Putative Class Actions. Moreover, Albert and his wife were also investors in Par Funding, and they lost approximately \$140,000. Albert's and Kohler's reputation in the industry and their future livelihoods have also been impacted.

## **3. Alec Vagnozzi's Damages**

Alec's life has also been significantly impacted personally, professionally, and financially. When Alec lost his job, he had no savings or safety net to fall back on. He had difficulties finding a decent job and was denied numerous job opportunities when he disclosed

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<sup>13</sup> Albert worked as an investment advisor representative with PTK Financial since 2013. He previously obtained a bachelor's degree from Ursinus College and an MBA from St Joseph's University. Prior to his employment at PTK Financial, Albert was a police officer with the Upper Merion Township Police Department, for 16 years (1991-2007), and in law enforcement for 20 years total. He got promoted through the ranks and left the force in 2007 as a police lieutenant. Albert was employed for approximately five (5) years as the director of safety and vice-president for Unitek Global Services.

what had happened at his father's company. He personally received harassing e-mails about his father. His personal relationship with his father has changed because Dean was the one that insisted that Alec should come work at ABFP. More significantly, the recent prosecution of the SEC's enforcement action against Alec personally further damaged the relationship with his father. The SEC action could also result in a long-lasting effect on Alec's professional career and professional licenses. In short, Pauciulo's and Eckert's conduct has had a devastating effect on Alec's life and professional career.

### **III. LEGAL ARGUMENT**

Although this Court has entered an order preliminarily approving the settlement (CM/ECF No. 1906), that was before the Supreme Court's decision in *Harrington*, which represents a sea change in the law with respect to the availability of bar orders in the Eleventh Circuit and around the Country. *Harrington* expressly overrules the Eleventh Circuit precedent relied upon by the Receiver, and thus the Court should deny the requested bar order on that basis alone.

Even aside from *Harrington*, there are two additional and significant legal hurdles that the settlement must overcome. The first is whether the settlement should be approved over the strenuous objections of the Vagnozzis, Kohler, and others, where more money is available, more settlement pressure could be exercised against Eckert, and almost no litigation was performed in the Class Actions. In addition to that, this Court must determine whether the inherently inequitable device of a bar order is appropriate under these circumstances, where the very litigants who brought Eckert to the table by vigorous litigation will be barred from litigating claims more meritorious than the class claims receiving the overwhelming majority of any settlement proceeds.

**A. The Supreme Court Has Overruled the Caselaw on Which the Receiver Relies For a Bar Order, and No Basis Now Exists to Forever Bar Claims Against Eckert.**

In *Harrington v. Purdue Pharma L. P.*, the Supreme Court faced the issue of a bar order in a bankruptcy case in which the owners of the debtor, the Sacklers, obtained a bar order against third-party claims, despite not filing for bankruptcy themselves and not obtaining the consent of persons who had filed suit against the Sacklers. 603 U.S. —, No. 23-124, 2024 WL 3187799, at \*3 (2024). “Thousands of civil lawsuits” were filed against Purdue (the debtor) and the Sacklers based on deceptive marketing practices for the opioid drug Oxycontin after a Purdue “affiliate” pled guilty to a federal felony after 2007, coinciding with a strategy by the Sacklers to increase their “milking” of Purdue by increasing distributions from 15% of revenue to 70%, financially draining the debtor. *Id.* When Purdue filed for bankruptcy in 2019, the Sacklers offered to return \$4.325 billion of \$11 billion from the “milking” distributions, conditioned on ending “the growing number of lawsuits against them brought by opioid victims[,]” concerning whom the non-debtor Sacklers would ordinarily have had to file bankruptcy to seek protection from in the bankruptcy court. *Id.* at \*4, \*5. The bar order sought by the Sacklers, agreed to by the debtor, and approved by the bankruptcy court enjoined current and future claims against the Sacklers for opioid claims without the consent of the victims and protect “hundreds, if not thousands” of Sackler family members and their other entities. *Id.* at \*5.

The Supreme Court, in an opinion authored by Justice Gorsuch, summarized the legal issue in *Harrington* this way: “The question we face thus boils down to whether a court in bankruptcy may effectively extend to *nondebtors* the benefits of a Chapter 11 discharge usually reserved for *debtors*.” *Id.* (emphasis in original). Sifting through the bankruptcy code, the Court *rejected* the use of 11 U.S.C. § 105(a), *id.* at \*6 n.2, and found that the sole supporting authority



for a bar order benefitting non-debtors in bankruptcy arose from 11 U.S.C. § 1123(b)(6): “a plan may...include any other appropriate provision not inconsistent with the applicable provisions of this title.” Noting that this was a “catchall phrase,” the Court declined to read it expansively, applied *eiusdem generis* to limit its scope to similar concepts as found in § 1123(b)(1-5), and held that no authority existed for bar order encompassing the non-debtor Sacklers, in part because the remedies in the other subparagraphs relate to the “debtor’s estate.” *Id.* at \*7-\*8.

Moving to the context and policy reasons that undergird the bankruptcy code, the Court noted that the discharge in Chapter 11 is designed for the debtor, not non-debtors; that a debtor “earns” a discharge by complying with the code and coming “forward with virtually all of its assets[,]” which the Sacklers did not; that fraud claims cannot be discharged, unlike the “discharge” the Sacklers obtained in their bar order; and that the one place Congress allowed a broad injunction barring “any action directed against a third party” like the Sacklers, it did so expressly and only in the asbestos bankruptcy context. *Id.* at \*8-\*9. And eyeing the litigation reality in the *Harrington* case itself and the underlying Purdue bankruptcy, the Court (before dismissing policy as a Congressional prerogative), makes four important points concerning the position of the U.S. Trustee in opposition to the “all or nothing” argument made by the plan proponents:

- The liability exposure of the Sacklers in the absence of the bar order could require the Sacklers to come to more favorable terms with the opioid victims;
- In the absence of a total cessation of litigation, the Sacklers might be willing to enter into a more global settlement (referred to as buying “97.5 percent peace”);
- After the reversal at the District Court level, the Sacklers offered more than an additional \$1 billion to the settlement to buy off some litigants, indicating that an

even better deal would be reached had the bar order been rejected; and

- The Sackler “maneuver” for a bar order offered a “roadmap for corporations and wealthy individuals to misuse the bankruptcy system” and allow tortfeasors to win immunity from their victims. *Id.* at \*11.

1. Application of *Harrington* in This Case

While on its surface *Harrington* simply interprets the bankruptcy code in a straightforward manner consistent with its language and goals, the decision dramatically affects the legal landscape for the proposed bar order in this case. When the motion for a bar order was filed, the precedent of the Court of Appeals for the Eleventh Circuit permitted bar orders benefiting third parties based primarily on bankruptcy law. *See, e.g., Quiros*, 966 F.3d at 1199. As the Eleventh Circuit caselaw allowing bar orders was directly overruled in *Harrington*, and the reasoning used in the Eleventh Circuit caselaw was expressly rejected in *Harrington*, there is no doubt that the bar order requested by the Receiver benefitting Eckert is now wholly lacking in merit.

In *Munford*, the Eleventh Circuit approved the entry of a bar order against against a non-debtor on the basis that 11 U.S.C. § 105(a) permitted this under the bankruptcy code. The Eleventh Circuit enumerated additional policy reasons for this decision. 97 F.3d 449, 455 (11th Cir. 1996). *Munford* has therefore been expressly overruled by *Harrington*, which invalidates 11 U.S.C. § 105(a) as a basis for bar orders and declines to consider the policy reasons advanced by the Eleventh Circuit as weighing in favor of bar orders.

*Harrington expressly overruled* another case from the Eleventh Circuit, *In re Seaside Eng'g & Surveying, Inc.*, 780 F.3d 1070, 1076 (11th Cir. 2015). *Harrington*, 603 U.S. \_\_\_, \*6-7 n.1. *Seaside* reiterated the basis of bar orders benefitting non-debtors on 11 U.S.C. § 105(a),

relied on *Munford*, and incorporated the factors from *In re Dow Corning Corp.*, 280 F.3d 648, 658 (6th Cir. 2002), which was also abrogated by *Harrington*. 603 U.S. \_\_\_, \* 6-7 n. 1.

The Eleventh Circuit’s most recent case concerning receivership bar orders, such as the instant one, makes it clear that the legal basis and test for when bar orders are appropriate has been adopted from the bankruptcy context – lock, stock, and barrel. “Given the similarity between bankruptcy and receivership proceedings, we often apply bankruptcy principles to receivership cases because we have limited receivership precedent.” *Quiros*, 966 F.3d at 1199. *Quiros* then goes on to rely on the overruled cases of *Munford* and *Seaside* for authority to impose a bar order in an SEC receivership case.

As the Eleventh Circuit—and the Receiver—base the right to seek approval of a bar order against non-settling persons in favor of non-parties on this corpus of bankruptcy law principles, now shorn of any authority, it is plain that the bar order cannot issue here. Eckert stands in the legal shoes of the Sacklers from *Harrington*: it wants to buy peace from Peter and Paul by only paying Peter, and has no legal authority for doing so. Also, like the Sacklers, Eckert is attempting to buy that peace without putting any of its assets on the settlement negotiation table. The Vagnozzis and Kohler have valid claims against Eckert unrelated to Receivership Entities proceeding in Pennsylvania state court; Eckert is a third party to this matter; the Vagnozzis and Kohler are being cut out of their claims by a malpractice tortfeasor negotiating to exclude them, just as the Sacklers did to the opioid victims in *Harrington*. The parallel to *Harrington* is clear, and the result should be the same: the bar order should not be granted.

2. The Remaining Authority Relied Upon by the Receiver Does Not Support the Bar Order

The All Writs Act, relied upon by the Receiver in seeking the bar order, is too slender a reed upon which to support such draconian and unusual relief. The All Writs Act states: “The

Supreme Court and all courts established by Act of Congress may issue all writs necessary or appropriate in aid of their respective jurisdictions and agreeable to the usages and principles of law.” 28 U.S.C. § 1651(a). The All Writs Act is not a basis for a bar order against a nonsettling defendant against a nonparty: such an injunction is necessarily outside the express language of the All Writs Act, as it is limited to the Court’s jurisdiction. *Chao v. Slutsky*, No. 01-CV-7593, 2009 WL 3174711, at \*5 (E.D.N.Y. Oct. 2, 2009) (refusing to issue bar order against non-settling person against non-party under All Writs Act or Anti-Injunction Act, where other case proceeded in state court). Even where a bar order limits contribution claims among settling and non-settling defendants, in a securities case the Court of Appeals for the Tenth Circuit expressed reservations about the All-Writs Act supporting relief concerning claims not before it, such as claims outside the Receiver’s jurisdiction in this case:

Furthermore, we doubt that even an extensive hearing that would ordinarily estop relitigation could justify an order barring a nonsettling defendant's contribution claims against a settling defendant. The All Writs Act only authorizes such orders in aid of the court's jurisdiction. 28 U.S.C. § 1651(a). It does not authorize a court to assume jurisdiction over claims not otherwise before it.

*TBG, Inc. v. Bendis*, 36 F.3d 916, 926 (10th Cir. 1994). Here, there are claims in the state court cases of the Vagnozzis and Kohler that are not within the corpus of the Par Funding receivership, and they should not be permitted to be barred in any way by the All Writs Act.

Now that the bankruptcy law justifications for a bar order in this case do not exist as a result of *Harrington*, whether there is any basis under the law of receivership for barring non-settling parties’ claims by a receiver at equity under prior Eleventh Circuit precedent must be addressed. Unsurprisingly, that cupboard is bare, and there is no support in traditional equity principles for the bar order in this case.

The Receiver relies on *S.E.C. v. Elliott* for the proposition that “A district court has broad

powers and wide discretion to determine relief in an equity receivership.” 953 F.2d 1560, 1566 (11th Cir. 1992). *Elliott*, however, did not concern a bar order in favor of a non-party against non-settling claimants with claims outside the receivership: it addressed objections from claimants to a fund distribution process that did not involve the participation of a third party like Eckert. *Id.* at 1564-66.

Similarly, the Receiver seeks support from a bar order against “non-settling co-defendants” in *In re U.S. Oil & Gas Litigation*, which concerned a bar order **not** benefiting a non-party, but simply barring a contribution claim between co-defendants pending in the same case, **where both defendants were settling with the plaintiffs** (and, in fact, between themselves and other defendants). 967 F.2d 489, 492-93 (11th Cir. 1992). The Receiver’s characterization of *In re U.S. Oil & Gas Litigation* as analogous to this matter, therefore, is strained to the point of breaking.

As noted by the Sixth Circuit Court of Appeals in *Digital Media Sols., LLC v. S. Univ. of Ohio, LLC*, equity grants “broad powers and wide discretion” to courts. 59 F.4th 772, 777 (6th Cir. 2023). In finding that claims against third parties outside of a receivership could **not** be subject to a bar order, however, the Sixth Circuit’s analysis of receivership law led to the following inescapable conclusion: where a person possesses a personal claim against a third party (as opposed to a derivative claim through a receivership entity), “[t]his personal ownership means that **the receiver lacks the authority to litigate them** under the traditional principle of equity that bars a receiver from pursuing claims owned by others.” *Id.* at 783 (emphasis added). It therefore denied a bar order, which would have precluded students from litigating claims against the directors and officers of the receivership entity. *Id.* at 783-84.

As noted *supra*, all the claims of the Vagnozzis and Kohler include claims for non-

Receivership Entities. Vagnozzi is seeking his personal damages, not damages that may belong to investors or the Receivership Entities. Further, he is seeking damages for Eckert's malpractice related to his investments in Fallcatcher and the Pillar Funds at issue in the New York SEC litigation, which aren't even related to Par Funding or the Receiver's efforts to recover assets to compensate investors. The funds of Albert, Alec, and Kohler are not even Receivership Entities. The Receiver should not be permitted to treat the Vagnozzis and Kohler as Receivership Entities simply because he wishes to do so; he does not stand in their shoes, and the bar order simply cannot issue on this basis.

**B. The Settlement is Unfair and Should Not Be Approved Even Under the Overruled Eleventh Circuit Standard**

Even if this Court could apply the existing Eleventh Circuit standard – which would require the Court to ignore *Harrington* – the standard for approval of a settlement agreement sought by an equitable receiver is that it be “fair, adequate, and reasonable.” The following six fairness factors are relevant to the inquiry:

- (1) the likelihood of success;
- (2) the range of possible discovery;
- (3) the point on or below the range of discovery at which settlement is fair, adequate and reasonable;
- (4) the complexity, expense and duration of litigation;
- (5) the substance and amount of opposition to the settlement; and
- (6) the stage of proceedings at which the settlement was achieved.

*Sterling v. Stewart*, 158 F.3d 1199, 1204 (11th Cir. 1998). The proposed settlement does not meet these criteria, and the Court should not approve it in its current form.

The parties with the greatest likelihood of success against Eckert are not the Class Action plaintiff-investors, but the Vagnozzis and Kohler. Eckert did not have retainer agreements with the investors; Eckert had retainer agreements with its securities clients, like the retainer agreements with Dean and Albert attached to this objection. Exs. 4, 12. Pauciulo did not do any of his woefully inadequate “due diligence” on Par Funding for any investor; he did what scant

investigation he did at the request of Dean. *See* Part II.A *supra*. Pauciulo’s cease-and-desist order that he agreed to with the SEC does not relate to advice he gave investors; it relates to advice he gave the Vagnozzis and Kohler, especially Dean. Ex. 1.

All these facts map precisely and perfectly to the requirements of a malpractice claim in Pennsylvania, where the Vagnozzis and Kohler have filed their lawsuits against Eckert as clients. *Rutyna v. Schweers*, 177 A.3d 927, 929 (Pa. Super. Ct. 2018) (“(1) the employment of the attorney or other basis for duty; (2) the failure of the attorney to exercise ordinary skill and knowledge; and (3) that such negligence was the proximate cause of damage to the plaintiff”); *Gorski v. Smith*, 812 A.2d 683, 692 (Pa. Super. Ct. 2002) (requiring existence of contract, breach of a contractual duty, and actual, resultant damages for contractual legal malpractice).

Significantly, Pennsylvania follows the general principle that privity is required and a plaintiff may not sue an attorney for alleged negligence in performance of professional duties in the absence of an attorney-client relationship. *Guy v. Liederbach*, 459 A.2d 744 (Pa. 1983); *Schenkel v. Monheit*, 405 A.2d 493 (Pa. Super. 1979); *Cost v. Cost*, 677 A.2d 1250 (Pa. Super. 1996). “The general rule [in Pennsylvania] is that an attorney cannot be held liable for negligence to a third person with whom he has no contract of employment.” *Austin J. Richards, Inc. v. McClafferty*, 538 A.2d 11 (Pa. Super. 1988). “[T]he Supreme Court specifically retained the requirement that a plaintiff must show an attorney-client relationship or a specific undertaking by the attorney furnishing professional services as a necessary prerequisite for maintaining an action . . . on a theory of negligence.” *Gregg v. Lindsay*, 649 A.2d 935 (Pa. Super. 1994). Imposing a bar order at this stage, in contravention of the legal principles of Pennsylvania governing the Vagnozzi malpractice actions, actually creates new federal common law in derogation of the established, substantive law of Pennsylvania regarding privity of

malpractice claims. *Erie R. Co. v. Tompkins*, 304 U.S. 64 (1938). Under the Eleventh Circuit’s *Erie* doctrine, the test is 1) to determine whether state and federal law conflict on the disputed issue; if they do, 2) the court must determine whether a federal statute or rule covers the disputed issue; 3) if no federal statute or rule covers the issue, then if the different laws lead to different outcomes such that one discriminates, state law applies 4) unless a federal interest warrants application of federal law. *Garcia v. Chiquita Brands Int’l, Inc.*, 48 F.4th 1202, 1210 (11th Cir. 2022), *cert. denied sub nom. Doe 8 v. Chiquita Brands Int’l, Inc.*, 143 S. Ct. 2659, 216 L. Ed. 2d 1237 (2023). Here, the inquiry is simple: Pennsylvania law and the federal bar order doctrine conflict on whether the class plaintiffs, or the Vagnozzis, have privity against Eckert; the difference is outcome-determinative such that the class action plaintiffs would always seek federal court; no federal rule or statute offers succor for the class action plaintiffs, as argued *infra*; and *Harrington* eviscerated the concept of a countervailing federal interest. Pennsylvania law should apply, and to rule otherwise impermissibly creates and applies federal common law in such a way as to elicit forum shopping and create an inequitable administration of the law, the twin evils of *Erie*.

The Class Action investors were **NOT** in privity with Eckert. Unlike the Vagnozzis and Kohler – who were in direct privity with Eckert as clients – the Class Action investors have no ability to pursue a negligence or malpractice claim against Eckert. The only way the investors could recover directly from Eckert is under much more difficult to prove intentional fraud tort claims or by proving a conspiracy under the Federal Racketeering Influenced and Corrupt Organizations Act (“RICO”). The fact is those much more complicated and difficult to prove fraud-based claims have never been subjected to any judicial scrutiny. In the *Melchior* Class Action in the Eastern District of Pennsylvania, 2:20-cv-05562-MRP, Eckert did file a motion to



dismiss such claims, but the Court in that case has never even tested the claims under Rule 12(b)(6) since Eckert and Class Action counsel stipulated to stay the case upon reaching this proposed settlement. But Eckert certainly does not believe such fraud and RICO claims have any merit. As stated in Eckert’s Motion to Dismiss,

Despite the fact that Eckert and Pauciulo only provided legal services to Vagnozzi and his companies, Plaintiffs baselessly attempt to hold them responsible for a multitude of direct and aiding and abetting claims without legal or factual basis. Plaintiffs have failed to plead allegations demonstrating that Eckert or Pauciulo had knowledge of or involvement in any alleged fraud or similar misconduct and have failed to state a claim.

Eckert Memorandum of Law supporting Motion to Dismiss at p. 2, attached as **Ex. “22.”**

The “likelihood of success” factor weighs heavily against the approval of a settlement where the Class Action plaintiffs – which have the most difficult and legally questionable claims – receive the entirety of the settlement proceeds and the parties holding the most viable and valuable claims – the Vagnozzis and Kohler – receive nothing. Indeed, it cannot be determined, with respect to the proposed class action settlements, what their likelihood of success is, whether enough discovery has taken place, or the complexity of the litigation: they have barely been litigated. The *Caputo* docket discloses an unanswered complaint and a stay. *See* Docket Sheet in *Caputo v. Vagnozzi*, D. Del. No. 1:20-1042, attached hereto as **Ex. “23.”** The *Montgomery* docket is no different. *See* Docket Sheet in *Montgomery v. Eckert Seamans Cherin & Mellott, LLC*, S.D. Fla. No. 1:20-23750, attached hereto as **Ex. “24.”** The *Melchior* docket, though longer than the others, discloses only motion practice concerning the stay, a motion to dismiss denied as moot, and no Rule 16 conference in a case that has not even proceeded to discovery. *See* Docket Sheet in *Melchior v. Vagnozzi, LLC*, E.D. Pa. No. 2:20-5562, attached hereto as **Ex. “25.”** In reality, class counsel filed “me too” complaints—drawn largely from the SEC

pleadings—and nothing else.

Careful examination of these dockets reveals that the \$6.75 million in fees sought by class counsel is based upon, following the filing of the complaint, *NO litigation whatsoever*, no substantive results, no disclosures of any important (or any) evidence, no deposition, and no analysis or legal rulings. Compared to the mere \$300,000 offered to the Vagnozzis and Kohler (inclusive of counsel fees), class counsel have “earned” virtually no counsel fees. It was the Vagnozzis who brought Eckert to its knees in this matter:<sup>14</sup> combined, the Dockets in Dean’s and Albert/Kohler’s malpractice cases reflect 199 substantial docket entries. The Vagnozzis and Kohler compelled Eckert to produce over 146,000 Bates stamped documents, which required the filing and full prosecution of at least eight motions to compel Eckert to produce such documents. Each of those motions required hearings before the Court and resulted in Court Orders. Counsel for the Vagnozzis and Kohler – working on a contingency basis – spent a total of 2,592.6 hours in professional legal time, amounting to a total of \$1,356,805 worth of attorney’s fees.<sup>15</sup> It is due to the Vagnozzi’s efforts that, among others, the Coon deposition was taken; and it is due to the Vagnozzi’s efforts that massive paper discovery was exchanged in the malpractice cases of Dean and Albert/Kohler, revealing the existence of Eckert’s woefully inadequate supervision of Pauciulo and the existence of the additional \$50 million in insurance from Eckert’s insurers. Class counsel, in their claimed 3,962.6 hours of effort (CM/ECF No. 1913 at 17), failed to even move their cases into discovery, let alone obtain depositions of key Eckert personnel and compel production of essential documents such as the Eckert insurance policies. To the extent that the class actions can claim to have any knowledge of the extent of discovery or complexity of the

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<sup>14</sup> The extensive Dockets in the Dean Vagnozzi and Albert/Kohler malpractice matters are attached hereto as **Exhibits “26” and “27.”**

<sup>15</sup> If the absurd hourly rates advanced by class counsel were used to calculate the value of such time, the total would easily exceed \$3,000,000 without any lodestar enhancements.

cases, the pressure from the Vagnozzis and Kohler has given them that knowledge. These factors alone weigh against approval of the settlement as currently constituted.<sup>16</sup>

Finally, opposition to the settlement and the stage of proceedings both weigh against approval, as well. The Class Actions have barely begun and the scope of available insurance is still being litigated—although, notably, class counsel and the Receiver have abandoned that additional insurance by attempting to hastily push this settlement through without considering the issue. Opposition to the settlement is strong and has the strong basis that Eckert’s actual clients, such as the Vagnozzis and Kohler, oppose it.

Also weighing against the settlement is its fundamental unfairness, in benefitting one class of Eckert victims at the expense of others. In *Day v. Persels & Assocs. LLC*, the Middle District of Florida denied approval of a class settlement for reasons that closely parallel the inequities presented here. No. 8:10-CV-2463-T-TGW, 2014 WL 12839231, at \*4 (M.D. Fla. Feb. 14, 2014). In that case, class members in Washington State would receive compensation, while the defendants would be released from liability nationwide. *Id.* After summarizing the payments, that court held, “It just seems fundamentally unfair to me that Class members in Washington got a significant recovery, while Class members everywhere else get nothing. Under Rule 23(e)(2), a settlement can be approved only if it is, among other things, ‘fair.’ Under the circumstances, I cannot make such a finding.” *Id.* This situation is no different: the *Caputo*, *Melchior*, and *Montgomery* class members will receive all, or substantially all, of the settlement amount, leaving nothing for the actual clients of Eckert who directly sought advice negligently and recklessly given. This is not, in the apt word of the *Day* court, “fair.”

For these reasons, the settlement is not “fair, adequate, and reasonable,” and should not

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<sup>16</sup> Tellingly, despite numerous requests, class action counsel have repeatedly refused to disclose *any* details concerning the 3,942.6 hours they say they expended on the cases.

be approved. *Sterling*, 158 F.3d at 1204.

### C. The Bar Order Is Inessential, Unfair, and Inequitable

The “extraordinary remedy” of a bar order requires a two-step analysis: first, whether the bar order is essential; and second, whether it is fair and equitable as to the barred persons. *Sec. & Exch. Comm'n v. Quiros*, 966 F.3d 1195, 1199 (11th Cir. 2020). Although the Receiver and Eckert assert that their settlement’s bar order is essential under the technical language of the agreement rendering it “essential” to the settlement of the litigation, *id.* at 1200, the role of this Court is broader than merely rubber-stamping hyper technical language drafted to meet a recent case, and, in fact, Eckert would benefit greatly from the settlement even without the bar order, meaning that it should, rationally, settle without it. Additionally, the bar order imposed here would be grossly unfair and inequitable, where the value to Eckert is greater in disposing of the claims of the Vagnozzis and Kohler than in ridding itself of the class actions: here, the settlement is a fig leaf covering the offensive nature of the greater risks associated with the claims Eckert seeks to bar.

#### 1. The Bar Order is Not “Essential”

Although a superficial reading of *Quiros* lends itself to the proposition that the first part of the bar order inquiry (whether it is “essential”) is merely a test to see if the drafter of the settlement agreement is competent, i.e., has read *Quiros* and put in the “bar order is a prerequisite” language, that is plainly inadequate as a matter of law. The legal principle announced in *Quiros* is, ***“If the parties would have still resolved their dispute without entry of the bar order, the order is not essential and the court should not enter it.”*** 966 F.3d at 1200. Because the facts of *Quiros* concerned a bar order collateral to the finality of the settlement, and it was admitted at oral argument that the bar order only triggered a “kicker” payment increasing

the settlement amount, there was no need for additional inquiry: there could not have been any dispute on the facts before the appellate court because the agreement there made it plain the bar order was not essential. *Id.* at 1201-02.

It would not, however, be consistent with due process for a parties' right to sue in a faraway state court to be lost simply because two other people drafted an *ex-post facto* agreement. *Quiros* is correct on its facts as to whether the bar order was "essential" to that settlement, but this Court must conduct a but-for inquiry in this case, including an assessment of testimony, credibility, review of documents, and discerning for itself whether Eckert would have resolved the class action claims without the bar order. Otherwise, any defendant in multi-venue litigation could manufacture the "evidence" necessary for approving a nonconsensual release/extinguishment of claims against it, because the operative legal rule is simply a self-interested party's negotiation position and the insertion of boilerplate language in a proposed settlement agreement. This would be the ultimate denial of "notice and an opportunity to be heard" lying at the heart of Constitutional due process rights, where private parties could sever the right to sue out of sight of a non-party litigant, and then pass that decision through the courts as through a pipe. Even in the context of class actions, which are specifically designed to facilitate the mass resolution of claims, "due process requires at a minimum that an absent plaintiff be provided with an opportunity to remove himself from the class." *Phillips Petroleum Co. v. Shutts*, 472 U.S. 797, 812 (1985).

Eckert itself has taken the position that additional insurance exists beyond the \$50 million policy it proffers to the class action plaintiffs and their counsel. Ex. 19. Eckert can easily support additional settlement funds: it is not insolvent, or even close to insolvency, and will in fact skate away with its approximately \$54 million yearly profit wholly intact if the settlement

proceeds and it still has to litigate against the Vagnozzis and Kohler. Where there is no threat of insolvency, and *additional insurance exists according to Eckert*, the bar order cannot be “essential” to the settlement in any but-for sense under *Quiros*. The Court should deny the requested bar order on this basis alone.

**2. The Bar Order Cannot Meet the *Munford* Test [Which Has Been Abrogated]**

The Eleventh Circuit Court of Appeals has adopted a test from the bankruptcy courts, requiring a bar order be declared fair and equitable. See *Quiros*, 966 F.3d at 1199 (noting adoption of test from bankruptcy context in *Matter of Munford, Inc.*, 97 F.3d 449, 455 (11th Cir. 1996)). The Eleventh Circuit test for whether a bar order is fair and equitable has seven factors:

- (1) There is an identity of interests between the debtor and the third party, usually an indemnity relationship, such that a suit against the non-debtor is, in essence, a suit against the debtor or will deplete the assets of the estate;
- (2) The non-debtor has contributed substantial assets to the reorganization;
- (3) The injunction is essential to reorganization, namely, the reorganization hinges on the debtor being free from indirect suits against parties who would have indemnity or contribution claims against the debtor;
- (4) The impacted class, or classes, has overwhelmingly voted to accept the plan;
- (5) The plan provides a mechanism to pay for all, or substantially all, of the class or classes affected by the injunction;
- (6) The plan provides an opportunity for those claimants who choose not to settle to recover in full and;
- (7) The bankruptcy court made a record of specific factual findings that support its conclusions.

*In re Seaside Eng'g & Surveying, Inc.*, 780 F.3d at 1079.

Here, it is plain that the “fair and equitable” factors weigh heavily against issuance of a bar order. There is *no* identity of interests between Eckert and the Receivership Entities: Eckert is a law firm that provided advice for the issuance of PPMs, not an investment company, and there is no indemnity relationship. There is no evidence that a suit against Eckert depletes the Receivership Entities by one dollar—not least because Eckert is putting up no money at all in the

settlement outside of the single claim under its insurance policy admitted by the insurer. Similarly, there is no “reorganization” here other than recovery for the investors. Furthermore, the sole contribution by Eckert is insurance coverage, of which Eckert believes more exists, and Eckert has not contributed any of its own substantial profits.

With respect to the fourth, fifth, and sixth factors,<sup>17</sup> there is substantial opposition to the settlement by the Vagnozzis, Kohler, and the Agent Funds suit, *who were the actual clients in privity with Eckert*, and are the only ones with any indemnity relationship at all with Eckert, if only by legal claims. Furthermore, the proposed settlement offers no participation, or minimal participation (less than a 1/3 of the current fees expended by undersigned counsel) for the persons whose claims will be barred; the excuse offered by the Receiver is that these persons were closer to Par Funding than the investors, which is merely a euphemism for the Vagnozzis and Kohler being the direct recipients of the recklessly deficient legal advice from Pauciulo that has cost them their careers and reputations. The Vagnozzis and Kohler, having been injured in amounts in excess of \$30 million, would receive 1% of that amount in the *alternative*, less punitive settlement offered by the Receiver: this means that they would be denied the right to recover their losses. This is particularly inequitable where Dean’s claims include the Pillar and Fallcatcher claims, which are *unrelated* to Par Funding, and the Albert, Kohler, and Alec funds are not even Receivership Entities.

Finally, although this Court has offered an opportunity to be heard, there appears to be no allowance for any live testimony, no discovery has been offered, and it remains to be seen what record will exist with respect to the factual findings made in support of a putative bar order.<sup>18</sup>

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<sup>17</sup> The third factor is whether the bar order is “essential,” which is a duplicate inquiry to the first part of the Eleventh Circuit test.

<sup>18</sup> In this regard, at least three Circuits mandate an *evidentiary* hearing before considering whether to enter a bar order as part of approving a settlement on the grounds that it is required to protect the due process

Additionally, as extensively discussed above, the United States Supreme Court has now weighed in on bankruptcy bar orders affecting non-consenting claimants against non-debtors. Citing directly to *In re Seaside Eng'g & Surveying, Inc.*, 780 F.3d at 1079, as one of the affected cases, *Harrington v. Purdue Pharma L. P.*, handed down subsequent to the Receiver's motion, obliterates the basis for the bankruptcy law upon which the Receiver's motion for a bar order relies. No. 23-124, 2024 WL 3187799, at \*5 (U.S. 2024). In fact, the United States Supreme Court reviewed the Bankruptcy Code basis for bar orders and found none as to releasing claims against non-debtors:

Rather than seek to resolve claims that substantively belong to Purdue, it seeks to extinguish claims against the Sacklers that belong to their victims. And precisely nothing in § 1123(b) suggests those claims can be bargained away without the consent of those affected, as if the claims were somehow Purdue's own property.

*Harrington*, No. 23-124, 2024 WL 3187799, at \*8. The logic of the United States Supreme Court applies here, where Par Funding is in the position of Purdue, and Eckert is effectively the Sacklers: Eckert seeks to eradicate the claims of the Vagnozzis and Kohler by paying money to Par Funding. The legal basis for a release against the Vagnozzis and the Kohlers, upon which the Eleventh Circuit cases rely, however, has vanished. *Id.*

For these reasons, the bar cannot be issued against the Vagnozzis and Kohler, as they do not consent to the settlement and the eradication of their claims against Eckert without faire

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rights of the third-parties whose claims would be barred. "When, as here, a settlement agreement contains a bar order extinguishing possible legal claims of non-settling defendants, the court *must* conduct an evidentiary fairness hearing to determine whether the settling defendants are paying their fair share of the liability." *McDannold v. Star Bank, N.A.*, 261 F.3d 478, 484-85 (6<sup>th</sup> Cir. 2001) (citing *Cullen v. Riley ( In re Masters Mates Pilots Pension Plan and IRAP Litig.)*, 957 F.2d 1020, 1031 (2d Cir. 1992) ("[T]hird party participation in an evidentiary fairness hearing and court approval of the settlement bar are necessary to protect the due process rights of third parties."); *Kovacs v. Ernst Young (In re Jiffy Lube Sec. Litig.)*, 927 F.2d 155, 158 (4th Cir. 1991) ("If the proposed settlement is intended to preclude further litigation by absent persons, due process requires that their interest be adequately represented.") (quoting Manual for Complex Litigation 2d, § 23.14 at 166 (1985)).



compensation.

### **3. The Bar Order Violates Due Process**

“[A] cause of action is a species of property.” *Logan v. Zimmerman Brush Co.*, 455 U.S. 422, 428 (1982). Depriving the Vagnozzis and Kohler of their rights to litigate already-filed malpractice claims, *when Pauciulo has already admitted liability in the SEC cease-and-desist*, runs contrary to the “deep-rooted historic tradition that everyone should have his own day in court.” *Martin v. Wilks*, 490 U.S. 755, 762 (1989). The *de minimus* objection process is not a replacement for the right of the Vagnozzis and Kohler to present their claims, already substantially litigated, to the Court of Common Pleas in Pennsylvania.

For these reasons, the bar order should not be entered.

#### **D. An Equitable Result in Settlement Would Compensate the Vagnozzis and Kohler**

As noted *supra*, there is additional insurance available according to Eckert—at least another \$50 million—and Eckert’s equity members are well able to bear the burden of additional payments. Yet the Receiver and Eckert propose, as an alternative compromise to zero dollars (\$0), that the Vagnozzis and Kohler, who were so ill-served by their counsel, receive only \$300,000, far less than the amount of counsel fees expended in litigating their more than \$30 million loss caused by Eckert. This is patently unfair and should be rejected.

If the Receiver and Eckert do not wish to share the proffered insurance proceeds with the Vagnozzis and Kohler in any meaningful way, it is appropriate for Eckert’s equity membership to bear the load of settlement. By way of example, the Vagnozzis and Kohler would consider \$45,000 a year per equity partner at Eckert for the next three years be paid to them by Eckert. There are approximately 119 equity partners at Eckert, many of whom are making a million dollars per year or more, receiving substantial salaries plus hundreds of thousands of dollars in

annual bonuses. It would be more than fair and equitable for those Eckert partners (who were absolutely to blame for all of Eckert's outrageous failures) to shoulder the burden of a consensual settlement that would globally resolve the firm's mass tort liability by accepting less profit bonuses for a few years. Even this amount would be a substantial discount on the claims that Eckert is facing, and it would be a consensual settlement of the third-party claims by non- Receivership Entities that would allow the settlement to go forward. There is also the availability of funding a global settlement from a portion of the class action attorney fee request of \$6.75 million, which, as stated, is utterly unsupported by even any time entries and the failure to produce *any* results.

The point is there should be room for a consensual settlement, not one that is forced upon non-consenting parties that would be in violation of fundamental principles of fairness and justice guaranteed by the Constitution. This was the theme that underlies the Supreme Court's discussion of these issues in *Harrington*. The Court there noted that the Sacklers wanted "global peace" – a noble and worthwhile goal – but found the Sacklers had not placed "virtually all of their assets on the table" to buy that peace. The Sacklers initially offered \$4.3 billion, then while litigating over the bar order issue, increased that over to close to \$6 billion – more than half of the \$11 billion siphoned away assets. Eckert is not offering any of its assets or profits while asking the Court to give it the peace it refuses to buy. The Court should not bend to that unreasonable request. To be fair, the Receiver, Eckert and the Class Action investors have offered a small amount of money, but the amount (\$300,000) is by far insufficient. But, like the Supreme Court noted in *Harrington*, "[i]f past is prologue, . . . there may be a better deal on the horizon." *Harrington*. 603 U.S. \_\_\_\_, \*18. The Court should deny the bar order and direct the interested parties to get back to work at a consensual global resolution.

**IV. CONCLUSION**

For the reasons set forth heretofore, the proposed Eckert settlement should not be approved, and the bar order not entered.

**V. REQUEST TO APPEAR**

The within objectors make a Request to Appear pursuant to the Court's Order dated May 12, 2024, for the following individuals:

Dean Vagnozzi  
Albert Vagnozzi  
George Bochetto, Esquire  
David P. Heim, Esquire  
Matthew L. Minsky, Esquire

Respectfully submitted,

**BOCHETTO & LENTZ, P.C.**

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By: /s/ Matthew L. Minsky  
Matthew L. Minsky, Esquire FBN: 1033408

By:   
George Bochetto, Esquire  
*Pro Hac Vice*

Dated: July 12, 2024

**CERTIFICATE OF SERVICE**

I **HEREBY CERTIFY** that the foregoing document was electronically filed July 12, 2024, with the CM/ECF filing portal, which will send a notice of electronic filing to all counsel of record.

Respectfully submitted, this 12<sup>th</sup> day of June 2024.

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By: /s/ Matthew L. Minsky

Matthew L. Minsky, Esquire FBN: 1033408

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 20-CV-81205-RAR

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SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

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

Defendants.

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**APPENDIX TO THE OBJECTION TO RECEIVER'S MOTION TO APPROVE  
SETTLEMENT AND FOR ENTRY OF A BAR ORDER**

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*/s/ Matthew L. Minsky*

*/s/ George Bochetto*

By: \_\_\_\_\_

George Bochetto, Esquire

*Pro Hac Vice*

Matthew L. Minsky, Esquire

FBN: 1033408

**EXHIBIT LIST**

- Ex. 1 Cease -and -Desist Order, dated July 7, 2022.
- Ex. 2 June 19, 2023 Dep. Tr. of Timothy S. Coon
- Ex. 3 Eckert Organizational Chart
- Ex. 4 Eckert Legal representation letter with Dean Vagnozzi, dated September 19, 2010
- Ex. 5 Video link compilation of several of Pauciulo's representations and appearances
- Ex. 6 Video link, dated April 2018
- Ex. 7 Pauciulo letter to Dean, dated January 28, 2016
- Ex. 8 SEC Dep. Tr. of Pauciulo, dated April 9, 2021
- Ex. 9 E-mails, dated in April of 2016 regarding due diligence
- Ex. 10 Eckert's Financial Data, Equity Member John W. Pauciulo for the years 2014 through 2020
- Ex. 11 E-mail exchanges in April of 2011 between Pauciulo and Eckert's associate, Enrico Pagnanelli
- Ex. 12 Eckert Engagement letter, dated February 20, 2018
- Ex. 13 Initial Decision, dated December 20, 2019, in *The Matter of Retirement Surety, LLC et al.*, Admin Proceeding File No. 3-18061
- Ex. 14 Letter and Am. Final Order and Judgment, *SEC v. Schantz*, D.N.J. 1:17-cv-03115
- Ex. 15 Compl., *SEC v. Schantz*, 1:17-cv-03115, at 3, 5
- Ex. 16 Report of Joseph Jacovini, Esq.
- Ex. 17 Report of James C. Schwartzman, Esq.
- Ex. 18 Nov. 9, 2020 letter from insurance counsel to Eckert
- Ex. 19 Coon's March 21, 20022 letter
- Ex. 20 Declaration of Perry Abbonizio
- Ex. 21 Power Point presentation with slides.
- Ex. 22 Eckert Memorandum of Law supporting Motion to Dismiss
- Ex. 23 Docket Sheet in *Caputo v. Vagnozzi*, D. Del. No. 1:20-1042
- Ex. 24 *Montgomery v. Eckert Seamans Cherin & Mellott, LLC*, S.D. Fla. No. 1:20-23750
- Ex. 25 *Melchior v. Vagnozzi, LLC*, E.D. Pa. No. 2:20-5562
- Ex. 26 Dean Vagnozzi Malpractice Docket
- Ex. 27 Albert Vagnozzi Malpractice Docket

# **Exhibit “1”**

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES ACT OF 1933**  
**Release No. 11080 / July 7, 2022**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 95205 / July 7, 2022**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-20926**

**In the Matter of**  
  
**JOHN W. PAUCIULO, Esq.,**  
  
**Respondent.**

**ORDER INSTITUTING PUBLIC  
ADMINISTRATIVE AND CEASE-  
AND-DESIST PROCEEDINGS PURSUANT TO  
SECTION 8A OF THE SECURITIES ACT OF  
1933 AND SECTIONS 4C AND 21C OF THE  
SECURITIES EXCHANGE ACT OF 1934 AND  
RULE 102(e) OF THE COMMISSION’S RULES  
OF PRACTICE, MAKING FINDINGS, AND  
IMPOSING REMEDIAL SANCTIONS AND A  
CEASE-AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that public administrative and cease-and-desist proceedings be, and hereby are, instituted against John W. Pauciulo, Esq. (“Respondent” or “Pauciulo”) pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) and Sections 4C<sup>1</sup> and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 102(e)(1)(iii) of the Commission’s Rules of Practice.<sup>2</sup>

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<sup>1</sup> Section 4C provides, in relevant part, that:

The Commission may censure any person, or deny, temporarily or permanently, to any person the privilege of appearing or practicing before the Commission in any way, if that person is found . . . (1) not to possess the requisite qualifications to represent others; (2) to be lacking in character or integrity, or to have engaged in unethical or improper professional conduct; or (3) to have willfully violated, or willfully aided and abetted the violation of, any provision of the securities laws or the rules and regulations issued thereunder.

<sup>2</sup> Rule 102(e)(1)(iii) provides, in pertinent part, that:



## II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Public Administrative Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Exchange Act of 1933 and Sections 4C and 21C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-And-Desist Order (“Order”), as set forth below.

## III.

On the basis of this Order and Respondent’s Offer, the Commission finds<sup>3</sup> that:

### A. SUMMARY

1. These proceedings arise out of attorney Pauciulo’s role in a multi-million dollar unregistered offering fraud through his involvement with the unregistered and fraudulent offerings of multiple private investment funds created to invest in Complete Business Solutions Group, d/b/a Par Funding (“CBSG”). Pauciulo made material misstatements and omissions in private placement memoranda (“PPMs”) he prepared for many of these private investment funds and in in-person and video presentations he made to prospective investors and investors. Among other things, Pauciulo said that the investments did not need to be registered with the SEC and that they complied with the securities laws and gave full disclosure to investors. However, Pauciulo knew or was reckless in not knowing that there was no exemption from registration available for the CBSG offering or some of the private investment fund offerings because CBSG and some of the private investment funds engaged in a general solicitation. By engaging in this conduct, Pauciulo violated Sections 5(a), 5(c) and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

### B. RESPONDENT

2. Pauciulo, age 56, resides in Pennsylvania. He is an attorney licensed to practice in the Commonwealth of Pennsylvania. During the relevant time, Pauciulo served as the chair of his law firm’s Financial Transactions Group.

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The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found . . . to have willfully violated, or willfully aided and abetted the violation of any provision of the Federal securities laws or the rules and regulations thereunder.

<sup>3</sup> The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

### C. OTHER RELEVANT ENTITY AND INDIVIDUALS

3. CBSG is a Delaware corporation that was engaged in the merchant cash advance business. Neither CBSG nor any of its securities have ever been registered with the Commission in any capacity. In November 2018, the Pennsylvania Department of Banking and Securities filed a Consent Agreement and Order (the “Pennsylvania Order”) against CBSG for selling securities through at least one unregistered sales agent. CBSG also is subject to a December 2018 Summary Cease and Desist Order issued by the New Jersey Bureau of Securities (the “New Jersey Order”) for CBSG’s offer and sale of unregistered securities. In February 2020, the Texas State Securities Board issued an Emergency Cease and Desist Order against CBSG and others, alleging fraud and registration violations (the “Texas Order”). In July 2020, the Commission charged CBSG, seven individuals, and various other entities, in an emergency action in federal district court for antifraud and securities registration violations (the “CBSG Action”).

4. Dean J. Vagnozzi, age 53, resides in Collegeville, Pennsylvania, and is the sole owner of ABetterFinancialPlan.com, LLC d/b/a/ ABetterFinancialPlan (“ABFP”), which is an investment firm that offers alternative investments involving assets unrelated to the stock market. ABFP has never been registered with the Commission. Vagnozzi has a disciplinary history. On May 30, 2019, Vagnozzi d/b/a ABFP entered into a settlement with the Pennsylvania Department of Banking and Securities in connection with the sale of notes offered and sold by CBSG, in which he agreed to pay a penalty of \$490,000 for violations of the Pennsylvania Securities Act of 1972. *See Commonwealth of Pennsylvania Department of Banking and Securities, Bureau of Securities Compliance and Examinations v. Dean J. Vagnozzi d/b/a Better Financial Plan, LLC*, Docket No. 190016 (SEC-OSC)(May 30, 2019).

5. Joseph W. LaForte, age 51, is a resident of Philadelphia, Pennsylvania. LaForte was an undisclosed control person of CBSG. In 2007, LaForte was convicted of state charges in New York for grand larceny and money laundering, sentenced to jail time, and ordered to pay \$14.1 million in restitution. In 2009, LaForte pled guilty to federal criminal charges in the District of New Jersey for conspiracy to operate an illegal gambling business. He was sentenced to ten months incarceration, three years supervised release, and a \$5,000 fine. He was released from jail in February 2011.

### D. FACTS

6. CBSG engaged in an unregistered, fraudulent offering of securities in the form of notes (the “CBSG Notes”) from August 2012 until July 2020, when the Commission obtained emergency injunctive relief from the federal district court to halt the offering. CBSG initially offered the CBSG Notes directly to the investing public, using a network of sales agents who solicited investors for CBSG in exchange for commissions.

7. CBSG switched its sales strategy in 2018 after Pennsylvania regulators launched an investigation into the sale of the CBSG Notes. CBSG began using what it called a “fund model,” through which it raised investor money for CBSG’s unregistered offering through sales agents located nationwide who operated their own private investment funds.

8. Pauciulo provided legal representation for one of the sales agents, Vagnozzi, who raised more than \$100 million from investors for investment into CBSG through at least seven private investment funds (the “Vagnozzi Agent Funds”), and Pauciulo also provided legal representation for at least 25 other private investment funds formed to raise money for CBSG (collectively, with the Vagnozzi Agent Funds, the “Agent Funds”).

9. The Agent Funds raised money from investors to be invested in CBSG’s merchant cash advance business, and issued promissory notes to the investors. Then, the Agent Funds transferred the investor money to CBSG in exchange for 12-month promissory notes that CBSG issued to the Agent Funds in CBSG’s unregistered offering. CBSG compensated the Agent Funds for soliciting investors and investing in the CBSG notes by paying the Agent Funds 20% interest on the CBSG notes. The Agent Funds then paid lesser returns to investors, ranging from 8% to 12% interest, and kept as their compensation the “spread” between the 20% received from CBSG and the 8% to 12% interest the Agent Funds paid investors.

10. Vagnozzi, with Pauciulo’s assistance, created a turnkey operation to create the Agent Funds. Vagnozzi recruited other agents to start their own Agent Funds that would issue, offer, and sell promissory notes to investors. Vagnozzi introduced the agents he recruited to Pauciulo. Pauciulo provided legal representation to the agents and helped them create their own Agent Funds by drafting the offering documents necessary for the Agent Funds to issue promissory notes, including PPMs and the filing of Notices of Exempt Offering of Securities on Form D with the Commission in reliance on Rule 506(b).

11. From no later than January 2018 until at least July 31, 2019, Pauciulo attended and spoke at dinner seminars Vagnozzi held to solicit investors for the Vagnozzi Agent Funds. During at least one dinner presentation on July 31, 2019, Pauciulo told investors that the securities being offered were exempt from registration with the Commission. Pauciulo also spoke with potential investors by telephone and told them that the investment was legal and that it complied with the securities laws.

12. From no later than March 2018 through at least late 2019, Vagnozzi and the Agent Funds distributed a video to prospective investors featuring Pauciulo. Pauciulo knew when he filmed the video that it would be shown to potential investors. In the video, Pauciulo tells potential investors about his specialized experience as a securities law attorney and assures them that: (1) he and his law firm “...work very hard to make sure things are done the correct and appropriate way;” (2) he drafts a PPM to provide investors with “all the information that a reasonable person would want to know or information they want to have in order to make an informed investment decision;” and (3) he conducts due diligence and it is “... all about disclosure. Disclosure of risk, disclosure of the nature of the investment.”

13. Pauciulo knew that Vagnozzi was advertising on the radio, and Pauciulo appeared on at least one radio show with Vagnozzi.

14. Through his legal representation of Vagnozzi, Pauciulo was aware in May 2019 that Vagnozzi had settled a regulatory action with the Commonwealth of Pennsylvania ordering him to pay a \$490,000 fine based on his sales of the CBSG investment in violation of state law. Pauciulo was also aware that in February 2020, the Texas State Securities Board issued an

Emergency Cease and Desist Order against CBSG and others, including Vagnozzi, alleging fraud and registration violations. Pauciulo also knew since at least 2017, that LaForte, an undisclosed control person of CBSG, who was running the company, had a criminal history. LaForte had been convicted in 2007 of grand larceny and money laundering and had pled guilty in 2009 to federal criminal charges for conspiracy to operate an illegal gambling business.

15. Pauciulo was a necessary participant and substantial factor in the CBSG offering and in the offering of the seven Agent Funds Vagnozzi controlled, by virtue of his drafting of the Agent Funds' PPMs and signing Forms D claiming exemptions under Rule 506(b).

16. Pauciulo knew or was reckless in not knowing that there was no exemption from registration available for the CBSG offering that he and the Agent Funds participated in, because CBSG engaged in a general solicitation. Pauciulo also knew that Vagnozzi was engaged in a general solicitation through radio ads and dinner seminars, and thus, the seven Agent Funds Vagnozzi controlled had no exemption from registration.

17. Pauciulo made material misrepresentations and omissions to investors. Pauciulo told investors that the investments did not need to be registered with the SEC and that they complied with the securities laws. Pauciulo knew or was reckless in not knowing that there was no exemption available for the CBSG offering or the Vagnozzi Agent Funds offerings, and thus, the offerings needed to be registered with the SEC. Pauciulo touted Vagnozzi's investment experience in presentations and in the PPMs he prepared, but failed to disclose Vagnozzi's regulatory history and also failed to disclose LaForte's criminal history. Pauciulo made these omissions while telling investors and prospective investors that the PPMs he prepared contained all the information that a reasonable person would want to know in order to make an informed investment decision.

18. In approximately March 2020 during the beginning of the Covid-19 pandemic, CBSG's business began to fail and it stopped paying returns to some investors. Pauciulo appeared with Vagnozzi in two April 2020 video calls with the Vagnozzi Agent Funds investors to solicit them to exchange their Agent Funds' promissory notes for new promissory notes (the "Exchange Offering"). The new notes would be from the same Agent Funds issuers, but with lower interest rates and longer maturity dates, purportedly to allow CBSG to recover and begin making payments again. On the first video call, Pauciulo told investors that he would file a first priority lien against CBSG's assets and stated that no prior liens had been filed against CBSG. Pauciulo knew or was reckless in not knowing that prior liens against CBSG's assets existed. On the second video call, Pauciulo participated and listened while Vagnozzi assured investors that they would have security through the new notes because he would secure liens against CBSG. Pauciulo failed to disclose to investors in the two video calls or in the supplemental PPMs he drafted for the Exchange Offering that CBSG was the subject of several regulatory actions.

### **Findings**

19. Based on the foregoing, the Commission finds that Pauciulo willfully violated Sections 5(a), 5(c) and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

20. Based on the foregoing, the Commission finds that Pauciulo engaged in conduct within the meaning of Section 4C(a)(3) of the Exchange Act and Rule 102(e)(1)(iii) of the Commission's Rules of Practice.

#### IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Pauciulo's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Respondent shall cease and desist from committing or causing any violations and any future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent is denied the privilege of appearing or practicing before the Commission as an attorney.

C. After five years from the date of the Order, Respondent may request that the Commission consider Respondent's reinstatement by submitting an application to the attention of the Office of the General Counsel.

D. In support of any application for reinstatement to appear and practice before the Commission as an attorney, Respondent shall provide a certificate of good standing from each state bar where Respondent is a member.

E. In support of any application for reinstatement, Respondent shall also submit a signed affidavit truthfully stating, under penalty of perjury:

1. That Respondent has complied with the Commission suspension Order, and with any related orders and undertakings including any orders in this Order or any related Commission proceedings, including any orders requiring payment of disgorgement or penalties;
2. That Respondent is not currently suspended or disbarred as an attorney by a court of the United States (or any agency of the United States) or the bar or court of any state, territory, district, commonwealth, or possession;
3. That Respondent, since the entry of the Order, has not been convicted of a felony or a misdemeanor involving moral turpitude that would constitute a basis for a forthwith suspension from appearing or practicing before the Commission pursuant to Rule 102(e)(2);
4. That Respondent, since the entry of the Order:

- a. has not been charged with a felony or a misdemeanor involving moral turpitude as set forth in Rule 102(e)(2) of the Commission's Rules of Practice, except for any charge concerning the conduct that was the basis for the Order;
  - b. has not been found by the Commission or a court of the United States to have committed a violation of the federal securities laws, and has not been enjoined from violating the federal securities laws, except for any finding or injunction concerning the conduct that was the basis for the Order;
  - c. has not been charged by the Commission or the United States with a violation of the federal securities laws, except for any charge concerning the conduct that was the basis for the Order;
  - d. has not been found by a court of the United States (or any agency of the United States) or any state, territory, district, commonwealth, or possession, or any bar thereof to have committed an offense (civil or criminal) involving moral turpitude, except for any finding concerning the conduct that was the basis for the Order;
  - e. has not been charged by the United States (or any agency of the United States) or any state, territory, district, commonwealth, or possession, civilly or criminally, with having committed an act of moral turpitude, except for any charge concerning the conduct that was the basis for the Order; and
  - f. has not been subject to disciplinary action by a bar, court or agency of any state for violations of applicable rules of professional conduct, except for any charge concerning the conduct that was the basis for the Order;
5. That Respondent's conduct is not at issue in any pending investigation of the Commission's Division of Enforcement or any criminal law enforcement investigation.
  6. That Respondent is not the subject of any complaints to, or investigations by, the bar or court of any state, territory, district, commonwealth, or possession, except to the extent that such complaints concern the conduct that was the basis for the Order;
  7. That Respondent has complied with any and all orders, undertakings, or other remedial, disciplinary, or punitive sanctions resulting from any action taken by the bar or court of any state, territory, district, commonwealth, or possession, or other regulatory body; and

8. That Respondent undertakes to notify the Office of General Counsel immediately in writing if any information submitted in support of the application for reinstatement becomes materially false or misleading or otherwise changes in any material way while the application is pending.

F. Respondent shall also provide a detailed description of:

1. Respondent's professional history since the imposition of the Order, including
  - (a) all job titles, responsibilities and role at any employer;
  - (b) the identification and description of any work performed for entities regulated by the Commission, and the persons to whom Respondent reported for such work;
2. The circumstances under which Respondent's membership in a state bar or any court for which Respondent was a member has lapsed or otherwise is no longer active and an explanation of why for each; and
3. Respondent's plans for any future appearance or practice before the Commission.

G. The Commission may conduct its own investigation to determine if the foregoing attestations are accurate.

H. If Respondent provides the documentation and attestations required in this Order and the Commission (1) discovers no contrary information therein, and (2) determines that Respondent truthfully and accurately attested to each of the items required in Respondent's affidavit, and the Commission discovers no information, including under Paragraph G, indicating that Respondent has violated a federal securities law, rule or regulation or rule of professional conduct applicable to Respondent since entry of the Order (other than by conduct underlying Respondent's original Rule 102(e) suspension), then, unless the Commission determines that reinstatement would not be in the public interest, the Commission shall reinstate the respondent for cause shown.

I. If Respondent is not able to provide the documentation and truthful and accurate attestations required in this Order or if the Commission has discovered contrary information, including under Paragraph G, the burden shall be on the Respondent to provide an explanation as to the facts and circumstances pertaining to the matter setting forth why Respondent believes cause for reinstatement nonetheless exists and reinstatement would not be contrary to the public interest. The Commission may then, in its discretion, reinstate the Respondent for cause shown.

J. If the Commission declines to reinstate Respondent pursuant to Paragraphs H and I, it may, at Respondent's request, hold a hearing to determine whether cause has been shown to permit Respondent to resume appearing and practicing before the Commission as an attorney.

K. Respondent shall pay a civil money penalty of one hundred twenty-five thousand dollars (\$125,000). Payment shall be made to CBSG dba Par Funding Receivership (aka Ryan K. Stumphauzer, Esq., the court-appointed receiver for Complete Business Solutions Group, Inc. dba Par Funding), pursuant to Rule 1102 of the Commission Rules of Fair Fund and Disgorgement Plans [17 C.F.R. § 201.1102]. Payment shall be made in the following installments:

- 1) \$65,000 within 14 days of the entry of the Order;
- 2) \$15,000.00 within 99 days of the entry of the Order;
- 3) \$15,000.00 within 184 days of the entry of the Order;
- 4) \$15,000.00 within 269 days of the entry of the Order;
- 5) \$15,000.00 within 354 days of the entry of the Order;

Payments shall be applied first to post-order interest, which accrues pursuant to 31 U.S.C. §3717. Prior to making the final payment set forth herein, Respondent shall contact the staff of the Commission for the amount due. If Respondent fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to CBSG dba Par Funding Receivership, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may pay by certified check or bank cashier's check, made payable to CBSG dba Par Funding Receivership and hand-delivered or mailed by United States Postal Service or overnight courier to:

CBSG dba Par Funding Receivership  
Development Specialists, Inc.  
Attn: Stacey Cooper  
500 W. Cypress Creek Road, Suite 400  
Fort Lauderdale, FL 33309

The suite number must be included in the address if mailing or overnight courier.

Payments by check must be accompanied by a copy of this Order and a cover letter identifying Mr. Pauciulo as a Respondent in these proceedings, the file number of these proceedings, and *Securities and Exchange Commission v. Complete Business Solutions Group, Inc. d/b/a Par Funding et al.*, Civil Action No. 20-cv-81205-RAR. A copy of the cover letter and check must be simultaneously sent to Glenn S. Gordon, Associate Regional Director, Miami Regional Office, Securities and Exchange Commission, 801 Brickell Avenue, Suite 1950, Miami, FL 33131. If the payment is transmitted electronically, the Respondent must, within 3 business days



of making the payment, send a copy of the electronic payment receipt, along with a cover letter identifying the Respondent in these proceedings and the file number of these proceedings to Glenn S. Gordon, Associate Regional Director, Miami Regional Office, Securities and Exchange Commission, 801 Brickell Avenue, Suite 1950, Miami, FL 33131.

L. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the penalty referenced in paragraph K above. The Fair Fund will be distributed by the court-appointed receiver. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Vanessa A. Countryman  
Secretary

# Exhibit "2"

**In The Matter Of:**  
*DEAN VAGNOZZI v.*  
*JOHN W. PAUCIULO, ESQUIRE, et al.*

---

*TIMOTHY S. COON*  
*June 19, 2023*

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TIMOTHY S. COON

IN THE COURT OF COMMON PLEAS  
PHILADELPHIA COUNTY PENNSYLVANIA  
CIVIL TRIAL DIVISION

DEAN VAGNOZZI, : April term, 2021  
Plaintiff, :  
vs. :  
JOHN W. PAUCIULO, ESQUIRE, :  
and :  
ECKERT SEAMANS CHERIN & :  
MELLOTT, LLC, :  
Defendants. : No. 002115

- - -

Monday, June 19, 2023

- - -

Videotaped deposition of TIMOTHY S. COON was taken at the offices of BOCHETTO & LENTZ, P.C., 1524 Locust Street, Philadelphia, PA 19102, before Kathryn Doyle, a Notary Public of the Commonwealth of Pennsylvania, on the above date, commencing at 10:00 a.m.

GEFTMAN REPORTING ASSOCIATES  
Registered Professional Reporters  
Certified Court Reporters (NJ)  
610-608-1040  
karynrpr@comcast.net

TIMOTHY S. COON

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A P P E A R A N C E S :

BOCHETTO & LENTZ, P.C.

BY: GEORGE BOCHETTO, ESQUIRE

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Gbochetto@bochettoandlentz.com

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(215) 435-3900

Representing the Plaintiff

TIMOTHY S. COON

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A P P E A R A N C E S Continued:

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BY: CATHERINE M. RECKER, ESQUIRE

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(215) 972-6430

Representing Paul Pauciulo

TROUTMAN PEPPER HAMILTON SANDERS, LLP

BY: JAY A. DUBOW, ESQUIRE

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18th & Arch Streets

Philadelphia, PA 19103

Jay.dubow@troutman.com

(215) 981-4000

Representing Eckert Seamans Cherin & Mellott LLC and

Timothy S. Coon

ALSO PRESENT: EVAN BOCHETTO, Videographer

TIMOTHY S. COON

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I N D E X

WITNESS:

TIMOTHY S. COON

BY	EXAMINATION	PAGE
MR. BOCHETTO	DIRECT EXAMINATION	6
MR. DUBOW	CROSS-EXAMINATION	235

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<a href="#">Coon-3</a>	Answers	171
<a href="#">Coon-4</a>	Receiver's Status Report	212

TIMOTHY S. COON

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(It is agreed by and between  
counsel that reading, signing, sealing,  
filing, and certification are hereby waived  
and all objections, except as to the form of  
the questions, are reserved until the time of  
the trial.)

- - - - -  
P R O C E E D I N G S  
- - - - -

THE VIDEOGRAPHER: We are here today,  
Monday, June 19, 2023 for the videotaped  
deposition of Timothy S. Coon.

This deposition is being taken in the  
matter of Dean Vagnozzi versus John W. Pauciulo  
and Eckert, Seamans, Cherin and Mellott, LLC in  
the Court of Common Pleas, Philadelphia County.  
The case number is 002115.

The deposition is being conducted at  
Bochetto and Lentz, 1524 Locust Street,  
Philadelphia, PA 19102.

I'm the videographer, Evan Bochetto,  
representing Esquire Media Group. The court  
reporter is Katie Doyle.



TIMOTHY S. COON

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1 Will Counsel please announce their  
2 appearance for the record?

3 MR. BOCHETTO: Good morning. George  
4 Bochetto for the plaintiff.

5 MR. VAN LAAR: Good morning. Vincent van  
6 Laar for the plaintiff.

7 MS. RECKER: Catherine Recker for John  
8 Pauciulo.

9 MR. DUBOW: Jay Dubow for Eckert Seamans  
10 and the witness today.

11 THE VIDEOGRAPHER: The time is now 10:01  
12 a.m. Will the court reporter please swear in  
13 the witness?

14 - - - - -

15 TIMOTHY S. COON, having been duly  
16 sworn according to law, was examined, and  
17 testified as follows:

18 - - - - -

19 DIRECT EXAMINATION

20 - - - - -

21 BY MR. BOCHETTO:

22 Q Good morning, Mr. Coon. As you know, my  
23 name is George Bochetto. And I want to kind of get  
24 right to the issues, if we may.

TIMOTHY S. COON

7

1 I'm familiar with your educational  
2 background and generally from your website bio, the  
3 areas of law practice that you've engaged in.

4 But you've also been an official at  
5 the law firm at Eckert Seamans for a number of  
6 years.

7 What is your title?

8 A I became general counsel of the firm -- I  
9 forget the exact year. It was around 2012, 2013.

10 And then around 2017, the title was  
11 changed to chief legal officer.

12 Q And in that -- or in those capacities, are  
13 you also a member of the executive committee?

14 A No.

15 Q Any other kind of oversight committees of  
16 any sort -- compensation committee, partnership  
17 committee, any of that type of --

18 A I have not held any other management  
19 positions at Eckert Seamans.

20 Q Do you still practice law separate and  
21 aside from your responsibilities as chief legal  
22 officer?

23 A Yes.

24 Q And in the last, let's say, four or five

TIMOTHY S. COON

8

1 years, what has been the primary focus of your law  
2 practice?

3 A For the last -- well, actually, for my  
4 entire career, I've been focusing -- I focus  
5 primarily on product liability, and for the past  
6 decade plus, pharmaceutical liability.

7 Q Are there any assistants to you in the  
8 capacity of chief legal officer?

9 Is there an assistant legal officer  
10 at the firm --

11 A No.

12 Q -- or assistants?

13 A Not currently. I supervise our conflicts  
14 group. And they, you know, I don't know if I call  
15 them assistants. They don't assist me in the chief  
16 legal officer role, but I supervise them.

17 Q And Eckert is organized from a substantive  
18 point of view in terms of departments, different  
19 departments focusing in on different areas of law?

20 A We call them divisions, and there are two  
21 broad divisions.

22 Q What are those?

23 A Litigation and business.

24 Q During the timeframe of 2017 through 2021,

TIMOTHY S. COON

9

1 was there a head of the litigation division?

2 A Yes.

3 Q Who was that?

4 A Christopher Opalinski.

5 Q And was he the lead of that division the  
6 entirety of that five years, six years span of time?

7 A Yes.

8 Q And how about the business division?

9 A Kathryn English was head of it for at  
10 least most of that time. I don't know exactly when  
11 she became division chair for the business division,  
12 but she was certainly there in '19, '20, '21.

13 Q Is she still the chair of that division?

14 A No. That actually changed this year.

15 Q Oh. And who is that now?

16 A Grant Coffield.

17 Q To your knowledge, does Kathryn English  
18 have a background of any sort in securities law?

19 A To my knowledge, no.

20 Q How about Chris Opalinski, if I'm  
21 pronouncing that correctly?

22 A I don't know.

23 Q Does anybody, to your knowledge, in the  
24 management position at the Eckert firm during the

TIMOTHY S. COON

10

1 period of time 2017 to 2021 -- did anyone have a  
2 securities law background?

3 A I don't know.

4 Q As chief legal officer, would you be  
5 involved in the selection of the division heads?

6 A No.

7 Q Who made those decisions or what body made  
8 those decisions?

9 A I am not sure. There's certainly input  
10 from the executive committee, but I think others  
11 have input, too.

12 I don't know. I was not involved in  
13 the process, so I really can't speak to it.

14 Q How many lawyers does Eckert Seamans  
15 currently have?

16 A I don't know the exact number. I would  
17 say right now 280 to 300, somewhere around there.

18 Q And how many of them are equity partners,  
19 quote, unquote?

20 A I do not know the exact number, but I  
21 believe it would be 100, give or take a couple.

22 Q What are the breakdowns of the status of  
23 lawyers in this following sense: Associates, senior  
24 associates, partners, equity partners -- that type

TIMOTHY S. COON

11

1 of thing.

2 What's the Eckert breakdown of that?  
3 How did it get stratified?

4 A I'm not sure I understand --

5 MR. DUBOW: Object to the form.

6 MR. BOCHETTO: Okay. That was a terrible  
7 question.

8 THE WITNESS: Are you asking number?

9 MR. BOCHETTO: No.

10 BY MR. BOCHETTO:

11 Q I'm asking classification of lawyers.

12 A Okay.

13 Q What are the different classifications of  
14 lawyers at the Eckert firm?

15 A There are equity members. There are what  
16 we term special members, which are contract  
17 employees. There are associates who are employees.  
18 And we have some relationship that -- we don't use  
19 the term of counsel, but you would consider them of  
20 an of counsel nature.

21 Q Do the of counsel folks have equity?

22 A No.

23 Q How many equity -- are there more than one  
24 type of equity classification?

TIMOTHY S. COON

12

1 A Yes.

2 Q What are the different types of equity  
3 classifications?

4 A We describe it in terms of the units that  
5 equity members are allocated. There are A units and  
6 B units.

7 A units -- A units really don't have  
8 risk, but they are capped.

9 Q A units don't have?

10 A Risk like B units do.

11 Q Explain that to me.

12 What is the risk that B units have?

13 A If B units -- if we would have -- and we  
14 haven't, if we had a particularly bad financial  
15 year, the B unit holders would be the most at risk.

16 Q By virtue of what?

17 A Less income.

18 Q Well, no. I mean is that built into the  
19 partnership agreement or the LLC agreement?

20 A Yes. I believe we produced the operating  
21 agreement to you, and there's a whole section on how  
22 that works.

23 Q Yeah. I'm trying to get your  
24 understanding of it.

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1 A I gave it to you.

2 Q How many B unit equity holders are  
3 there --

4 A I don't know.

5 Q -- approximately?

6 A If -- again, it was an estimate. If we  
7 estimated 100, I would say 60 to 70 -- 70, maybe,  
8 but that's just an estimate.

9 Q The A unit equity members, are they --  
10 strike that.

11 What type of equity do the A unit  
12 members have?

13 A They have an ownership interest in the  
14 company like B unit members.

15 Q Do they have voting rights?

16 A Yes.

17 Q Equal voting rights --

18 A Yes.

19 Q -- as the B?

20 A You have to read our operating agreement.  
21 Each member has voting power, votes, whatever you  
22 want to call it, equivalent to the share -- not  
23 shares.

24 Q The units?



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14

1 A The units that they have. Yes.

2 And A units, that value, so to speak,  
3 would be less than an equivalent of B units.

4 Q The most senior -- strike that.

5 The most -- the B unit equity member  
6 with the most units, how many units is that?

7 A I'm -- you're asking about confidential  
8 information of our firm at this point. I'm a bit  
9 uncomfortable about talking about that without some  
10 type of confidentiality agreement in place.

11 Q Well, as far as this question is  
12 concerned, I'm certainly willing to go on the record  
13 here and now in saying we will keep this  
14 confidential and shall not reflect it in any public  
15 filing.

16 MR. DUBOW: And what's the question?

17 MR. BOCHETTO: Which B unit member has the  
18 most units.

19 MR. DUBOW: By name?

20 MR. BOCHETTO: Well, I don't even need the  
21 name, to the honest with you.

22 BY MR. BOCHETTO:

23 Q How many units does that particular  
24 individual have?

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15

1           A     Approximately, 400. It might be slightly  
2 less. It might be slightly more, but,  
3 approximately, 400.

4           Q     And the individual that has the least  
5 number of equity units?

6           A     B units?

7           Q     Yes.

8           A     I am not positive, but I believe for full  
9 time people, it would be 180, 190. I'm not sure.

10          Q     Now, how about the A equity holders?

11                     What's the most units an A has?

12          A     I don't know, because it's -- again, if  
13 you read our operating agreement, there's a  
14 different scheme of payment and that type of thing.  
15 I don't know.

16          Q     Are there different kinds of units?

17          A     There's A units and B units.

18          Q     But if a person is -- has 100 units and  
19 they are in the A group, do they get treated  
20 differently than a person who has 100 units that's  
21 in the B group?

22          A     I don't understand the question by what  
23 you mean treated differently.

24          Q     Are their rights any different?

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16

1           A       Their rights as an owner, no. Their --  
2 the affect of an A unit -- their capital  
3 contribution per unit is less than a B.

4                       And our voting power, so to speak --  
5 and I'm just making up that term, okay? The voting  
6 power of an individual member depends on their value  
7 of their overall capital, which is a combination of  
8 both how many units they have and the capital value.  
9 So B unit has higher -- 200 B units would be higher  
10 than 200 A units.

11           Q       So inasmuch as there are 60 to 70 B unit  
12 members, be fair to say that they make the decisions  
13 when it comes to a vote on behalf of the firm?

14           A       No. I don't know if I necessarily agree  
15 with that, but they do vote, yes, on matters that  
16 equity votes on.

17           Q       And when they vote, they vote their units,  
18 correct?

19           A       That's how it works. Yes.

20           Q       Okay. So if the most -- the individual  
21 with the most units of 400 votes, he has at least  
22 twice the weight in his vote of the member that the  
23 B member that has the least, 180?

24           A       Yes.

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1 Q That's the way it would work?

2 A Yes.

3 Q How are units -- how is it determined who  
4 gets how many units, whether A or B?

5 A We have a compensation committee. It has  
6 a significant number of members.

7 Each year, the compensation committee  
8 meets and makes recommendations as to two things:  
9 The number of units that each member should have for  
10 the coming year and also the award of any bonus for  
11 the prior year -- whether there should be an award  
12 and how much.

13 The compensation committee makes  
14 those recommendations. It goes to the executive  
15 committee, who can fully accept, reject or accept  
16 the changes.

17 Q Does the firm use a financial planning  
18 consultant, an outside financial planning  
19 consultant?

20 A It has in the past. I don't know whether  
21 we have one now.

22 Q The most recent one that you can remember,  
23 who would that have been?

24 A I wasn't involved with them. I just don't

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18

1 recall.

2 Q You have no idea?

3 A Sitting here today, right now, I don't  
4 recall.

5 Q When, to your recollection, is the last  
6 time the firm received any financial planning  
7 consultation from an outside source?

8 A Within the past couple years.

9 Q And if you had to make a determination as  
10 to who that financial planner was, could you find  
11 out?

12 A I could find out. Yes.

13 Q How would you find out?

14 A I would go ask.

15 Q Who would you ask?

16 A I'm not sure. I'd have to think about  
17 that for a moment, but could I find out the  
18 information? Yes, I could.

19 Q You could probably ask whomever the  
20 controller is to see what check got sent out to what  
21 financial planning firm.

22 A We don't have a controller. We don't use  
23 that term.

24 But yeah. There's plenty of people

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1 that I could ask who was the consultant.

2 Q Well, when we take a break, I would ask  
3 that you make that inquiry so that we could find out  
4 the identity of that financial planner, okay?

5 MR. DUBOW: We're not going to agree to do  
6 that.

7 MR. BOCHETTO: Why?

8 MR. DUBOW: You can serve us a document of  
9 the request. We'll consider that in the normal  
10 course.

11 MR. BOCHETTO: This is a request.

12 MR. DUBOW: He doesn't have an obligation  
13 to make a phone call in the middle of a  
14 deposition.

15 MR. BOCHETTO: It's not in the middle of  
16 the deposition. It's during a break.

17 MR. DUBOW: We're not going to do it. If  
18 you want to serve us with discovery requests,  
19 we will take -- respond.

20 MR. BOCHETTO: Would it be anymore than  
21 just a phone call?

22 MR. DUBOW: It doesn't matter what it is.  
23 He's here for a deposition based on his  
24 knowledge.

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1           And if you want to have a specific  
2 follow-up request, you can make it. And we'll  
3 respond according to the rules.

4           MR. BOCHETTO: Well, I think the rules do  
5 permit for a deponent when asked a question to  
6 be able to refer to a document or to be able to  
7 refer to his cell phone or to be able to  
8 refresh his recollection so that he may be of  
9 assistance in the discovery process. I'm  
10 entitled to that information.

11           MR. DUBOW: If you have something you want  
12 to show him to refresh his recollection --

13           MR. BOCHETTO: I don't have anything to  
14 show him. I would have nothing relating to who  
15 the financial planning consult -- consultant  
16 is. And that's the information I'm seeking to  
17 get from the deponent.

18           MR. DUBOW: Understand. He doesn't know.  
19 You could have asked for that in advance. You  
20 didn't. If you want to ask for it in the  
21 future, you can ask for it in the future.

22 BY MR. BOCHETTO:

23           Q     As chief legal officer, are you involved  
24 in risk management planning for the firm?

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1 A Yes.

2 Q Describe what you're involved in, in that  
3 respect.

4 A It's too broad of a question to answer. I  
5 mean, many things.

6 Q Such as?

7 A Consulting with people on a daily basis  
8 when they have questions about potential matters,  
9 about ethical matters. Doing occasional, I'll call  
10 them, seminars for our firm. Meeting with people,  
11 consulting with people.

12 It's too broad of a question to  
13 answer. I mean, that's about the best I can say.

14 Q Is there any form of custom or practice  
15 that you have as chief legal officer to meet with  
16 the division heads concerning risk management  
17 issues?

18 A The problem I'm having with your question  
19 is the term risk management. It is so broad that  
20 it's almost impossible to answer.

21 But I will give you an example. It's  
22 a recent example.

23 I consulted with some firm  
24 management, and I'm working with another attorney to



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1 develop a firm policy addressing the use of  
2 artificial intelligence apps in the practice of law  
3 at Eckert Seamans.

4 So yeah. From time to time, do I  
5 consult with folks in our business group or in our  
6 litigation group or management, generally, about  
7 policies or issues that we should address? Yes, I  
8 do.

9 Q Does the firm consult with any outside  
10 entities or individuals having anything to do with  
11 risk management for the firm?

12 A Again, I don't understand by what you mean  
13 by risk management.

14 But have we, to my knowledge,  
15 contracted with an entity to advise specifically  
16 about risk management, whatever that means, no, I'm  
17 not aware of that.

18 Q Well, let's get more focused in on John  
19 Pauciulo.

20 He was engaged in securities law and  
21 securities compliance on behalf of clients, correct?

22 A That was part of his practice, to my  
23 understanding.

24 Q Was there ever any risk management

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1 undertakings with respect to his practice undertaken  
2 by anybody at the Eckert firm?

3 A I can't answer that question. I don't  
4 know what you mean.

5 Q Well, did anybody ever sit down with  
6 Mr. Pauciulo to try to understand what it was he was  
7 doing in the securities law field, and make a  
8 determination as to whether he was doing so  
9 correctly or in a manner that didn't expose the  
10 Eckert firm to liability claims?

11 A That's a very compound question, but I --  
12 I don't know, because I didn't deal with John  
13 Pauciulo.

14 But John was a member of the firm.  
15 He interacted with others in the business division  
16 and in the financial transaction area, would have  
17 interacted with others including practice group  
18 leaders.

19 So yes. He would have -- there  
20 would -- he would have interacted with other people  
21 about his practice, generally. What he did specific  
22 on any particular transaction, I don't know. You  
23 would have to ask him that.

24 Q You signed a verification to the answer to

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1 the plaintiff's complaint in this matter.

2 You're aware of that, correct?

3 A Yes.

4 Q And by doing so, you undertook the  
5 obligation to understand the allegations in the  
6 complaint, correct?

7 A As best you could understand them, yes.

8 Q And to understand what Eckert's response  
9 was to each of those allegations?

10 A Working with counsel. Yes.

11 Q Did you undertake to understand what  
12 supervision or risk management was, in fact,  
13 implemented as to John Pauciulo in the practice of  
14 securities law while at Eckert?

15 A You'll have to show me what that  
16 allegation is in the complaint so that I can see  
17 what you're referring to.

18 Q I'm not asking about any specific  
19 allegation. I'm asking what you did to prepare  
20 yourself to answer the complaint.

21 Did you look into what supervision or  
22 risk management was undertaken with John Pauciulo  
23 regarding his practice of securities law?

24 MR. DUBOW: I'm just going to note an

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25

1 objection to the form, but...

2 MR. BOCHETTO: Go ahead.

3 THE WITNESS: He was a member of the firm.  
4 I spoke with John, as in my role as chief legal  
5 officer representing Eckert Seamans. I looked  
6 at various documents.

7 So again, given the very broad and  
8 undefined term that you used of risk  
9 management, did I investigate things? Sure, I  
10 did.

11 BY MR. BOCHETTO:

12 Q Tell me what you did to investigate. You  
13 spoke with John Pauciulo.

14 What else did you do? Did you speak  
15 with anybody else in the firm about it?

16 A Yes. I --

17 Q Who?

18 A I've spoken with other people who were  
19 involved in his work.

20 Q Tell me who.

21 A I spoke briefly with Pia Akliau.

22 Q Who?

23 A Pia Akliau, who was involved in -- she was  
24 an associate who drafted.

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1 I spoke with Frank Emmerich. I spoke  
2 with Shari Maynard. She has a married name now.  
3 That was her name at the time. I had some brief  
4 conversations with those.

5 Q Brief conversations?

6 A Well, I call them brief. They weren't  
7 five-day meetings.

8 And I'd have to think some more. I  
9 know --

10 Q Go ahead. Take your time. This is the  
11 process by which I get to understand everything that  
12 you understand. And I don't want to rush you, so  
13 you think about it.

14 A I'm not positive, but I think David  
15 Laigaie might have been involved in one of John's  
16 matters and I spoke with him, too.

17 Q Did you speak with anybody else in your  
18 investigation to equip yourself or to inform  
19 yourself as to how to answer plaintiff's complaint?

20 A How to answer the complaint -- other than  
21 counsel, no.

22 Q And what documents did you review?

23 A A lot.

24 Q Tell me.

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1           A       I reviewed a lot of John's e-mails. I  
2 reviewed at least examples of the transactional  
3 documents at issue in the PAR Funding litigation and  
4 Dean Vagnozzi.

5                       I reviewed -- I don't know. I  
6 reviewed a lot of material. I don't recall it all.  
7 I reviewed things that we produced to you -- at  
8 least some of it.

9           Q       Other than speaking with the four  
10 individuals that you mentioned and reviewing the  
11 e-mails and some of the transactional documents, did  
12 your investigation include any other activity?

13           A       Well, I spoke to --

14                       MR. DUBOW: Object as to the form.

15                       THE WITNESS: I spoke with John Pauciulo.  
16 You didn't list him.

17                       MR. BOCHETTO: Okay. John Pauciulo.

18 BY MR. BOCHETTO:

19           Q       Anybody else?

20           A       Not that I can think of right now. If I  
21 remember somebody, I'll tell you.

22           Q       Okay. Did you do anything else as a part  
23 of your investigation, other than what we just  
24 reviewed?

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1           A       Talked with people, looked at documents,  
2 obviously, work with our counsel.

3                       I did keep up with filings in the --  
4 at least most of the filings in the PAR Funding  
5 litigation. I've read the court papers that you and  
6 others have filed.

7           Q       Anything else?

8           A       I did some legal research.

9           Q       What legal research did you do?

10          A       I can't talk about that. That's within  
11 the scope of the attorney-client privilege and  
12 the -- my mental impressions and work product  
13 representing Eckert Seamans.

14          Q       How much legal research did you do?

15          A       Fair amount.

16          Q       What's a fair amount? Give me a number of  
17 hours.

18          A       I'd have to think about that. I don't  
19 know.

20          Q       Think about it.

21          A       Over the course of three years, I don't  
22 know, 40 hours maybe.

23          Q       Did you consult with any outside  
24 securities law expert in connection with your

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1 investigation of Mr. Pauciulo's conduct?

2 A Other than Eckert's counsel, no.

3 Q Did you speak with anybody at any other  
4 law firm to get a sense of how they supervise their  
5 securities law practitioners?

6 A No.

7 Q Let's go back to what you've told me.

8 Is it David Laigaie?

9 A Laigaie.

10 Q For the court reporter's benefit, but  
11 mine, also, how do you spell that?

12 A L-A-I-G-A-I-E -- pretty sure.

13 Q Okay. How many times did you speak with  
14 Mr. Laigaie?

15 A To clarify, I think that I spoke with  
16 David, because I think David was involved in one of  
17 the legal matters that Dean Vagnozzi got involved  
18 in -- not in PAR Funding, but how many times I spoke  
19 with him, I don't recall.

20 Q Was it more than once?

21 A It might have been more than once.

22 Q I know it might have been. I'm asking  
23 you.

24 A I don't know.



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1 Q Was it a formal meeting that you had or  
2 was it -- did you call him on the telephone?

3 A Telephone.

4 Q And his position with the Eckert firm is  
5 what?

6 A David is a member in our Philadelphia  
7 office, who specializes -- I shouldn't say  
8 specializes. I'm not sure what he specializes in --

9 Q Focuses?

10 A He focuses his practice on civil  
11 litigation matters, particularly on the business  
12 side.

13 Q Okay. Tell me, as best you can recollect,  
14 what was discussed with Mr. Laigaie?

15 A Can't do that due to attorney-client  
16 privilege and attorney work product.

17 It was my investigation of facts  
18 representing the firm.

19 Q How long did the conversations last on the  
20 telephone?

21 A I don't remember.

22 Q Any sense? Was it hours?

23 A It was not hours.

24 Q Pia?

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1 A Aklian.

2 Q You're going to have to spell that one. I  
3 guess Pia is P-I-A?

4 A Correct.

5 Q Aklian?

6 A A-K-L-I-A-N.

7 Q And she's an associate or was an  
8 associate?

9 A Was an associate.

10 Q She's no longer with the firm?

11 A She left.

12 Q When did she leave?

13 A I don't recall. Two years ago.

14 Q At the time that you spoke with her, was  
15 she still with the firm?

16 A Yes.

17 Q How often -- how many times did you speak  
18 to her about the Pauciulo issues and allegations?

19 A I didn't say I spoke with her about issues  
20 and allegations. I didn't say what I spoke with her  
21 about, other than it relates to this litigation.

22 And I am not permitted to talk to you  
23 about the specifics of what I discussed with her,  
24 for the same reasons I articulated before.

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1 Q How many times did you speak with her?

2 A I think Pia, only once.

3 Q That was also telephone?

4 A Yes.

5 Q By the way, did you make any  
6 memorializations or summaries of the conversations  
7 you had with any of these individuals?

8 A Did I do file memos or something like  
9 that? No.

10 Q How about Frank Emmerich? What was his  
11 position at the firm?

12 A Frank -- I believe he was an equity  
13 member. Now, he might have been a special member  
14 when I spoke to him. I'm not sure. He's an  
15 experienced litigator.

16 Q How many times did you speak with him?

17 A Several.

18 Q Telephone?

19 A Yes.

20 Q Part of your investigation?

21 A Yes.

22 Q Did he provide any documents to you?

23 A He provided documents that in turn have  
24 been turned over to you.

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1 Q How about Shari Maynard?

2 How many times did you speak with  
3 her?

4 A Obviously, once. I don't know if it was  
5 more than once.

6 Q How long was that conversation?

7 A I don't recall.

8 Q Also by telephone?

9 A Yes.

10 Q John Pauciulo, when's the last time you  
11 spoke with him?

12 A Spoke with him?

13 Q Either in person, on the telephone or any  
14 other capacity.

15 A Some time in mid 2022, probably. I'm not  
16 sure. That's my best guess.

17 Q Since he's left the firm, how many times  
18 have you spoken with him?

19 A A couple times.

20 Q By telephone?

21 A Yes.

22 Q Was it relating to any issues raised in  
23 these complaints against Eckert?

24 A No.

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1 Q Nothing whatsoever about that?

2 A No.

3 Q Is that correct?

4 A Correct.

5 Q When Mr. Pauciulo was still at the Eckert  
6 firm, did you have conversation with him about the  
7 complaint filed in this matter?

8 A Yes.

9 Q How many times?

10 A Many.

11 Q What's many?

12 A I don't know.

13 Q Dozens?

14 A That's probably a fair estimate.

15 Q Did you prepare any file memos or  
16 summaries of those conversations?

17 A No. I generally relied on our outside  
18 counsel.

19 Q What does that mean?

20 A Most of the conversations that I had with  
21 John were including outside counsel.

22 Q Which outside counsel?

23 A The two sitting here today.

24 Q Mr. Dubow and Ms. Recker?

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1 A Yes.

2 Q Did you ever have a conversation with John  
3 Pauciulo about the Vagnozzi complaint that we're  
4 here about today, that was not attended by any of  
5 this counsel?

6 A I don't think so. I'll think about that,  
7 and if I recall something I'll let you know.

8 But I believe since the filing of  
9 this complaint, all of my communications with John,  
10 all conversations I had with him, involved counsel.

11 Q And during those conversations or  
12 meetings, were both Mr. Dubow and Ms. Recker in  
13 attendance at each of these?

14 A What -- during what timeframe?

15 Q Any timeframe. Any timeframe that you sat  
16 down with John Pauciulo where he had counsel  
17 accompany him, was that counsel, Mr. Dubow and  
18 Ms. Recker, both at the same meetings?

19 A You -- I need a clarification. You've  
20 been prefacing this about the complaint that you  
21 filed on behalf of Dean Vagnozzi.

22 Q Right.

23 A Do you mean since that or before that or  
24 both?

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1 Q Either.

2 A Yes. There were times when -- early on  
3 in -- after the SEC filed its action, that I had  
4 conversations with John and with Ms. Recker.

5 Q Just Ms. Recker?

6 A Yes.

7 Q And then there were subsequent meetings  
8 where Mr. Dubow was also involved?

9 A Yes.

10 Q Do Ms. Recker and Mr. Dubow, to your  
11 knowledge, have a joint defense agreement?

12 A Yes.

13 Q How do you know that?

14 MR. DUBOW: Don't -- I'm going to instruct  
15 him not to respond.

16 BY MR. BOCHETTO:

17 Q You're certain they have a joint defense  
18 agreement?

19 A (No response.)

20 Q That, you can respond to. You already  
21 answered the question.

22 A Yes.

23 Q Okay. Before the Vagnozzi complaint was  
24 filed, had you ever spoken with John Pauciulo,

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1 individually, about any of his representations of  
2 Dean Vagnozzi or any of his entities?

3 A Before the Vagnozzi complaint?

4 Q Yeah.

5 A Yes.

6 Q When was the first such time, as best you  
7 can recollect?

8 A The first time that I recall -- you're  
9 talking about PAR Funding, right?

10 Q No.

11 A Okay. The first time --

12 Q Anything about Dean Vagnozzi or any of his  
13 entities.

14 A Yes. The first time -- I don't recall  
15 what year it was, it was prior to 2020.

16 John and another firm attorney, who I  
17 can't recall, called me about a document production  
18 issue that involved, I believe, if I recall  
19 correctly, Dean was a third party, and we were  
20 representing another party in the case. And  
21 somebody in that case wanted documents from Dean.  
22 And we worked the situation out.

23 It had nothing to do with PAR  
24 Funding.



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1 Q Did it have anything to do with any of  
2 Dean's other investment vehicles?

3 A Not to my recollection. No.

4 Q Do you recall any kind of a first meeting  
5 with John Pauciulo having anything to do with any  
6 regulatory investigation of Dean Vagnozzi or any of  
7 his entities, whether it was a state regulatory,  
8 agency or federal?

9 A I don't recall anything, except that the  
10 document production matter that I just described  
11 might have -- I don't know. I don't recall, might  
12 have involved something like that, but I don't  
13 recall.

14 Q So you have no specific recollection of  
15 ever speaking with John Pauciulo about any form of  
16 regulatory investigation of Dean Vagnozzi or any of  
17 his investment vehicles?

18 A I don't recall any prior to -- prior to  
19 the PAR Funding litigation.

20 Q Did you look into that or into the  
21 existence of any regulatory investigations prior to  
22 the PAR Funding scenario, as part of your  
23 investigation in this matter?

24 A I don't understand the question.

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1 Q Were you aware that Dean Vagnozzi and his  
2 entities, or various of his entities, were under  
3 investigation by the Pennsylvania Securities  
4 Commission?

5 A I became aware of that. Yes.

6 Q When were you first aware of that?

7 A 2020, to the best of my recollection.

8 Q Under what circumstances?

9 A Well, I certainly became aware of it for  
10 sure when the SEC filed its case against PAR Funding  
11 and the various other defendants.

12 Q In Florida?

13 A In Florida.

14 Q Yeah.

15 A I'm not --

16 Q Were you aware of it prior to that?

17 A I might have become aware of that within  
18 the couple months -- yes. Yes. Actually, I did,  
19 yes.

20 I became aware of that in the spring  
21 of 2020.

22 Q Under what circumstances?

23 A John Pauciulo approached the head of our  
24 business division, Kate English, and said he had

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1 been talking with Dean Vagnozzi about becoming  
2 in-house counsel for Dean Vagnozzi.

3 And in the course of -- it was in an  
4 e-mail that he raised this. In the course of that  
5 e-mail, he mentioned that he and the firm had been  
6 representing Dean Vagnozzi in connection with an  
7 investigation, which he believed was ready -- was  
8 going to settle imminently.

9 Q Did you review any of the regulatory  
10 complaints or filings against Mr. Vagnozzi at that  
11 time?

12 MR. DUBOW: Object to the form.

13 THE WITNESS: I don't recall doing so.

14 BY MR. BOCHETTO:

15 Q How about the New York Securities  
16 Commission? Were you aware that they conducted an  
17 investigation --

18 MR. DUBOW: Objection.

19 MR. BOCHETTO: -- prior to the PAR filing?

20 MR. DUBOW: Object as to form.

21 THE WITNESS: I don't believe so.

22 BY MR. BOCHETTO:

23 Q How about Texas?

24 A To the best of my recollection -- well,

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1 yeah. I guess it would have been prior to the PAR  
2 Funding. That didn't come up until the spring of  
3 2020, I guess, sometime.

4 And I'm pretty sure the first I  
5 learned about it was a reference in the SEC's  
6 complaint.

7 Q Was there any mechanism in place at Eckert  
8 by which attorneys needed to report to management  
9 the commencement or existence of regulatory  
10 investigations of clients that had been represented  
11 by Eckert?

12 A I'm not aware of anything in particular.  
13 It would be up to the attorney to -- if he felt it  
14 would be appropriate, the member responsible for the  
15 matter to raise it.

16 Q Is there anything that would require such  
17 an attorney to make a report to the head of the  
18 Department or the division? For example, the  
19 business division leader?

20 A Not that I'm aware of.

21 Q Was Mr. Pauciulo ever the head of a  
22 Department or a division?

23 A He was not the head of a Department. And  
24 again, we don't use the term department in Eckert

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1 Seamans. He was never a division chair.

2 At some point in time, I believe  
3 there was a securities practice group for a  
4 relatively short period of time. And I believe John  
5 was the chair of that for that period in time.

6 Q So if Eckert had a rogue member practicing  
7 law amongst it, and that individual did not bring to  
8 the attention of management any of his activities or  
9 any of the developments in any of his cases, there  
10 were no mechanism at Eckert to monitor or uncover  
11 that kind of rogue activity; is that correct?

12 MR. DUBOW: Object as to form.

13 THE WITNESS: I don't know what you mean  
14 by rogue activity.

15 BY MR. BOCHETTO:

16 Q John Pauciulo's activity.

17 A What --

18 MR. DUBOW: Same objection.

19 THE WITNESS: Again, I don't know what you  
20 mean by rogue activity.

21 MR. BOCHETTO: Let's take the word rogue  
22 out of it.

23 BY MR. BOCHETTO:

24 Q Was there any mechanism at Eckert to keep

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1 an eye on John Pauciulo, to make sure that he wasn't  
2 violating securities law regulations and  
3 responsibilities in connection with his  
4 representation of clients?

5 A It's a difficult question to answer, and  
6 I'll answer it this way.

7 First of all, John was a long time  
8 member of the firm. He was a 20 plus year  
9 practitioner, just like your senior members, here,  
10 in your firm. You rely on them to be experienced  
11 and to represent their clients well.

12 And as a firm, you also rely on them  
13 to raise questions or issues where it's appropriate  
14 on the matters that they are working on.

15 And we provide -- the firm provides  
16 and has available multiple mechanisms whereby any  
17 attorney can seek guidance or generally consult with  
18 others in the firm.

19 We have practice group leaders. We  
20 have division chairs. There's me if there's an  
21 ethical issue or something. There's firm  
22 management. We operate like any other fairly large  
23 firm operates.

24 Q So the operations in your firm depend upon

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1 that practitioner wanting to or voluntarily coming  
2 to you to disclose what's going on with respect to  
3 his practice?

4 Is that what I'm hearing?

5 MR. DUBOW: Object as to form.

6 THE WITNESS: That's not what I said.

7 First of all, it's members. Associates  
8 are supervised more closely than members. And  
9 I'm sure you're very familiar with that  
10 concept.

11 Special members tend to be more supervised  
12 than full equity members. Equity members tend  
13 to be people who have demonstrated competence,  
14 experience.

15 So yes. In some sense, like any firm, you  
16 rely on the responsibilities and the ethics of  
17 attorneys to seek consultation with the firm  
18 generally, or with other firm attorneys where  
19 it's appropriate in a given case.

20 BY MR. BOCHETTO:

21 Q Well, to get more specific, from 2017 to  
22 2021, was there any form of monitoring or  
23 supervision of Mr. Pauciulo's work in the securities  
24 law field?

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1 A Supervision in what respect?

2 Q Any respect.

3 A I don't understand the question.

4 Q You don't know what supervision means?

5 A I do know what supervision means.

6 Q Was there any supervision of Mr. Pauciulo  
7 during that period of time regarding his practicing  
8 of securities law?

9 A I don't understand what supervision means  
10 in regards to equity members in a firm.

11 Q Was anybody responsible to look over his  
12 shoulder to see what he was doing and whether what  
13 he was doing, exposed the firm to any liability?

14 A There was nobody responsible to look over  
15 John's shoulder as an equity member in the practice  
16 that he maintained.

17 Q Are you involved at all in the securing of  
18 malpractice coverage for Eckert?

19 A Yes.

20 Q And you would agree with -- strike that.

21 How many cycles or years have you  
22 been involved with that process?

23 A I'm involved in the process of our  
24 insurance generally and including professional



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1 liability insurance.

2 And I would say I have been involved  
3 at least since 2015, '16 and perhaps earlier than  
4 that.

5 Q And are there applications that are  
6 submitted to the carrier for such coverages on an  
7 annual basis?

8 A Are we talking about the professional  
9 liability --

10 Q Yes.

11 A -- policy?

12 Actually, no. We provide information  
13 about our firm. Our carriers haven't required an  
14 application each year. In fact, I can't recall -- I  
15 can't recall an application that we filed since I've  
16 been involved.

17 Q Does the firm consult with a broker or an  
18 insurance specialist --

19 A Yes.

20 Q -- when it comes to securing its liability  
21 insurance?

22 A Yes. I'm sorry for interrupting.

23 Q No. That's all right.

24 A The answer is yes.

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1 Q And who is that?

2 A It's a company called Risk Strategies.

3 Q Where are they located?

4 A California. I want to say Long Beach, but  
5 I'm not sure.

6 Q And how many years has Eckert used Risk  
7 Strategies?

8 A Three or four, but the representative we  
9 deal with at Risk Strategies was with a different  
10 firm before that, and we worked with him in his  
11 different firm. When he went to Risk Strategies we  
12 went with him -- the broker.

13 Q And does that broker or consultant make  
14 recommendations to you about coverages in the  
15 liability area?

16 A Recommendations about what?

17 Q Coverages, exclusions, amounts of  
18 coverage?

19 A He presents information. He talks about  
20 how the industry, you know, in his experience is  
21 trending, both from the professional liability  
22 aspect as well as law firms, generally.

23 I don't know that he makes specific  
24 recommendations.

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1 Q Who at Eckert makes the decision on the  
2 amounts of coverage for the liability?

3 A It's a joint decision. But ultimately,  
4 it's made by our CEO.

5 Q Who is that?

6 A Currently, it is Scott Cessar,  
7 C-E-S-S-A-R.

8 Q Who was it before that?

9 A Prior to Scott was Timothy, Tim, Hudak,  
10 H-U-D-A-K.

11 Q Does the broker provide Eckert with any  
12 kind of an annual report or summary of its coverages  
13 or that type of thing regarding its liability  
14 coverage?

15 A We receive copies of policies. Yes.

16 Q Anything beyond that?

17 A Yeah. I think there's a summary sheet.  
18 When the policies are issued, I think they provide a  
19 summary sheet. Because as I understand it, we've  
20 given you the policies. You can see they are fairly  
21 complex with different layers and different insurers  
22 on different layers.

23 Q When a law firm needs to apply for or  
24 renew its liability coverage, has it been your

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1 experience that the carriers, specifically, want to  
2 know whether the firm is involved in the practice of  
3 securities law?

4 A I don't recall that ever coming up as a  
5 question.

6 Q Do you know whether the premiums that are  
7 paid are enhanced in any way if the firm is  
8 practicing in securities law?

9 A I'm not aware of it one way or the other.

10 Q As a result of Mr. Pauciulo's involvement  
11 in the securities law area between 2017 and 2021,  
12 Eckert has been sued in a number of matters,  
13 correct?

14 A Yes.

15 Q There are two class actions, right?

16 A Three.

17 Q Three class actions.

18 There's the Vagnozzi matter, right?

19 A Yes.

20 Q There's the Capricorn matter?

21 A Yes.

22 Q There's the Parker matter?

23 A Yes.

24 Q And there are also claims having been

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1 asserted against Eckert by the Receiver in the PAR  
2 matter, correct?

3 A There's been no action or claim letter  
4 submitted, but yes. The receiver has indicated that  
5 he would intend to proceed with claims on behalf of  
6 the entities which he controls.

7 Q And has he ever provided -- he, the  
8 Receiver, ever provided to you a range of exposure  
9 that he believes would be involved in any such  
10 claim?

11 A To me, no.

12 Q Do you have any sense of what the range is  
13 from your own study or undertaking?

14 MR. DUBOW: I just caution the witness.  
15 If you have such a sense and if it comes from  
16 counsel, to avoid and not provide such  
17 information.

18 THE WITNESS: That -- I -- that is what my  
19 thinking is. I cannot -- I could not respond  
20 to your question and separate out my  
21 discussions with counsel.

22 BY MR. BOCHETTO:

23 Q Okay. Was Eckert ever aware that  
24 Mr. Pauciulo's drafted private placement memorandums

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1 were being used to raise hundreds of millions of  
2 dollars of investor money?

3 A The way you phrased it was Eckert aware --  
4 you can ask me if I was aware.

5 Q Were you aware?

6 A Yes. Yeah. I became aware. Sure.  
7 During the course of PAR Funding litigation.

8 Q Separate from what you became aware of in  
9 the PAR Funding litigation, were you ever aware that  
10 there were hundreds of millions of dollars being  
11 raised through Mr. Pauciulo's securities law  
12 instruments?

13 A No.

14 Q Was anybody else, other than Mr. Pauciulo  
15 at Eckert, aware that hundreds of millions of  
16 dollars had been raised from investors through his  
17 security instruments?

18 MR. DUBOW: I want to caution you if you  
19 have such knowledge, if it comes as a result of  
20 any investigatory work you've done or through  
21 counsel, to not respond to that.

22 THE WITNESS: I guess the way I would  
23 respond to that is Eckert and everyone at  
24 Eckert really does not have, as far as I'm

1           aware, ever been provided with information as  
2           to the number of investors or the amounts that  
3           were invested.

4           There have been allegations made and  
5           statements made, for example, in the Vagnozzi  
6           complaint, but that is not information that  
7           came to Eckert, to my knowledge.

8 BY MR. BOCHETTO:

9           Q       Well, we've looked at the liability  
10          insurance information that you've provided to us --

11          MR. BOCHETTO: We have the extra copies?

12                   - - - - -

13          (Whereupon a discussion was held off the record.)

14                   - - - - -

15          MR. BOCHETTO: Go off the record for a  
16          moment.

17          THE VIDEOGRAPHER: We're now going off the  
18          video record. The time is 10:58 a.m.

19                   - - - - -

20          (Whereupon a discussion was held off the record.)

21                   - - - - -

22          THE VIDEOGRAPHER: We are now back on the  
23          video record. The time is 11:04 a.m.

24 BY MR. BOCHETTO:

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1 Q By the way, Mr. Coon, when did you first  
2 begin your investigation of Mr. Pauciulo's conduct  
3 regarding his securities law representation of Dean  
4 Vagnozzi or any of his investment vehicles?

5 MR. DUBOW: Object to the form.

6 THE WITNESS: That topic first came up  
7 when Eckert Seamans received a claim letter  
8 from two gentleman, James Shoperly(ph) and  
9 Frank Dinitelli(ph).

10 Eckert and John were one of a number of  
11 people named in the claim letter. And those  
12 two gentleman did not want to exchange their  
13 notes and wanted refunded.

14 And it was that time I became aware of  
15 I'll call it the PAR Funding situation.

16 BY MR. BOCHETTO:

17 Q That would have been in early 2021?

18 A No. It would have been in May 2020.

19 Q May 2020. Okay.

20 Prior to May 2020, you had conducted  
21 no investigation of Mr. Pauciulo's activities in  
22 regard to securities law practice?

23 A I generally do not conduct investigation  
24 of attorneys' activities in any case, unless I have



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1 a reason to do so.

2 Q So that's a no, correct?

3 A That's a no.

4 Q And to the best of your knowledge, no one  
5 else at Eckert had been reviewing or conducting any  
6 investigation of Mr. Pauciulo's securities law  
7 practice prior to May of 2020?

8 A I don't know. I can't answer that.

9 But to my knowledge, no. But I can't  
10 answer for what happened in the firm.

11 Q We've put together a little chart, nothing  
12 fancy about it.

13 MR. BOCHETTO: I'd like to have that  
14 marked as [Coon-1](#), if you may.

15 - - - - -

16 (Exhibit [Coon-1](#) was marked for identification.)

17 - - - - -

18 BY MR. BOCHETTO:

19 Q That chart is a compilation we prepared of  
20 malpractice insurance liability coverage for the  
21 Eckert Seamans law firm, based upon documents  
22 produced to us in discovery by Eckert.

23 And you will see in this chart that  
24 each of the documents bears a Bates stamp number

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1 that was assigned to each of the documents by  
2 Eckert's counsel and a summary of what it  
3 represents.

4 And you'll see that from 2016 through  
5 2021, November, it appears as if Eckert had  
6 \$50 million of single claim coverage by virtue of  
7 primary policy and some excess policies.

8 I want you to take a moment,  
9 Mr. Coon, and take a look at this.

10 And my first question to you will be:  
11 Based upon your experience on behalf of Eckert in  
12 securing its malpractice insurance coverage, does  
13 this chart appear to accurately reflect the  
14 coverages that Eckert had for the times indicated?

15 A No.

16 Q Okay. What is it missing?

17 A Well, first of all, in each -- first of  
18 all, you're asking me -- this is a summary that your  
19 office prepared.

20 Q Yes.

21 A I would need to see -- to tell you that  
22 this is accurate or inaccurate completely -- or more  
23 likely accurate completely, I'd have to sit there  
24 and go with each single policy.

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1                   So I'm not going to, you know, if you  
2 want me to do that, I'll do that but, I'm not going  
3 to accept that it's correct.

4                   But I see some obvious admissions  
5 already.

6           Q       Go ahead.

7           A       First of all, each layer typically  
8 includes -- in fact, it doesn't typically. I think  
9 for every one of these years, includes several  
10 insurers.

11                   I'll just -- I'll pick for example,  
12 let's take the '19 -- the '17-'18 policy. I  
13 believe -- I might be wrong, but I believe that on  
14 the excess layer that you have, that you have this  
15 chart shows several insurers on the primary layer,  
16 but there's only one insurer reflected on the  
17 excess. And I don't think that's accurate. I need  
18 to check against each of the individual policies.

19                   The summaries that say, you know, 5  
20 million above 35 million -- I'm just looking at the  
21 first page, here -- '16-'17 policy, the last excess,  
22 the second excess, 5 million excess above  
23 35 million. That might be accurate, but I don't  
24 know without checking it.

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1                   And -- yeah. I guess that's what it  
2 comes down to. Without comparing against the  
3 policy, I can't say that this is accurate.

4           Q       Well, does the bottom line \$50 million,  
5 regardless of how it's made up, what's its  
6 constituent elements are, does the bottom line of  
7 \$50 million of coverage sound accurate, based on  
8 your understanding, for each of these years  
9 involved?

10          A       Per claim for an aggregate of \$100 million  
11 or, you know, six claims.

12          Q       I'm sorry. Can you take that a little  
13 slower?

14          A       50 million, that's, again, why you need to  
15 refer to the policies.

16                   It's 50 million per claim and  
17 100 million in aggregate.

18          Q       Right. In any claims year?

19          A       In any claims year. Correct.

20          Q       And for each of these time periods -- '16  
21 to '17, '17 to '18, '18 to '19, '19 to '20 and '20  
22 to '21, it's been 50 million per claim, 100 million  
23 the aggregate?

24          A       The limits have been the same each of

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1 those years.

2 Q Who made that decision, keep the limits  
3 the same?

4 A As I said earlier, it's sort of a group  
5 consensus decision among the people who participate  
6 in these discussions. But ultimately, it's made by  
7 the CEO.

8 Q The CEO.

9 To your knowledge, what criteria did  
10 the CEO use to decide upon the amount of per claim  
11 coverage?

12 A I don't know what criteria the CEO  
13 actually used, but having participated in the  
14 discussions, we have had a \$50 million coverage for  
15 quite a long time. And don't ask me how much a long  
16 time is, but certainly longer than this range.

17 And that my understanding, and I  
18 believe it was our understanding, is that the  
19 coverage was an appropriate amount for a firm of our  
20 size.

21 Q And where did you get that understanding  
22 from?

23 A From discussions with our broker, from  
24 gathering information about other firms' limits.

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1 There are firms our size that have much smaller  
2 policies.

3 Q There are policies available with much  
4 larger per claim limits, correct?

5 A I'm not an insurance expert, so I really  
6 don't know the answer. But I imagine you can  
7 purchase insurance in almost any amount that you  
8 want.

9 Q So the 50 million per claim was a choice  
10 that Eckert made, but it could have purchased  
11 insurance for 200 million.

12 A I don't know if we could get 200 million  
13 or not.

14 Q Did you ever inquire?

15 A I don't think we ever looked at getting  
16 200 million insurance.

17 Q Would you agree with me that the amount of  
18 per claim coverage that Eckert secured should have  
19 taken into consideration the amount of liability  
20 exposure it was exposing itself to, given the  
21 practice of law that it was engaged in?

22 MR. DUBOW: Object to the form.

23 THE WITNESS: Yes. I mean, we do consider  
24 it, given the fact that Eckert hadn't had any

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1 judgment against it in -- actually, to date.

2 We evaluated what we thought was an appropriate  
3 risk level.

4 BY MR. BOCHETTO:

5 Q Well, in terms of evaluating that  
6 appropriate level, did anybody bother to review the  
7 amount of investment dollars that John Pauciulo's  
8 securities instruments were being used to raise?

9 A I believe I answered before that to my  
10 knowledge, nobody at Eckert, including, to my  
11 understanding, John Pauciulo, knew how much was  
12 being raised by Dean Vagnozzi and others. That  
13 isn't information that was shared with Eckert.

14 Q Do you think that Mr. Pauciulo had an  
15 obligation to understand that, so that that  
16 information could be given to the Eckert CEO in  
17 considering how much coverage to obtain for the  
18 firm?

19 A No.

20 Q Had nothing to do with it?

21 A You know, I guess I'd have to put it this  
22 way: Our firm does complex business transactions  
23 that are hundreds of millions of dollars every year,  
24 so does every other law firm of our size or larger.

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1           So you pick the insurance that you  
2 think is appropriate, but you don't go out and buy  
3 insurance just because you did a half billion  
4 dollars deal. That's just -- it doesn't work that  
5 way.

6           Q     According to who?

7           A     According to how most law firms practice.

8           Q     Have you ever conducted a study as to how  
9 most law firms practice?

10          A     In the course of our renewal discussions  
11 working with our broker, we get an idea on what  
12 levels of insurance comparable firms or bigger firms  
13 have than us, and we believe, and our broker  
14 believes, that our insurance was appropriate for a  
15 firm of our size.

16          Q     Did your broker ever -- was your broker  
17 ever informed that the securities instruments  
18 Mr. Pauciulo was crafting, were raising hundreds of  
19 millions of dollars in investor funds?

20          A     That's the third time you've asked the  
21 question.

22                         If Eckert Seamans didn't have the  
23 information, then how would we tell somebody else?

24                         So the answer is no.



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1 Q So how would that someone else be able to  
2 make an appropriate evaluation without the  
3 information?

4 MR. DUBOW: Objection to form.

5 THE WITNESS: Because the work that John  
6 did is not the only work of a 300-person law  
7 firm.

8 We do, you know, I've, personally, been  
9 involved in matters where billions of dollars  
10 were at stake in litigation matters. That  
11 doesn't mean we go out and buy \$5 billion worth  
12 of insurance. It does not work that way.  
13 That's my answer.

14 BY MR. BOCHETTO:

15 Q The firm has entered into a term sheet  
16 agreement with the Receiver; is that correct?

17 A We have, as the Receiver put it in their  
18 motion that they recently filed, we have an  
19 agreement in principle. Yes.

20 Q What is that agreement in principle?

21 MR. DUBOW: I'm going to instruct you not  
22 to respond to that.

23 MR. BOCHETTO: On what basis?

24 MR. DUBOW: On the basis that it's

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1 confidential discussions of settlement,  
2 pursuant to a mediation.

3 MR. BOCHETTO: So what?

4 MR. DUBOW: And those are protected.

5 MR. BOCHETTO: No, they are not.

6 MR. DUBOW: Yeah, they are. If you look  
7 at Rule 42 PA C.S.A. 5949(a), mediation  
8 communications are protected.

9 MR. BOCHETTO: I'm not asking what the  
10 communications were. I'm asking what the  
11 agreement in principles --

12 MR. DUBOW: And that is included in that.

13 MR. BOCHETTO: I'm going to give you one  
14 more chance, Jay, to allow him to answer this  
15 question, because I am going to bring a motion.

16 MR. DUBOW: It's confidential, subject to  
17 a signed confidentiality agreement. It's still  
18 subject to negotiation, and you can file a  
19 motion.

20 MR. BOCHETTO: What do you mean it's still  
21 subject to negotiation?

22 MR. DUBOW: There is negotiation as to  
23 the -- as noted by the Receiver, there's not a  
24 final agreement.

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1           And he -- the terms are confidential and  
2           subject to that. And we're not permitted to  
3           provide that information at this time.

4           MR. BOCHETTO: The Receiver has already  
5           put out there that Eckert has agreed with its  
6           carriers to surrender the remaining policy  
7           limits of all of its coverage.

8           MR. DUBOW: That misstates what the  
9           Receiver wrote.

10          MR. BOCHETTO: That's exactly what Gaetan  
11          Alfano told me.

12          MR. DUBOW: I'm telling you -- I don't  
13          know what Gaetan Alfano told you or didn't, but  
14          this is confidential. I'm not going to allow  
15          him to breach that confidentiality.

16 BY MR. BOCHETTO:

17          Q       Is the firm aware that it is underinsured,  
18          given the range of liability exposure from  
19          Mr. Pauciulo's securities law practice?

20          MR. DUBOW: Object as to firm.

21          THE WITNESS: I would not agree with the  
22          premise of that question.

23 BY MR. BOCHETTO:

24          Q       Why not?

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1           A       Well, according to the Receiver's most  
2 recent report, the assets controlled by the  
3 Receiver, even if discounted, exceed the amount of  
4 the investments in PAR Funding. In fact, probably  
5 exceed the amount of claims that have been made  
6 against PAR Funding. So I disagree with the  
7 premise.

8           Q       Well, the Receiver is not the only one  
9 with claims out there, is there?

10          A       Are you -- are you asking me whether there  
11 other are lawsuits pending against Eckert? Yes. We  
12 talked about that.

13          Q       And have you done an evaluation as to  
14 whether the firm is underinsured with respect to all  
15 of those claims?

16          A       Whatever evaluation I have done in terms  
17 of our insurance coverage and claims has been in the  
18 role of chief legal officer and counselor to Eckert  
19 Seamans.

20                               And therefore, I respectfully decline  
21 to answer that question on the ground of privilege.

22                               MR. BOCHETTO: By the way, the several  
23 pages that the witness was instructed not to  
24 answer, I will need that on an overnight basis.

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1 I don't need the entire transcript overnight,  
2 but those pages I need overnight.

3 BY MR. BOCHETTO:

4 Q What are the current assets of Eckert?

5 A I -- what do you mean?

6 Q You don't know what assets means?

7 A What does Eckert Seamans own?

8 Q Yeah. What are its assets?

9 A Well, it has cash assets. It has accounts  
10 receivable. It has furniture and property. It has,  
11 I guess you call, intangible rights, which often go  
12 along with debt, such as -- an example would be  
13 office rent, office lease agreements.

14 But cash, accounts receivable for a  
15 law firm, that probably makes the bulk of assets of  
16 any law firm.

17 Q Okay. How much does it have in cash right  
18 now?

19 A I don't know.

20 Q You have no idea?

21 A No.

22 Q How much in accounts receivable?

23 A I don't know.

24 Q You have no idea?

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1 A I'm not going to guess. I don't know the  
2 answer.

3 Q In 2022, what were the gross revenues of  
4 Eckert?

5 A I believe it was, approximately,  
6 \$140 million.

7 Q And of those gross revenues, how much was  
8 devoted to compensation of lawyers?

9 A I don't know the percentage, but --  
10 compensation of lawyers?

11 Q Yeah.

12 A It would be the majority, certainly.

13 Q Has any reserve fund been set up to meet  
14 Eckert's liability exposure in any of the current  
15 Pauciulo litigation matters?

16 A Have we set up a reserve? No.

17 Q Has there been any planning for how Eckert  
18 would address damages for liability beyond its  
19 insurance coverage by Eckert?

20 A We're not aware that it's beyond the  
21 insurance coverage.

22 Q That's not the question.

23 A Then we wouldn't have planned for it.

24 Q Don't tell me you wouldn't have.

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1                   Have you planned for it? Has there  
2                   been any planning by Eckert to meet any of the  
3                   Pauciulo securities litigation obligations beyond  
4                   its insurance coverage?

5                   A        The answer is no, because we have no idea  
6                   what obligations there actually might be. This is a  
7                   claim that's been asserted or a series of claims,  
8                   and it's just that at this point. Claims.

9                   Q        You are aware that on behalf of my  
10                  clients, we served a letter on your counsel  
11                  cautioning against fraudulent conveyances and the  
12                  need to plan to address the damages over and above  
13                  your insurance coverages.

14                                You're aware of that letter?

15                  A        I don't agree with your characterization,  
16                  but I'm aware of a letter that you sent, demanding,  
17                  for example, that Eckert stop paying its attorneys,  
18                  so yes.

19                  Q        Has Eckert done anything in response to  
20                  that letter to preserve assets in any way, that  
21                  would be available to meet Mr. Vagnozzi's claims?

22                  A        Eckert has continued its business in  
23                  normal course that it has for as long as I can  
24                  remember, which includes, inherently, a level of

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1 preservation of assets by generating new business  
2 and increasing AR by keeping some cash assets by  
3 managing your business.

4 But have we specifically set aside a  
5 fund for Dean Vagnozzi's litigation? I answered  
6 that and said no.

7 Q Have you altered in any way the  
8 compensation levels of any of the attorneys, based  
9 upon that request as I described it in the letter?

10 A No.

11 Q Has Eckert made any efforts to increase  
12 the amount of cash that it keeps on hand in order to  
13 address the potentiality of claims liability  
14 exceeding its insurance coverage?

15 A I believe virtually every business -- not  
16 just law businesses, but every business wants to  
17 keep -- increase the cash that it has.

18 But has Eckert done something  
19 specific because of the letter that you sent to  
20 Eckert's counsel? The answer is no.

21 Q In the last three years, to the best of  
22 your understanding, has the level of cash retention  
23 at Eckert remained the same?

24 A I do not -- I don't recall -- I don't know



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1 what the exact current cash level is, as you asked  
2 me before. And I certainly don't recall what the  
3 cash level was every single month for three years.

4 But I can tell you my impression  
5 from, you know, financials being reported, attending  
6 members meetings, that yes, our cash level has  
7 generally been the same. It goes up and down, you  
8 know, throughout the year as things occur.

9 Q Has Eckert put any of its equity members,  
10 and particularly its B equity members, on notice  
11 that there has been a demand for preservation of  
12 assets to meet obligations related to Mr. Pauciulo's  
13 practice of securities law?

14 A Our equity members are aware of the  
15 litigation. We did not send your letter to them.

16 Q Why not?

17 A Because --

18 MR. DUBOW: Well, let me --

19 THE WITNESS: Go ahead.

20 MR. DUBOW: Yeah. I want to object and  
21 note that if the answer to that involves  
22 attorney-client communications, to not reveal  
23 those.

24 MR. BOCHETTO: Don't reveal the

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1 attorney-client communications, but tell me the  
2 reason why you didn't send it to the equity  
3 members.

4 MR. DUBOW: Well, again, to the extent  
5 that the response involved attorney-client  
6 communications, then I would instruct him not  
7 to provide that.

8 THE WITNESS: It does, because I received  
9 some advice about the nature of the threat.

10 BY MR. BOCHETTO:

11 Q What was that advice?

12 A It's legal advice.

13 Q Cash, accounts receivable, furniture and  
14 then you said intangibles.

15 What are intangibles?

16 A I gave you an example. We have multiple  
17 offices. We have leases. The leases give rights to  
18 the property, but of course there's a corresponding  
19 debt that goes along with that.

20 I'm sure we have some trademark type  
21 matters -- whether there's any value to them, I  
22 don't know, but, I mean, I assume our law firm  
23 maybe -- maybe not. I might be wrong.

24 Whatever I said in terms of

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1 intangibles, I don't -- I would not consider that to  
2 be any significant asset, because anything that  
3 probably does have value, like lease rights, has  
4 corresponding debt.

5 Q So when speaking of assets: Cash,  
6 accounts receivable, furniture, any other?

7 A And accounts receivable, I guess you would  
8 also include work in process, because when it's  
9 billed out, it has some value.

10 Q Anything else?

11 A Furniture would be, you know, computer  
12 equipment and things of that nature.

13 No. We don't own other businesses.  
14 We don't own stocks. We don't have other assets.

15 Q You don't own real estate?

16 A No.

17 Q Does the firm have equity interest in any  
18 companies?

19 A Not to my knowledge. We did years ago,  
20 but not -- I think that's gone now.

21 - - - - -

22 (Court Reporter clarification.)

23 - - - - -

24 BY MR. BOCHETTO:

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1 Q Has Eckert ever conducted a study of the  
2 compensation level of its attorneys vis-à-vis  
3 similarly situated attorneys in similar practices of  
4 law?

5 A I believe so, but I have not been  
6 involved.

7 Q When was that compensation study done?

8 A Actually, I think it was something that  
9 the firm's looked at in the past couple years and is  
10 probably still looking at and is probably --  
11 probably, something that the firm looked at years  
12 ago, too.

13 Q Are there any reports concerning those  
14 studies?

15 A I don't know.

16 Q Was an outside consultant used in any  
17 regard concerning that study.

18 A I believe that the consultant, whose name  
19 I still can't recall, the financial consultant that  
20 you referred to before, I think one of the tasks  
21 that they were asked to do was to look at our  
22 compensation structure and make some  
23 recommendations.

24 Q Do you recall any of the recommendations

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1 that were made?

2 A I think it's still ongoing. I don't think  
3 it has reached that point in terms of what the firm  
4 is doing to look at those, so I don't know what  
5 recommendations were made, if any, yet by a  
6 consultant.

7 Q Do you know what any of the numbers are in  
8 terms of -- are you folks on the high side of  
9 compensations of similarly situated lawyers, low  
10 side, middle of the road?

11 A I think if you looked at publicly reported  
12 information on law firms, our firm would be lower  
13 down on the chart.

14 We are not an Am Law 100 firm, and we  
15 don't have compensation structure like that.

16 Q Without giving me any names, what's the  
17 highest level of compensation paid annually to any  
18 lawyer at Eckert?

19 A I don't know.

20 Q You have no idea?

21 A I don't recall what the numbers are, and  
22 I'm not going to guess.

23 I can tell you that, as I said  
24 before, my recollection is that 400, give or take, B

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1 units is about the highest level, give or take a few  
2 units, in the way our compensation structure is --  
3 works.

4 The way it works is that we have a  
5 budgeted value of \$1,500 per unit, so that person  
6 would have received 400 times 1,500 in total  
7 compensation.

8 Q Including bonus?

9 A No. And then some bonus, which can be all  
10 over the place in any given year.

11 Q Are bonuses weighted by units?

12 A No. There's a number of factors. And in  
13 fact, I know that we turned over to you the  
14 compensation memo that goes out annually to each  
15 member, describing all the different factors that  
16 are taken into account.

17 Q Does Eckert have written employment  
18 agreements with its B members?

19 A We have an operating agreement.

20 Q Nothing beyond an operating agreement?

21 A Yes. We have the operating agreement.

22 Q Nothing beyond the operating agreement?

23 A In terms of an employment agreement?

24 Q Yeah.

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1 A First of all, they are not employees. And  
2 second of all the answer is no.

3 Now, you know, are there things  
4 people sign for benefits and everything else? Yeah.  
5 But in terms of the relationship between an equity  
6 member and the LLC, that is the operating agreement.

7 Q Are there employment agreements with any  
8 of the A members?

9 A No.

10 Q How about any of the associates?

11 A Yes.

12 Q Every --

13 A Well, no. I need to -- I'm not sure. I  
14 don't know that associates actually have an  
15 employment agreement or not. Special members do.

16 Q How many special members are there?

17 A I don't know exactly.

18 Q Ballpark?

19 A 50, 60.

20 Q So there's 50 or 60 special member  
21 contracts out there?

22 A Yeah. I have to qualify. I really don't  
23 recall the number. That's not something that I keep  
24 on the top of my head.

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1                   But yes. Each special member has a  
2 contract on an annual basis.

3           Q     Are they regarded as at will, the special  
4 members?

5           A     They have a contractual basis, but yes.  
6 Either party can terminate the contract upon notice.

7           Q     What is the deductible on a per claim  
8 coverage of your malpractice insurance?

9           A     What year? It's changed.

10          Q     Okay. Let's start with 2020.

11          A     Do you have it noted in here?

12          Q     I do not.

13          A     For a very long period of time, our  
14 self-insured retention was \$700,000 for the first  
15 claim, \$500,000 for every other claim beyond that,  
16 for a total of 1,200,000, if there was more than one  
17 claim in a given year.

18                   For a very long time, our insurers  
19 wanted us to increase the retention. And for a very  
20 long time, we were able to not increase it.

21                   Due to market conditions, we  
22 eventually had to increase it. I don't remember  
23 what year it was -- could have been '19. It could  
24 have been '20. It could have been '18. I'm just



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1 not sure.

2 At some point, it went to 1 million  
3 for the first claim and -- I'm not sure. I'd have  
4 to look at the current policy, which has the current  
5 limits. It might be like 700,000 for the second  
6 claim -- something like that.

7 Q Are you familiar with the policy or  
8 policies that are providing the defense in this  
9 Vagnozzi complaint?

10 A I am.

11 Q What year is that claim?

12 A The claim has been recorded -- all of the  
13 claims have been recorded by our insurers under the  
14 policy from November of 2019 to November of 2020 --  
15 November 1, to be exact. That's the start and end  
16 date.

17 Q Are there any claims that -- strike that.  
18 Are all the Pauciulo claims regarded  
19 as one claim?

20 A That --

21 MR. DUBOW: I just want to note -- let  
22 me -- to the extent that information is  
23 privileged, you should withhold that --

24 MR. BOCHETTO: How is that privileged?

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1 It's insurance coverage.

2 MR. DUBOW: You asked a question that  
3 involves a legal answer.

4 THE WITNESS: I think I know how to answer  
5 this.

6 We've turned over to you the  
7 correspondence with the insurance company. The  
8 insurance has written that they are considering  
9 all of the PAR Funding related litigations and  
10 potential claims as a single occurrence.

11 BY MR. BOCHETTO:

12 Q You're aware, or have you made the carrier  
13 aware, that Vagnozzi has claims separate and  
14 distinct from PAR?

15 A Again, we turned over the correspondence  
16 to you. I wrote back to our carrier and said that  
17 we were reserving our rights, as it was unclear to  
18 us that every case related back to, what I'll call,  
19 the original claim in 2019.

20 Q Has there been any resolution of that  
21 issue?

22 A No.

23 Q Between you and the carrier?

24 A I don't -- I can't answer that, because

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1 I'm not saying it's not an issue at this point.

2 They asserted their position. We reserve rights,  
3 and nothing has done beyond that.

4 Q Has Eckert engaged any counsel to look at  
5 its coverages and whether there's more than one  
6 claim involved, particularly as it relates to  
7 Vagnozzi.

8 A No.

9 Q Are you aware that the Vagnozzi claims  
10 relate to Pillar Funds that had nothing to do with  
11 PAR?

12 A I'm aware that there are allegations in  
13 Mr. Vagnozzi's complaint concerning not just the  
14 Pillar Funds, but I think you -- I think Atrium and  
15 other things were thrown in there, too.

16 Q Thrown in there?

17 A Well, in the complaint.

18 Q How about fall Catcher?

19 A Yes. There's allegations about that.

20 Q Has Eckert asserted to the carrier that  
21 those are separate claims from PAR?

22 A I've answered that. We exchanged  
23 correspondence and that is --

24 Q That's the entirety of what you've done?

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1 You just wrote that one letter?

2 A I wrote that letter reserving rights and  
3 saying --

4 Q You haven't done anything else?

5 A No.

6 Q You haven't called them? You haven't had  
7 discussions, meetings? It's only \$50 million  
8 involved.

9 MR. DUBOW: Object to the form.

10 Is there a question?

11 MR. BOCHETTO: Yeah.

12 BY MR. BOCHETTO:

13 Q Have you done anything other than write  
14 that singular letter?

15 A No.

16 Q Does the carrier have counsel?

17 A Yes.

18 Q Who is that?

19 A The law firm of Mendes and Mount.

20 Q And who there are you working with?

21 A Anthony Spain, Tony Spain, is the attorney  
22 on this matter, along with a couple of his  
23 colleagues.

24 Q And are there carrier representatives that

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1 are involved in the process?

2 A I have not -- I'm not aware of any carrier  
3 having its own legal counsel with one exception.  
4 They may, but I'm not aware of it, but one of our  
5 excess carriers has an attorney.

6 Q Who is that?

7 A I've never actually spoken with him,  
8 personally. Tomenkin(ph) or something like that. I  
9 don't recall his name.

10 Q You've never spoke within him, personally?

11 A No.

12 Q How about claims adjustors or officials  
13 within the carrier, itself?

14 A I'm not -- I've never had any  
15 communication with them, and I'm not aware of  
16 anybody.

17 Q Did Mr. Pauciulo ever, to your knowledge,  
18 inform Eckert that he had a desire to invest in Dean  
19 Vagnozzi's investment vehicles?

20 A To my knowledge, no.

21 Q Would it have been brought to your  
22 knowledge? Had that ever been presented as an  
23 option or a possibility?

24 A I can't say. Could have. I don't know.

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1 Q Well, let's approach it from a different  
2 point of view.

3 Was there any policy at Eckert which  
4 would affect an equity member's ability to invest in  
5 a claim?

6 A I don't know whether our policy manuals  
7 have anything like that.

8 But I can say, as you probably know,  
9 that there's an ethical rule that there has to be  
10 certain considerations about doing business with  
11 clients. And I would assume that any attorney  
12 considering that, since the ethical rule -- ethical  
13 obligation is directly on that attorney, would seek  
14 some consultation.

15 Q Has any attorney, let's say, in the last  
16 five years, brought to Eckert's attention their  
17 desire or consideration of an investment in a  
18 client?

19 A Actually, I do recall one, but they were  
20 seeking my advice on the ethical rule, and I'm not  
21 going to talk about the details of it, but it had  
22 nothing to do with John Pauciulo or anybody else.

23 Q So it was brought to your attention?

24 A Yeah.

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1 Q But Mr. Pauciulo's circumstance about  
2 whether he was or was not interested in investing in  
3 Mr. Vagnozzi's undertakings was never brought to  
4 your attention?

5 MR. DUBOW: Object to the form.

6 MR. BOCHETTO: Is that correct?

7 THE WITNESS: I don't know that he was.  
8 You're saying it. I don't know if that's true.

9 To my understanding, he never invested in  
10 any of Dean Vagnozzi's funds, but that's my  
11 understanding.

12 BY MR. BOCHETTO:

13 Q If he were considering it, would you have  
14 expected him to bring it to your attention?

15 A I guess that sort of depends. If he was  
16 just thinking: Hey. I might do this or was he  
17 seriously considering actually making the  
18 investment --

19 Q Let's say the latter.

20 A Yeah. Then, you know, is there any  
21 obligation to come consult with me? No. Because  
22 every attorney is under the rule of professional  
23 conduct. I think it's 1.8 that says you have to  
24 have, you know, there's certain considerations about

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1 doing business with a client.

2 So yeah. I guess, you know, he could  
3 have contacted me. But if he -- if he already  
4 carefully considered those ethical obligations, then  
5 maybe he didn't need to contact me, because I  
6 wouldn't give business advice. I would be giving  
7 ethical advice.

8 Q Prior to your commencing your  
9 investigation into the practice of John Pauciulo in  
10 May of 2020, how many times would you say you spoke  
11 with Mr. Pauciulo, other than in a purely: Hello.  
12 How are you? How have you been since?

13 MR. DUBOW: Just object to the form of the  
14 question.

15 THE WITNESS: I can't tell you how many.  
16 It was not a huge number. John works in  
17 Philadelphia. I worked in Philadelphia. I  
18 worked in Pittsburgh. He worked in the  
19 business side. I worked in litigation.

20 So -- yeah. I mean, I had some  
21 communications with him over the years, sure,  
22 but did I communicate with him regularly? No.

23 BY MR. BOCHETTO:

24 Q Can you recall the subject matter of any



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1 of those communications?

2 A There was some collection issues. There  
3 was the, you know, sometimes clients don't pay, as  
4 you probably know. There was the issue about the  
5 document production.

6 Other than collection matters and the  
7 document productions, that's all I can recall at the  
8 moment. There could have been something else.

9 Q Did you ever have the opportunity to form  
10 a sense or an opinion as to his reliability for  
11 truthfulness?

12 A I'm not sure if I -- are you asking me if  
13 I think he's a liar?

14 Q No. I'm asking you: Did you ever develop  
15 an understanding of his reliability for  
16 truthfulness?

17 A When I asked him for information, he would  
18 provide it. And I don't understand the question.

19 Q Have you ever seen any writings by John  
20 Pauciulo confirming that he was planning to invest  
21 in Dean Vagnozzi's companies?

22 A I do not recall anything like that. As I  
23 mentioned earlier, there was an e-mail that he sent  
24 to someone else about possibly becoming an in-house

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1 counsel.

2 Q I'm going to get to that in a minute.

3 A But other than that, no.

4 Q If there was a writing by Mr. Pauciulo  
5 reflecting that he intended to invest money in Dean  
6 Vagnozzi's company, would you have expected him to  
7 have brought that to somebody's attention at Eckert?

8 A I don't know. I'd have to think about  
9 exactly what was going on, look at Rule 1.8 again.

10 Q All right.

11 A Rule 1.8 does not prohibit business  
12 relationships with clients. It counsels that there  
13 are certain considerations, an arm's length  
14 transaction with an investment may or may not be  
15 fraud.

16 Q I didn't ask you that.

17 I asked you whether if there was such  
18 a writing by Mr. Pauciulo reflecting his intention  
19 to invest in Dean Vagnozzi's company, that you would  
20 expect that that would have been brought to  
21 somebody's attention at Eckert?

22 A I don't have an expectation one way or the  
23 other. I think it depends on the particular  
24 circumstances.

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1 Q Whatever it is, is. That's the attitude,  
2 right?

3 MR. DUBOW: Objection to the form.

4 THE WITNESS: I'll join that objection.

5 I'm not going to argue with you. I answered  
6 the question.

7 BY MR. BOCHETTO:

8 Q When did you first hear that Mr. Pauciulo  
9 wanted to or was thinking about joining Mr. Vagnozzi  
10 as in-house counsel?

11 A As I indicated to you earlier, he sent an  
12 e-mail in March 2020, and I can tell you it was --  
13 it was in the middle of the month. And the reason I  
14 know that is because he references the COVID having  
15 started.

16 And it was some time after that, that  
17 I became aware of it, within, I don't know, the next  
18 month or so.

19 Q How did you become aware of it?

20 A Kate English, to whom the e-mail was  
21 addressed, and Greg Weingart, who heads up our  
22 corporal -- I'll call it the corporate practice  
23 group. That's probably not the title of it  
24 currently -- called me to discuss whether there were

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1 any potential ethical issues, because John proposed  
2 that he would become in-house counsel to a client,  
3 Dean Vagnozzi -- actually, his company, I guess, but  
4 also wanted to continue as a member of Eckert  
5 Seamans at the same time.

6 Q Do you still have a copy of that memo?

7 A Yes.

8 Q Has it been produced in this litigation?

9 MR. DUBOW: I'm not --

10 THE WITNESS: I don't know what's been  
11 produced.

12 MR. BOCHETTO: I haven't seen it.

13 MR. DUBOW: I don't know the answer.

14 BY MR. BOCHETTO:

15 Q Was there more than just the memo?

16 A There was an e-mail exchange where John  
17 said he wanted to talk to Kate about it. And Kate,  
18 in her always gracious manner, spirited manner,  
19 said: Oh, yeah. Great. We can talk about it.

20 I can tell you -- I'm not going to  
21 talk about the content. I discussed the situation  
22 with Greg and Kate, and nothing ever further went  
23 from it, to my knowledge.

24 Q Did you ever talk to Mr. Pauciulo about

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1 it?

2 A No.

3 Q You didn't think that was important to do?

4 A No.

5 Q The discharge of your responsibilities?

6 A No. Based on what I already knew, I knew  
7 what advice I wanted to give.

8 Q What was that?

9 A I'm not telling you what advice I gave my  
10 client.

11 Q Was there anything about that issue or  
12 that inquiry that prompted you to want to know more  
13 about Dean Vagnozzi's business and what  
14 Mr. Pauciulo's involvement in it was?

15 A No.

16 Q As part of your so-called investigation  
17 into this matter, did you, prior to answering  
18 Vagnozzi's complaint, review Mr. Pauciulo's  
19 deposition testimony in the SEC matter?

20 MR. DUBOW: Object to the form of the  
21 question.

22 THE WITNESS: I'm not sure. I have  
23 reviewed John's testimony, but -- I might be  
24 wrong, but I thought he testified after you

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1 filed the complaint on behalf of Mr. Vagnozzi.

2 So if that is accurate, then the answer to  
3 your question is no.

4 BY MR. BOCHETTO:

5 Q All right. Well, let's say regardless of  
6 when the testimony was vis-à-vis the filing of the  
7 Vagnozzi complaint, have you ever read  
8 Mr. Pauciulo's SEC testimony?

9 A Yes.

10 Q In its entirety?

11 A I watched the depositions, so -- and I've  
12 read through transcripts, but did I necessarily read  
13 every single line in every transcript? No. Not  
14 necessarily.

15 Q Was there anything in that testimony which  
16 caused you to want to change any of your answers to  
17 Vagnozzi's complaint?

18 MR. DUBOW: Object to the form.

19 THE WITNESS: I didn't go back and look at  
20 the complaint -- excuse me, the answer.

21 BY MR. BOCHETTO:

22 Q So you never bothered to do that?

23 MR. DUBOW: Object to the form.

24 THE WITNESS: I did not go back and look

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1 at the answer.

2 BY MR. BOCHETTO:

3 Q Did you read in its entirety the agreement  
4 that Mr. Pauciulo entered with the Securities and  
5 Exchange Commission?

6 A I did.

7 Q Was there anything in there that prompted  
8 you to want to go back and change your answer to the  
9 Vagnozzi complaint?

10 A No.

11 Q You made that decision in a deliberate  
12 fashion?

13 MR. DUBOW: Object to the form.

14 THE WITNESS: I made the decision based on  
15 my understanding of the nature of the agreement  
16 between John and the SEC, where there was no  
17 admission to the any of the allegations that  
18 are made by the SEC in that document, much the  
19 same as allegations made in the complaint.

20 BY MR. BOCHETTO:

21 Q Were you aware, prior to conducting your  
22 investigation, that Mr. Pauciulo actually  
23 participated in one or more of Dean Vagnozzi's radio  
24 advertisements seeking investors?

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1 MR. DUBOW: Object to the form.

2 THE WITNESS: Assuming that to be true,  
3 the answer is no. Because I knew nothing about  
4 Vagnozzi's radio advertisements.

5 BY MR. BOCHETTO:

6 Q Well, when you say assuming that to be  
7 true, as you sit here today, are you aware of  
8 whether Mr. Pauciulo ever participated in a radio  
9 advertisement of Dean Vagnozzi's investment  
10 businesses?

11 A I have never seen anything, so I don't  
12 know. I've never seen or heard any of those, so I  
13 don't know that he has.

14 I've heard of the allegation being  
15 made. I don't know whether that is true or not, but  
16 I have not seen anything.

17 Q Did you take any steps to learn the truth  
18 of it?

19 A Our counsel would deal with the  
20 allegations.

21 Q Did you?

22 MR. DUBOW: I object to the form.

23 THE WITNESS: Please don't raise your  
24 voice at me, okay? I'm being professional with



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1           you. Don't raise your voice at me.

2 BY MR. BOCHETTO:

3           Q     Did you?

4           A     The answer is -- yes. And you can whisper  
5 if you want.

6                         The answer is: No.

7           Q     When you heard the allegation, wouldn't  
8 that be something you'd want to know the truth of?

9           A     I --

10                        MR. DUBOW: Object as to form.

11                        THE WITNESS: I was aware that the  
12 advertisements were out there. I was aware of  
13 the allegations of the videos. I reviewed some  
14 of the videos.

15                        No. It didn't make any special point for  
16 me.

17 BY MR. BOCHETTO:

18           Q     Did it ever dawn on you that by  
19 participating in radio advertisements seeking and  
20 soliciting investors, that that directly contradicts  
21 the private placement vehicles that Mr. Pauciulo was  
22 establishing on behalf of the Vagnozzi entities and  
23 the need to register them publicly?

24                        MR. DUBOW: Object as to form.

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1 THE WITNESS: I have no idea what you're  
2 talking about, because I don't know what John  
3 said.

4 It is not impermissible to advertise, by  
5 radio or other means, financial advisory  
6 services. It happens all the time. So I don't  
7 know what was said.

8 BY MR. BOCHETTO:

9 Q Does it happen all of the time by lawyers,  
10 who are crafting private placement memorandums and  
11 certifying to the Securities and Exchange  
12 Commission, that no members of the public are being  
13 solicited?

14 MR. DUBOW: Object to -- object to the  
15 form.

16 I want to counsel you to the extent any of  
17 your responses involve communications with  
18 counsel, to not reveal those.

19 THE WITNESS: Okay. I don't know what  
20 John said.

21 BY MR. BOCHETTO:

22 Q Didn't you want to find out? You're the  
23 lawyer investigating on behalf of Eckert.

24 A I answered that before, and I said no. We

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1 have counsel. We have counsel who is investigating.  
2 We have counsel who is representing the firm. I  
3 have also represented the firm, but that doesn't  
4 mean that I'm going to do every single task.

5 Q When Mr. Pauciulo -- strike that.

6 If Mr. Pauciulo, in fact,  
7 participated in a radio advertisement with one of  
8 his clients, that's something that you would expect  
9 to have been brought to the attention of management  
10 at Eckert?

11 MR. DUBOW: Object as to form.

12 THE WITNESS: I don't know what my  
13 expectation would be. My hope would have been  
14 that somebody considering that would have  
15 discussed it with somebody in management.

16 BY MR. BOCHETTO:

17 Q Well, was that ever discussed with anybody  
18 in management by Mr. Pauciulo, as far as you know?

19 MR. DUBOW: Object as to form.

20 THE WITNESS: Again, assuming that there  
21 was such an ad where Mr. Pauciulo participated,  
22 I'm not aware of John telling anybody in  
23 management.

24 BY MR. BOCHETTO:

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1 Q Well, I guess what you're telling me is  
2 you're not aware of it, and you took no steps to  
3 find out whether in fact he did participate in that  
4 radio ad, correct?

5 MR. DUBOW: Object as to form.

6 THE WITNESS: Yeah. I will repeat -- I  
7 will say what I said before. You keep asking  
8 me the same question.

9 We have counsel who is representing Eckert  
10 Seamans and Mr. Pauciulo. They are doing  
11 investigation. I have done some investigation.  
12 I work with them, and they inform me of things  
13 that they do. But I don't undertake to do  
14 every single thing.

15 So I did not investigate the point about a  
16 radio ad where Pauciulo participated with  
17 Vagnozzi.

18 BY MR. BOCHETTO:

19 Q You verified the answer to the complaint?

20 A Yes.

21 Q You put your knowledge at issue?

22 A Put my knowledge, information and belief,  
23 based on information I received from Pauciulo and  
24 from counsel and others.

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1 Q Well, the information that you received  
2 from Pauciulo, would you agree with me that you've  
3 had some responsibility to determine the veracity of  
4 what he was telling you?

5 A As a general proposition?

6 Q Yeah.

7 A Yes.

8 Q Okay. So when the allegation was made in  
9 the complaint that Mr. Pauciulo, in fact,  
10 participated in a radio advertisement with Dean  
11 Vagnozzi, what did you do to test the truthfulness  
12 of that allegation?

13 A I relied on counsel.

14 Q That's it?

15 A For the fourth time, yes.

16 Q Did you ever ask Mr. Pauciulo: John, did  
17 you do this or not?

18 A I don't recall. And whatever discussions  
19 I had with John, you understand are privileged. So  
20 I'm not sure --

21 Q They are not privileged if you file a  
22 verification to a complaint that denies that that  
23 occurred.

24 A Would you show me that?

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1 Q Yeah, I will.

2 MR. BOCHETTO: Let's take five minutes.

3 THE VIDEOGRAPHER: We're now going off the  
4 video record. The time is 12:01 a.m.

5 - - - - -

6 (Whereupon a discussion was held off the record.)

7 - - - - -

8 THE VIDEOGRAPHER: We are now back on the  
9 video record. The time is 12:24 a.m.

10 MS. RECKER: A.m.?

11 THE VIDEOGRAPHER: P.m. My apologies.

12 MR. BOCHETTO: We may be here until a.m.

13 THE WITNESS: I will have something to say  
14 about that.

15 MR. BOCHETTO: What time -- this is not on  
16 the record.

17 - - - - -

18 (Whereupon a discussion was held off the record.)

19 - - - - -

20 MR. BOCHETTO: I'm going to have marked --  
21 I guess this would be [Coon-2](#), Defendant Eckert  
22 Seamans' Response and Objections to Plaintiff's  
23 Revised and Reissued Requests for Admissions  
24 Directed to Eckert Seamans Number 2.

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1 - - - - -

2 (Exhibit [Coon-2](#) was marked for identification.)

3 - - - - -

4 MR. BOCHETTO: And for the record, I'm  
5 directing the deponent's attention to Page 10,  
6 request number 22.

7 But feel free to review the entirety of  
8 that document before I ask you any questions.

9 THE WITNESS: Okay. I looked at 22, but  
10 if you have other questions, I'll look through  
11 the rest of it.

12 BY MR. BOCHETTO:

13 Q Do you notice on the last page of this  
14 document, a verification?

15 A Yep.

16 Q And is that your signature?

17 A My electronic signature. Yes.

18 Q Did you authorize your electronic  
19 signature --

20 A Yes.

21 Q -- to be put on this verification?

22 A Yep.

23 Q You understood the significance of this  
24 verification?

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1 A I know what a verification is.

2 Q And request number 22 reads: Pauciulo  
3 knew that Vagnozzi was advertising on the radio, and  
4 Pauciulo appeared on at least one radio show with  
5 Vagnozzi.

6 Do you see that?

7 A That's what it says.

8 Q And the response was: Admitted.

9 A That's what it says.

10 Q So you admitted that he appeared on one  
11 radio show?

12 A Actually, Eckert Seamans admitted that.  
13 And I verified that answer, if you want to be  
14 technical about it.

15 Q I want to be really technical about it.

16 A Then let's be very technical.

17 The admission is directed to Eckert  
18 Seamans. And on behalf of Eckert Seamans, I  
19 verified these responses --

20 Q Well --

21 A -- to -- let me finish.

22 To the best of my knowledge,  
23 information and belief.

24 Q Who at Eckert admitted it?



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1           A       The entity that's a defendant, not a  
2 person.

3           Q       Through whom?

4           A       What do you mean through whom?

5           Q       Well, entities only operate through  
6 people.

7           A       Yes.

8           Q       Who admitted this? Who said: We are  
9 admitting number 22 at Eckert?

10          A       Defendant Eckert, Seamans, Cherin and  
11 Mellott, LLC, the party in this case who answered  
12 these Requests for Admissions.

13          Q       Who was the person that said: I admit  
14 number 22, at Eckert?

15          A       The LLC admitted it. You have sued on  
16 behalf of Mr. Vagnozzi no individual person, other  
17 than John Pauciulo.

18                   Now, I don't know if -- I can't  
19 recall. There were so many of these -- whether you  
20 served the same request on Mr. Pauciulo. And if so,  
21 defer to whatever he said.

22                   But the entity, here, is the party  
23 Eckert Seamans, LLC.

24          Q       Well, did you become aware that the entity

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1 admitted that?

2 A I signed the verification.

3 Q Okay. What did you do to question John  
4 Pauciulo about his appearance on a radio  
5 advertisement?

6 MR. DUBOW: Object as to the form, and  
7 mischaracterizes that.

8 THE WITNESS: My discussions with John  
9 about anything in this litigation, in my view,  
10 are subject to the attorney-client privilege  
11 and the attorney-work product doctrine.

12 BY MR. BOCHETTO:

13 Q You represent John Pauciulo in connection  
14 with this litigation?

15 A He was a member of Eckert Seamans up until  
16 May 2020.

17 Q My question was: Do you represent  
18 Mr. Pauciulo in connection with this litigation?

19 A Now? No.

20 Q Did you represent him in March of 2023?

21 A As an individual, no. As a member of  
22 Eckert, Seamans, Cherin and Mellott, LLC, and he was  
23 a member until he withdrew, yes.

24 Q When did he withdraw?

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1 A May 2020.

2 Q When did you provide --

3 A I'm sorry. I'm sorry. I'm sorry.

4 May 2022.

5 Q When did you provide the verification to  
6 this admission?

7 A March 2023.

8 Q Did you speak with Mr. Pauciulo between  
9 the time he resigned from Eckert Seamans in May of  
10 2022, and your verification of this admission?

11 A As I said before, I had a handful of  
12 communications with him after he withdrew. But  
13 really, for like administrative matters not relating  
14 to this.

15 Q So on what basis did Eckert Seamans admit  
16 that Pauciulo appeared on at least one radio show  
17 with Vagnozzi soliciting the public?

18 A That was the --

19 MR. DUBOW: Object as to form.

20 MR. BOCHETTO: Go ahead.

21 THE WITNESS: I should know better than  
22 that.

23 That was the information apparently  
24 gathered during the course of the investigation

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1 by counsel.

2 BY MR. BOCHETTO:

3 Q You -- it's your testimony that up to and  
4 including today, you have never examined whether  
5 Pauciulo, in fact, appeared on a radio commercial?

6 A I don't recall. As I said before three,  
7 four, five times now, I don't recall asking him  
8 specifically about that.

9 Q Now that you know it's admitted that he  
10 did do so by Eckert, was there any process or  
11 mechanism in place by which Mr. Vagnozzi -- strike  
12 that.

13 Mr. Pauciulo should have made  
14 management aware at Eckert that he was participating  
15 in a radio commercial on behalf of a client?

16 MR. DUBOW: Object as to form.

17 Mischaracterizes the testimony.

18 THE WITNESS: I think I said this before.  
19 It's all right. I'll say it again.

20 I would have expected John to say  
21 something to somebody. It's not the normal  
22 thing attorneys do. It's not prohibited by any  
23 ethical rules that I'm aware of.

24 BY MR. BOCHETTO:

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1 Q How about any securities law that you're  
2 aware of?

3 A I'm not a securities law expert.

4 And as I said, I have never seen the  
5 advertisement. I don't know what he said. I don't  
6 know what John said. I don't know what whoever else  
7 appeared on it said.

8 Q Only because you never chose to inform  
9 yourself of the same?

10 MR. DUBOW: Object as to form.

11 BY MR. BOCHETTO:

12 Q Correct?

13 MR. DUBOW: Object as to form.

14 THE WITNESS: I've answered the question.

15 BY MR. BOCHETTO:

16 Q Could you have not sought out a copy of  
17 that radio advertisement to listen to it?

18 A No. We don't have it. And all of -- as  
19 you have said in response to our discovery requests,  
20 all of Mr. Vagnozzi's business records, we couldn't  
21 go to him, because they were either in the  
22 possession of his counsel in the SEC case or they  
23 were taken over by the Receiver.

24 So we don't have it. I've never seen

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1 it.

2 Q You could have made an effort to listen to  
3 the advertisement, correct?

4 MR. DUBOW: Object as to form.

5 THE WITNESS: If you tell me where it  
6 appears that I can go listen to it, I'll go  
7 listen to it tomorrow.

8 BY MR. BOCHETTO:

9 Q The Receiver?

10 A The Receiver.

11 Q You know the Receiver?

12 A The Receiver hasn't given us -- we're not  
13 in litigation with the Receiver. We had no right to  
14 get anything from him.

15 Q You haven't even asked the Receiver for  
16 it, have you?

17 MR. DUBOW: Object as to form.

18 BY MR. BOCHETTO:

19 Q Have you asked the Receiver for it?

20 MR. DUBOW: I will instruct you not to  
21 respond to the extent it requires  
22 attorney-client communications.

23 MR. BOCHETTO: What attorney-client  
24 communication? He asked the Receiver for

1 something. Where's the attorney-client --

2 - - - - -

3 (Non-reportable crosstalk.)

4 - - - - -

5 THE COURT REPORTER: Guys, please. Thank  
6 you.

7 MR. DUBOW: If the knowledge -- you make a  
8 statement. It assumes that there's been no  
9 request of that information. There may have  
10 been a request that counsel has discussed with  
11 him.

12 MR. BOCHETTO: Well, I'm asking him.

13 BY MR. BOCHETTO:

14 Q Are you aware of any requests made of the  
15 Receiver to listen to that recording?

16 MR. DUBOW: And again, same instruction.

17 THE WITNESS: The question that you asked  
18 me is whether I asked the Receiver for a copy.

19 MR. BOCHETTO: Right. Yes.

20 THE WITNESS: The answer is no. I never  
21 communicated with the Receiver on anything.  
22 All communications have been through counsel.

23 BY MR. BOCHETTO:

24 Q At the time that you learned that this

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1 admission was going to be made on behalf of Eckert,  
2 did that cause you to question whether Mr. Pauciulo  
3 has been candid or forthcoming with Eckert in  
4 connection with his dealings with Dean Vagnozzi?

5 A No.

6 Q Never crossed your mind that you should --  
7 wow. He did that and didn't even tell us?

8 A I answered your question. I, you know,  
9 this is going to be a long day. Let's not do  
10 everything two, three times, okay?

11 I said: No.

12 Q Mr. Pauciulo appeared on many videos for  
13 Dean Vagnozzi that were played to investors and  
14 potential investors; isn't that correct?

15 A First of all, I don't know what you mean  
16 by many. I am aware --

17 Q More than two?

18 A More than two, yes. More than two -- if  
19 more than two is many, using that definition, I have  
20 become aware that he participated in more than two  
21 videos.

22 Two of which related to the exchange  
23 note process. And I believe there was only one  
24 prior one, which -- well, I can't talk about that



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1 without getting into privileged material, but yeah.

2 Q Well, did you understand that in at least  
3 one of those prior videos, Mr. Pauciulo appeared to  
4 assure potential investors that Dean Vagnozzi was  
5 doing everything to comply with the securities law?

6 A I looked at that video, I think that  
7 you're referring to, a long time ago -- well over a  
8 year.

9 I don't think that exactly what John  
10 says comports with the way you're characterizing it,  
11 but it says what it says.

12 Q Well, I know it says what it says. I want  
13 you to tell me that you know it says what it says.

14 A I -- if you --

15 Q It's in the complaint.

16 A If you show me an actual transcript or  
17 show me the video, I'll say: Yeah. That's John on  
18 the video saying that.

19 Q When was the last time you looked at the  
20 complaint in this matter?

21 A Within the past week.

22 Q To prepare yourself for this deposition,  
23 right?

24 A I looked through the complaint and the

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1 answer and some of the other...

2 Q Sure. Did you read Paragraph 65 of the  
3 complaint?

4 A Yes. I just said I read the complaint, so  
5 yes.

6 Q So in its entirety you read the complaint?

7 A I read the complaint in its entirety,  
8 along with our answer in its entirety.

9 Q Did you read Paragraph 65, the full  
10 transcript of the tape that Mr. Pauciulo appeared  
11 on, that was exhibited to potential investors?

12 A I read the quoted language that is on  
13 there, and I read our answer to that.

14 And what more do you want me to say?

15 Q Here's the quoted language in part:  
16 Question, can I be sure this is legal?

17 Mr. Pauciulo's answer is as follows:  
18 Frankly, Dean spent a lot of money with me and my  
19 law firm. This kind of legal compliance is  
20 complicated. And because it's complicated, we spent  
21 a lot of time on it. And that time results in  
22 expense.

23 And Dean has spent and continues to  
24 spend a lot of money to make sure things are done

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1 the right way.

2 Do you remember reading that?

3 A I'll take your word that that's what it  
4 says. You just read it. Yes. I read it.

5 Q Is that an assurance to investors or  
6 potential investors that Mr. Pauciulo's making sure  
7 that these investment vehicles are in full  
8 compliance with the law?

9 MR. DUBOW: Object as to form.

10 THE WITNESS: You're asking me to draw a  
11 legal conclusion?

12 BY MR. BOCHETTO:

13 Q No. I'm asking you to give me your  
14 understanding.

15 A He said what he said. And he said that he  
16 was making efforts, and that Dean spent money to do  
17 these in compliance with the law. That's what he  
18 said.

19 Q Did Mr. Pauciulo ever bring to your  
20 attention that he was appearing on videos that were  
21 going to be displayed to potential investors in Dean  
22 Vagnozzi's business?

23 A Not prior to the filing of the SEC's case.

24 Q So at the time this video was made, it was

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1 never brought to your attention by Mr. Pauciulo that  
2 he was doing so?

3 A I just answered that. You've asked me the  
4 question again. The answer is no.

5 Q Would you have expected him to do so?

6 A Yes.

7 Q And the fact that he did it and never  
8 brought it to your attention, did that cause you to  
9 have any question as to his candidness or  
10 reliability for truthfulness?

11 A No.

12 Q Not at all?

13 A I'm not sure what John was thinking at the  
14 time. Maybe he thought it was perfectly fine.

15 I'm not going to get into  
16 communications about it, but that alone, no.

17 Q You said you did 40 hours of research in  
18 this matter.

19 A Mm-hmm.

20 Q Did you ever research whether a securities  
21 lawyer who was filing for Reg D exemption from  
22 public registration is appropriately on radio  
23 advertisements and public videos being displayed to  
24 public investor or potential investors soliciting

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1 investments for the investment?

2 MR. DUBOW: Object as to form.

3 THE WITNESS: Unfortunately, I think, as  
4 you probably understand, I cannot tell you what  
5 I researched on behalf of a client.

6 BY MR. BOCHETTO:

7 Q Sure you can.

8 A No, I can't.

9 Q You waived your privilege. You've denied  
10 this.

11 A Eckert Seamans denied --

12 Q Through you.

13 A Read the entire answer.

14 Q Denied. The videos speak for themselves.  
15 And Pauciulo and Eckert refer to such videos for  
16 their contents and deny any characterization  
17 thereof.

18 Okay?

19 A Yep.

20 Q So you waived the privilege. I'm asking  
21 you what you did to examine on behalf of Eckert, to  
22 examine the lawfulness of this kind of conduct by  
23 Mr. Pauciulo?

24 MR. DUBOW: I disagree with your assertion

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1 that it's a waiver of privilege of denial.

2 MR. BOCHETTO: He verifies it.

3 MR. DUBOW: That's correct. And that --

4 MR. BOCHETTO: And he verifies a thousand  
5 other things in this answer.

6 MR. DUBOW: That does not waive the  
7 privilege.

8 MR. BOCHETTO: Okay. Well, we're going to  
9 have to fight about that.

10 But I will tell you this, Jay, I'm going  
11 to ask for counsel fees in the fight, because I  
12 don't need to be put through this extra effort,  
13 because you want to shield this witness from  
14 obvious questions that go to the core and the  
15 heart of this matter.

16 MR. DUBOW: I disagree.

17 BY MR. BOCHETTO:

18 Q I want to read to you the next allegation,  
19 Mr. Coon, Paragraph number 66.

20 MR. DUBOW: Can we see that?

21 MR. BOCHETTO: Sure.

22 MR. DUBOW: Can you give us copies?

23 MR. BOCHETTO: You didn't bring any  
24 documents with you, Jay?

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1 MR. DUBOW: No.

2 MR. BOCHETTO: You got a laptop with you?

3 MR. DUBOW: If you're reading from a  
4 document -- are you going to make it an  
5 exhibit?

6 MR. BOCHETTO: I don't need to.

7 MR. DUBOW: Okay. Then go ahead. You  
8 don't want to share it, that's fine.

9 MR. BOCHETTO: I'd be happy to share it.

10 BY MR. BOCHETTO:

11 Q Paragraph 66 reads: Time after time,  
12 defendants advised Vagnozzi that he and each of the  
13 funds were in complete compliance with all state and  
14 federal securities laws and regulations.

15 Answer: Denied as stated. The PPMs  
16 and related documents that Pauciulo drafted and the  
17 advice to Vagnozzi complied with all state and  
18 federal securities laws and regulations.

19 That's a statement you made. You  
20 verified to be true, didn't you?

21 A That is a statement or an answer to an  
22 allegation by the LLC, which I verified, but please  
23 quit conflating the two.

24 Q You verified the truthfulness of the

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1 following statement: The PPMs and related documents  
2 that Pauciulo drafted and the advice provided to  
3 Vagnozzi complied with all state and federal  
4 securities laws and regulations.

5 Do you want to read it for yourself?

6 A I know what it says. You've read it three  
7 times.

8 Q Okay. You verified that statement as  
9 being truthful, correct?

10 A I verified to the best of my knowledge,  
11 information and belief that that answer by the LLC  
12 was correct.

13 Q All right. Tell me what you did to inform  
14 yourself as to the truthfulness of that statement.

15 A Well, I spent many, many hours in meetings  
16 with John Pauciulo. I reviewed a lot of materials.  
17 And I consulted with counsel.

18 Q Did you conduct any research, yourself, as  
19 to whether the securities lawyer who crafted the  
20 private placement memorandums was permitted to go on  
21 a radio advertisement soliciting public investors?

22 MR. DUBOW: Object as to form.

23 BY MR. BOCHETTO:

24 Q And whether that complies with the



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1 securities laws?

2 MR. DUBOW: Object as to form.

3 THE WITNESS: That is at least the third  
4 or fourth time you've asked me that question,  
5 and I respectfully decline to tell you what  
6 legal research I did as counsel for a party.

7 BY MR. BOCHETTO:

8 Q Well, I respectfully suggest that you have  
9 waived the ability to assert that privilege by  
10 making this statement, but I guess we're going to  
11 fight about it.

12 So let me ask you this: Are you  
13 aware that the Securities and Exchange Commission  
14 sued Dean Vagnozzi, specifically for having radio  
15 advertisements seeking public investors when he was  
16 claiming that his investment vehicles were exempt  
17 from public filings under Regulation D?

18 A That's sort of a compound question, but I  
19 guess I can answer that.

20 That's my general understanding of  
21 one of the allegations -- one or more of the  
22 allegations made by the SEC in the action that it  
23 filed.

24 Q Are you aware that the SEC, on that basis

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1 alone, had a cause of action against Dean Vagnozzi  
2 and each of his entities to disgorge and surrender  
3 all profits and revenues that they made?

4 MR. DUBOW: Object as to form.

5 THE WITNESS: I don't know -- I don't know  
6 the disgorgement rules for SEC actions, so the  
7 answer is no.

8 BY MR. BOCHETTO:

9 Q Well, were you aware that they sought such  
10 disgorgement in their complaint against Dean  
11 Vagnozzi?

12 A I'm aware of it, yes. And I'm aware Dean  
13 entered into a settlement agreement with them.

14 Q Are you aware that the failure to comply  
15 with Reg D does not require the SEC to show scienter  
16 on behalf of the organizer?

17 A I'm not a securities lawyer, so I'm not  
18 going to opine on that.

19 Q You made no effort to educate yourself as  
20 to whether scienter was a requirement?

21 A Anything that I learned in terms of the  
22 elements of securities action, particularly as it  
23 relates to this case, have come from discussions  
24 with counsel for Eckert Seamans.

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1 Q Okay. Were you aware that Dean Vagnozzi  
2 lost an entirety of all of his businesses, including  
3 non-PAR related businesses, because these PPMs that  
4 Mr. Pauciulo drafted violated the exemption rules of  
5 Reg D?

6 MR. DUBOW: Object as to form.

7 THE WITNESS: Well, again, that's a very  
8 compound question, so I'll break it down.

9 MR. BOCHETTO: You're a compound thinker,  
10 I'm sure. Go ahead.

11 MR. DUBOW: Objection to form.

12 THE WITNESS: Let's not do this.

13 MR. BOCHETTO: Yeah. We're going to do  
14 it.

15 THE WITNESS: Well, that's okay then. If  
16 you're not going to be professional, I'm not  
17 going to answer questions.

18 MR. BOCHETTO: Answer the question.

19 THE WITNESS: As I was saying, that's a  
20 compound question, so I'll break it up into a  
21 couple parts.

22 I am aware of the terms of the consent  
23 order that Dean Vagnozzi agreed to with the  
24 SEC. The overall affect of that as to Dean

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1 Vagnozzi, I have no personal information on  
2 that.

3 BY MR. BOCHETTO:

4 Q Have you made any effort to learn of it?

5 A I'm aware of the allegations in the  
6 complaint.

7 Q Other than the allegations in the  
8 complaint, have you made any effort to learn of it?

9 A Have I personally done so?

10 Q Yeah, yeah.

11 A No.

12 Q Have you made any effort to understand the  
13 devastation that was caused to the Vagnozzi family  
14 by virtue of these very specific violations of the  
15 securities law, which Mr. Pauciulo assured were  
16 being complied with?

17 MR. DUBOW: Object to the form.

18 MR. BOCHETTO: You may answer.

19 THE WITNESS: Well, I guess I have some  
20 problem with the phrase, you know, your  
21 assertion that these are violations of the law.  
22 I think that's going to be part of the  
23 litigation if it goes forward, because there  
24 has been no judgment. There's no jury finding

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1 that Dean Vagnozzi violated the law or frankly  
2 anybody else, except for Mr. Ferman. And that  
3 these are allegations.

4 I know the SEC says that, but I don't know  
5 anything that was, in fact, a violation, so I  
6 can't -- I cannot agree with your statement.

7 BY MR. BOCHETTO:

8 Q Are you aware that Judge Ruiz entered a  
9 ruling after an evidentiary hearing, appointing a  
10 Receiver. And that that ruling was based upon a  
11 finding of the violation of securities laws that  
12 Dean Vagnozzi was advised specifically on by John  
13 Pauciulo?

14 MR. DUBOW: Object to the form.

15 THE WITNESS: I can't agree with that,  
16 because the Receiver was appointed very early  
17 in the case. There was no evidence even  
18 collected at that point. The defendants  
19 probably haven't even answered at the time the  
20 Receiver was appointed.

21 And Judge Ruiz appointed a Receiver, to my  
22 understanding, based on the fact of the  
23 allegations that have been made by the SEC  
24 which is not, as I understand it, an entirely

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1 unusual way in which a Receiver gets appointed,  
2 whether it's the SEC making an allegation or  
3 some other entity.

4 BY MR. BOCHETTO:

5 Q So you think the Receiver was appointed  
6 without any regard for the correctness of the  
7 position being asserted by the SEC?

8 A I believe that the Court -- you're asking  
9 me for a legal interpretation.

10 Q No. I'm asking you for your  
11 understanding.

12 A My understanding -- yeah. I'm a lawyer,  
13 and you're asking me for a legal interpretation, but  
14 I'll respond this way.

15 Q Well, you made the statement that no one's  
16 made a decision that these securities laws have been  
17 violated. They are only allegations.

18 And I'm asking you: Are you aware  
19 that Judge Ruiz decided that securities laws have,  
20 indeed, been violated?

21 MR. DUBOW: Object to the form.

22 THE WITNESS: I'm not aware of that. In  
23 fact, I disagree with that, but...

24 MR. BOCHETTO: Okay. It's ten of one. Do

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1           you want to take that 40 minute -- reconvene at  
2           1:30?

3           MR. DUBOW:    Yep.

4           THE VIDEOGRAPHER:  We are now going off  
5           the video record.  The time is 12:52 p.m.

6           MR. BOCHETTO:  Oh.  Before you go off, may  
7           we --

8           THE VIDEOGRAPHER:  Still on the record.

9           BY MR. BOCHETTO:

10          Q       Mr. Coon, I'm asking -- making a specific  
11          request that during the lunch break, you learn of  
12          the identity of the financial planner that was  
13          referred to earlier in your testimony.

14          A       I think that's an issue to address with  
15          Mr. Dubow.

16          Q       We'll, I'm asking you.

17          MR. DUBOW:  We've already addressed that.

18          MR. BOCHETTO:  So you're going to refuse  
19          to allow him to do that?

20          MR. DUBOW:  Yes.  If you want make to a  
21          request to the normal discovery process -- a  
22          deposition doesn't -- isn't an opportunity to  
23          make requests for documents --

24          MR. BOCHETTO:  I'm not asking for the

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1 documents --  
2 - - - - -  
3 (Non-reportable crosstalk.)  
4 - - - - -  
5 THE COURT REPORTER: Guys. Thank you.  
6 MR. DUBOW: It is not an opportunity to  
7 make other discovery requests outside of the  
8 rules.  
9 If you want to provide us with an  
10 interrogatory, then you can do so.  
11 MR. BOCHETTO: All right. Let me just ask  
12 the witness a clarifying question.  
13 THE WITNESS: Are we -- what are we doing  
14 here?  
15 MR. BOCHETTO: We're on the record.  
16 THE WITNESS: Okay.  
17 MR. BOCHETTO: I'm asking you a question.  
18 THE WITNESS: I thought we went off the  
19 record.  
20 MR. BOCHETTO: No.  
21 THE WITNESS: Are we still on?  
22 THE VIDEOGRAPHER: We're still on the  
23 record. Yes.  
24 THE WITNESS: Okay. I thought we were



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1 breaking for lunch.

2 MR. BOCHETTO: We are in a moment.

3 THE WITNESS: All right.

4 BY MR. BOCHETTO:

5 Q You have your cell phone with you?

6 A Yes.

7 Q And you would know who to call at the  
8 Eckert operations that might help you learn the  
9 identity or refresh your recollection as to the name  
10 of the financial planner?

11 A Yes.

12 Q Okay. Thank you.

13 MR. DUBOW: And I'll just note, I don't  
14 know if their offices are open today. It's  
15 Juneteenth, but I don't know, so...

16 THE WITNESS: It's not an official  
17 holiday. I mean, a lot of people are taking  
18 off, but...

19 BY MR. BOCHETTO:

20 Q Okay. People are still at Eckert, right?

21 A Every holiday people are still at Eckert.  
22 There's some folks there.

23 Q Okay. Very well.

24 THE VIDEOGRAPHER: We are now going off

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1 the video record. The time is 12:54 p.m.

2 - - - - -

3 (Whereupon a lunch recess was held.)

4 - - - - -

5 THE VIDEOGRAPHER: We are now back on the  
6 video record. The time is 1:35 p.m.

7 BY MR. BOCHETTO:

8 Q Mr. Coon, I just wanted to go back on a  
9 couple of matters that we touched on earlier this  
10 morning, just to get clarification.

11 The policy which has been identified  
12 by the carrier as applying to this claim, is, I'm  
13 being told by the Receiver, diminishing with defense  
14 costs; is that correct?

15 A Yes.

16 Q How much has it been diminished to date?

17 A I don't have a precise number, because:  
18 A, additional invoices have just been submitted for  
19 last month. And B, we're sitting here today doing  
20 this kind of work.

21 But my understanding is that the  
22 amount from the policy is between 3.5 and \$4  
23 million.

24 Q So that if there was 50 million, it's now

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1 down to 46 or 45, something like that?

2 A Yeah. Something like that.

3 Q Is Pauciulo's defense fees also serving to  
4 diminish the policy?

5 A Yes.

6 Q Who is Margaret Keeley?

7 A Meg Keeley. She's an attorney with  
8 Williams and Connolly.

9 Q And has she been consulting in connection  
10 with this matter?

11 A Yes.

12 Q As a potential expert witness?

13 A No.

14 Q As what?

15 A As counsel to assess -- help assess the  
16 case.

17 Q Has she provided any assessments?

18 A I'm not going to talk about the work that  
19 she did, because she was counseled through the firm.

20 Q Yeah. But I'm not asking about it.

21 I just -- has she submitted an  
22 assessment?

23 A She's given us an assessment. Yes.

24 Q And that's in writing?

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1 A Yes.

2 Q Did that serve to diminish the policy?

3 A I don't know how the insurers are treating  
4 that.

5 Q When did John Pauciulo first join the  
6 Eckert firm?

7 A Sometime in 2010. I don't know more  
8 specific than that.

9 Q And when he joined, he was not an equity  
10 member, correct?

11 A That is correct. He is what we term a  
12 special member.

13 Q Oh. He was a special member?

14 A Yeah.

15 Q So he did have a contract at that time?

16 A Yes.

17 Q When was he first made an equity member?

18 A We've turned over the documents I thought  
19 or the information.

20 My recollection, I think, is 2016.  
21 You served an interrogatory, and we answered it. So  
22 whatever that date is there.

23 Q So between the time he first joined Eckert  
24 and the time when he was an equity member, was there

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1 any mechanism in place at Eckert to supervise his  
2 work?

3 A I've described that before. Yes. There  
4 are practice group leaders. There's division chair.  
5 There were other people in the practice group.

6 John, as a special member, would have  
7 had some of his own clients, but he would have also  
8 worked for other equity members on things.

9 And the responsible attorney on any  
10 given matter is responsible for overseeing what is  
11 going on.

12 Q How about on matters that he originated?

13 When he was in the category of a  
14 special counsel, was there anybody, or any mechanism  
15 in place, to supervise his conduct?

16 A I'd have to defer to somebody else. Our  
17 division chair or practice group leaders.

18 Q You don't know the answer?

19 A I don't know the answer one way or the  
20 other.

21 Q You do not, as you sit here today, know of  
22 any mechanism that was in place that would, in any  
23 kind of a formal sense, constitute supervision or  
24 monitoring of his practice for his own originated

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1 clients?

2 A Well, I can't say that. You're saying,  
3 you know, you're asking a specific question and then  
4 you get very broad on things.

5 Certainly the practice group leaders  
6 keep tabs -- in my language, keep tabs over what's  
7 going on with the people in their practice groups --  
8 who is working on what.

9 We do it -- they do it from a billing  
10 perspective, too. What are you billing? What  
11 pitches are you making for new business? There's a  
12 whole variety of things that the PGLs do.

13 And in that sense, yes, would people  
14 be in touch with John about the types of clients and  
15 the work that he was doing generally? Yes.

16 Is there somebody sitting behind him  
17 and watching him type or sitting beside him and  
18 watching him counsel a client? No. It doesn't work  
19 that way.

20 Q Between 2010 and 2016, what practice group  
21 was John Pauciulo in?

22 A Broadly speaking, I think the financial  
23 transactions practice group. And that's -- I'm not  
24 sure. That's probably changed names over time.

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1 Q Well, during that period of time, when  
2 that was its name, who was the practice group  
3 leader?

4 A I don't know.

5 Q Would you have any way of finding out?

6 A I thought we provided some information on  
7 who was in the different practice groups. Yeah.

8 Is there a way to find out? Yeah. I  
9 think so.

10 Q When was Mr. Pauciulo first the practice  
11 group leader for the financial transaction group?

12 A He was never the practice group leader for  
13 the financial transactions group.

14 Q When was he the chairman of?

15 A I had said before, for a short period of  
16 time, and I don't know exactly when, I understand  
17 that there was a securities practice group, and he  
18 chaired that.

19 Q And that's what it was known as?  
20 Securities practice group?

21 A Yeah. Something like that. I don't know  
22 the -- it was focusing more on securities as apart  
23 more generally from financial transactions.

24 Q And do you know when that group was first

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1 formed?

2 A I said I'm not sure when it was, for some  
3 short period -- it was certainly between 2010 and,  
4 you know, 2020, in that time period.

5 And as I understand it, it was only  
6 for a short period of time. And that's not unusual  
7 in our firm, that practice groups change as client  
8 mixes change, as attorneys change, come or leave  
9 with the firm. The practice groups change.

10 Q When did the securities practice group  
11 end?

12 A I don't know the dates that it was in  
13 existence.

14 Q For there to be a practice group, is there  
15 some kind of process that is gone through at Eckert  
16 to recognize such?

17 A I believe that there's a process. What it  
18 is, specifically, I don't know. I've not been  
19 involved.

20 But I imagine that it includes firm  
21 management and other practice group leaders deciding  
22 whether there should be a new practice group or we  
23 should not have a practice group.

24 And I'll give you a perfect example,



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1 because I do know of this. I have always practiced  
2 in the products liability area. And over time, over  
3 the past ten, 15 years, we had a life sciences area,  
4 we had a pharmaceutical practice. Because as the  
5 work got larger, a number of attorneys involved, we  
6 sort of subdivided. And then over time, it combined  
7 back together. So that's sort of how it worked.

8 Q Are there any records or memorializations  
9 created in connection with the formation or the  
10 recognition of a practice group?

11 A I don't know.

12 Q You've never seen any?

13 A No.

14 Q Are you a member of a practice group?

15 A Yes.

16 Q What's that practice group?

17 A Currently, the product liability practice  
18 group.

19 Q And how long has that group been in  
20 existence?

21 A In one form or another, since I joined the  
22 firm.

23 Q Who is the head of that? Who is the  
24 chairman of that, currently?

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1 A Currently, Dennis Ziemba. You might know  
2 him. He's an attorney, here, in Philadelphia.

3 Q Dennis?

4 A Ziemba, Z-I-E-M-B-A.

5 Q Have you ever been the practice leader in  
6 that group?

7 A I had said earlier I never held a position  
8 as practice group leader.

9 Q Getting back to -- is there currently a  
10 practice group known as securities?

11 A Not a separate practice group, but there  
12 are attorneys in our firm who do work in the  
13 securities area. And I believe that they were  
14 within the financial transactions practice group.

15 As I said, the groups are somewhat  
16 amorphous.

17 Q Getting back to the risk assessments, I  
18 believe you testified that you believe that the PAR  
19 investors who have claims in this matter, does not  
20 exceed the amount of your insurance coverage?

21 MR. DUBOW: Object to form.

22 THE WITNESS: I did not say that.

23 What I said in response to a question  
24 where you -- a series of questions where you

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1           kept saying we were underinsured, which I  
2           disagree with, I made the point that even  
3           according to the Receiver's most recent report,  
4           where some assets have been devalued, the  
5           Receiver has control over assets that are  
6           valued in that report, that exceed the amount,  
7           that I understand, constitutes the investors in  
8           the various funds, not including ones that  
9           Eckert had nothing to do with.

10       BY MR. BOCHETTO:

11           Q       And do you know what that amount of claims  
12           for the entirety of the claimants adds up to?

13           A       I understand that -- the total investors,  
14           including investors not associated any way with that  
15           group, I want to say \$350 million, something like  
16           that. It could be slightly higher than that. It  
17           might have been 360, but --

18           Q       365?

19           A       365. Obviously, if you have the number,  
20           then you know.

21           Q       And what is your understanding of the  
22           amount of receivership assets that are available to  
23           satisfy those \$365 million of claims?

24           A       First, look at the Receiver's report. I

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1 didn't memorize it, but I know if you add up all of  
2 the different assets there, it's more than 365.

3 Q The 365, that's a number that represents  
4 the principle invested, not any entitlement interest  
5 or that type of thing, correct?

6 A That's a number provided by the Receiver.  
7 I'm not sure what it includes. Yeah. I'm not going  
8 to -- I'm not sure what it includes.

9 Q And the amount that were Eckert client's,  
10 do you know what that number is?

11 A I believe the Receiver told us, and I  
12 could be wrong, again, off a little bit, but I want  
13 to say the number 182 million sticks in my mind.

14 Q I think you indicated you had reviewed the  
15 order of settlement of John Pauciulo with the United  
16 States Securities Exchange Commission.

17 A I have.

18 Q And you understand that he does admit to  
19 the truthfulness of the findings and conclusions  
20 reached in that document in certain respects?

21 MR. DUBOW: Object as to form.

22 THE WITNESS: My understanding, as I think  
23 it says pretty clearly in that document, that  
24 he neither admits or denies any of the

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1           allegations.

2                   But for the purposes of SEC proceeding  
3           only, for purposes of settling the matter, he  
4           does not contest it.

5                   That's my interpretation.

6 BY MR. BOCHETTO:

7           Q       Well, it goes beyond that, doesn't it, his  
8           admission?

9           A       I told you what my understanding is. If  
10          you have a different one --

11          Q       Have you ever reviewed Section Roman  
12          Numeral 11 of that document.

13          A       I have. I haven't memorized it.

14          Q       Relates to dischargeability in a  
15          bankruptcy proceeding.

16          A       His penalty -- yeah. I think if I recall  
17          correctly, his civil penalty, which -- I think it  
18          was \$125,000, something like that. His personal  
19          civil penalty was not dischargeable by him in  
20          bankruptcy.

21                           And I believe, from my limited  
22          understanding of this area, that that is true for  
23          anybody who settles.

24          Q       Well, is it your understanding that for

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1 purposes of dischargeability, any dischargeability  
2 proceeding, he admits each of the findings set forth  
3 and each of the conclusions set forth?

4 A No. It's not my understanding.

5 Q It's not your understanding?

6 At Page 2 of the settlement agreement  
7 with the Securities and Exchange Commission, states  
8 that Pauciulo made material misstatements and  
9 omissions in private placement memoranda he prepared  
10 for many of the private investment funds.

11 Did you read that?

12 A Mr. Bochetto, I've said, I don't know,  
13 three, four times that I read the whole thing.

14 So the answer to that is yes.

15 Q Did you do anything to follow up to  
16 determine for yourself on behalf of Eckert, whether  
17 that's a truthful statement?

18 A That is an allegation that was made by the  
19 SEC. It is, frankly, no different than what they  
20 said in their original complaint.

21 Q Did you -- repeat the question. Did you  
22 do anything to determine that truthfulness of that  
23 statement?

24 A During the course of the PAR Funding

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1 matter, including before and after that, I consulted  
2 with counsel. I spoke with John. I read the  
3 documents to learn about the situation with Eckert's  
4 representation of Dean Vagnozzi and others.

5 Q I'll ask the question a third time.

6 Did you do anything to determine the  
7 truthfulness of that statement?

8 MR. DUBOW: Object as to the form. He  
9 just answered the question.

10 THE WITNESS: I looked into the facts of  
11 the situation, and I have my own assessment of  
12 that.

13 BY MR. BOCHETTO:

14 Q And what is that?

15 A I'm not going to divulge my mental  
16 impressions of the case to you.

17 Q I think you have to. I think you've  
18 waived the ability to not give that to me, based  
19 upon your verification of all of the defenses and  
20 answers in responses in this litigation.

21 MR. DUBOW: We disagree with that.

22 MR. BOCHETTO: Are you going to refuse to  
23 answer that question?

24 THE WITNESS: We disagree with that.

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1 BY MR. BOCHETTO:

2 Q And I suppose if I go through all of the  
3 rest of the findings in this document, you're going  
4 to make the same statements, correct?

5 A Yes. Yeah. And I guess if you went  
6 through all of the findings, as you call them, in  
7 the agreement between Dean Vagnozzi and the SEC, I'd  
8 make the same statement.

9 To the extent I've analyzed it, I've  
10 done so as an attorney representing Eckert, Seamans,  
11 Cherin and Mellott.

12 Q Tell me the circumstances which led to  
13 Mr. Pauciulo's departure from Eckert Seamans.

14 A The circumstances. I e-mailed him, asked  
15 for a meeting between he and I and our CEO.

16 We had decided that it was probably  
17 better to part ways. We asked John if he would  
18 resign from the firm. He said he was not -- it was  
19 not an unexpected request, and that he wanted a  
20 couple days to think about what he wanted to do.

21 We had a follow-up call. He said:  
22 Yes. I decided I'm going to resign from the firm,  
23 and I'm going to start my own law firm.

24 Q And who was the CEO that you consulted



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1 with?

2 A The CEO at that time was Tim Hudak.

3 Q And what was the basis of the  
4 determination that it was time for Mr. Pauciulo to  
5 resign?

6 A I guess a lot of things. I don't know if  
7 there was any one factor.

8 Certainly, you know, there was bad  
9 publicity. A lot of stories in The Intelligencer  
10 and other areas about the litigation and about  
11 allegations made against John.

12 And we just felt that at that time,  
13 it was probably better to part ways, because as a  
14 limited liability company, somewhat analogous to a  
15 partnership, you only want to practice with the  
16 people you want to practice with.

17 Q You said there were a lot of factors.

18 A Yeah.

19 Q Publicity was one?

20 A Publicity.

21 Q What were the other factors?

22 A Probably the fact that John was not doing  
23 as much work because we were more conscious about  
24 what we should have him or allow him to be doing.

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1                   And even from the perspective of --  
2                   and frankly, largely from the perspective of we  
3                   didn't want other clients to be concerned that  
4                   somebody was working on a matter that had these  
5                   allegations against him -- none of which had been  
6                   proven, but the attorney had the allegations against  
7                   him.

8                   Q       Any other factors?

9                   A       I think those are probably the primary  
10                  ones.

11                  Q       There was no severance payment or any  
12                  financial arrangements made with Mr. Pauciulo?

13                  A       No. His capital was ultimately returned.

14                  Q       What was the amount of his capital?

15                  A       John had a loan, which -- whenever  
16                  somebody leaves the firm, the firm pays off and it  
17                  deducts from their capital when it's returned so  
18                  that there's no more interest accrued on the loan.

19                               John had, I want to say, 50,000 and  
20                  change -- 52,000, something like that.

21                  Q       That's what was returned to him?

22                  A       That was -- yeah. He had a loan. I don't  
23                  recall -- it wasn't a huge loan, but he still had a  
24                  loan balance on his capital.

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1 I mean, he had only become a member,  
2 I think I said, in 2016, if I remember.

3 Q Is there any indemnity arrangement between  
4 Eckert and Pauciulo?

5 A There was indemnity provisions in our  
6 operating agreement, which we provided to you.

7 Q Other than that?

8 A Separate from --

9 Q Yes.

10 A No.

11 Q So there was no discussion between Eckert  
12 and Mr. Pauciulo at the time of his resignation,  
13 about any form of indemnity?

14 A No.

15 Q At the time that he had resigned, he had  
16 already engaged private counsel to represent him in  
17 connection with the allegations.

18 Is that your understanding?

19 A No. I'm confused.

20 Q When did Mr. Pauciulo, according to your  
21 understanding, first retain private counsel to  
22 represent him in connection with the allegations in  
23 connection with PAR?

24 A Ms. Recker and her firm were engaged to

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1 represent John and the firm's interest, I don't  
2 know, August something, not long -- within a week or  
3 so after the SEC case was filed. Because at that  
4 point, the SEC asked for John's deposition, so that  
5 was...

6 Q That was when?

7 A That was our initial reasoning getting  
8 Catie and her firm involved.

9 Q Was there any discussion as to who would  
10 pay the fees for Mr. Pauciulo's private counsel?

11 A There's no discussion because under our  
12 operating agreement, an attorney who is accused of  
13 malpractice, or whatever you want to call it, is  
14 entitled to a defense. And our insurance provides a  
15 defense, subject to our retention.

16 Q Has Mr. Pauciulo contributed to that  
17 retention?

18 A No.

19 Q In your review or investigation of  
20 Mr. Pauciulo's conduct, which gave rise to all of  
21 these allegations, did you ever reach out to Dean  
22 Vagnozzi to speak with him about it?

23 A No. Dean Vagnozzi was represented by his  
24 own counsel from the get-go, when the SEC was

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1 involved. I did not feel it appropriate for me to  
2 be contacting them.

3 My, you know, initially, you know,  
4 Catie Recker had communications with Dean's attorney  
5 not with Dean.

6 Q You've made reference to a claim letter  
7 that you received from a Mr. Shoperly?

8 A Shoperly.

9 Q Shoperly.

10 And a Mr. Dinitelli?

11 A Dinitelli.

12 Q Did you speak with either of those  
13 individuals?

14 A No. They were represented by an attorney.

15 Q Did you speak with that attorney?

16 A I did not.

17 Q Did anybody on behalf of Eckert, to your  
18 knowledge?

19 A I don't know. We -- no, because I  
20 technically represented Eckert in that matter, but  
21 Dean Vagnozzi and the PAR Funding folks quickly made  
22 it go away, because I -- I'm speculating, but I  
23 think they anticipated there was going to be some  
24 portion of the investors who weren't agreeable to

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1 the -- what do you call it -- the exchange notes,  
2 and that they ended up funding -- returning the  
3 money to those investors.

4 Q At the time that you received the claim  
5 notice in May of 2020, what did you do, at that  
6 point, to investigate Pauciulo's conduct and  
7 potential responsibility for what they were  
8 complaining about?

9 A I talked with John.

10 Q What did he tell you?

11 A I'm sorry. I'm ethically required not to  
12 divulge attorney-client privilege matters.

13 Q You're claiming that that is an  
14 attorney-client relationship that you had with  
15 Mr. Pauciulo?

16 A Mr. Pauciulo was a member of Eckert  
17 Seamans, and I was representing Eckert Seamans'  
18 interest.

19 Just like in-house counsel for any  
20 corporation can talk with an employee in a  
21 privileged setting to get information concerning a  
22 claim against the company, that's what I did.

23 Q Did you ever advise anybody at Eckert that  
24 Mr. Pauciulo's interest and Eckert's interest at

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1 that point may have been in conflict?

2 A No. I didn't pursue them as being in  
3 conflict at that point.

4 Q And I take it at that point, Mr. Pauciulo  
5 was not represented by counsel?

6 A Well, I guess, theoretically, since the  
7 letter was addressed to Eckert Seamans and John  
8 Pauciulo and PAR Funding and McElhone and the others  
9 and Dean Vagnozzi and his companies, I guess,  
10 technically, you know, I considered myself  
11 representing John's interest in that.

12 But I really didn't do -- I didn't  
13 have to do anything, because it was resolved on the  
14 business end without any suit being filed.

15 Q Did you make any determination as to  
16 whether you could represent both Eckert and John  
17 Pauciulo at the time that those claims were made by  
18 Mr. Shoperly and Mr. Dinitelli?

19 A I did not see any conflict of interest  
20 that would prohibit me from representing him.

21 Q What did you do to investigate whether  
22 there was any conflict of interest?

23 A I looked at the nature of the claim, and I  
24 talked with John about what the background was that

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1 led to it.

2 Q And you concluded that there was no  
3 conflict of interest between his interest and  
4 Eckert's --

5 A Yes.

6 Q -- at that point?

7 A Yes.

8 Q Did you consult with any other counsel in  
9 arriving at that decision?

10 A No.

11 Q Did you consult with the CEO in arriving  
12 at that decision?

13 A I don't think I consulted with the CEO  
14 about that.

15 Q How about when the SEC filed their  
16 lawsuit? Did you, at that point, conduct any  
17 investigation as to whether Mr. Pauciulo's interest  
18 and that of Eckert's conflicted?

19 MR. DUBOW: Object to the form.

20 THE WITNESS: I considered the situation.

21 Yes.

22 BY MR. BOCHETTO:

23 Q What did you conclude?

24 A I concluded at that point in time I didn't



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1 see a conflict, but we got Ms. Recker and her firm  
2 involved.

3 Q And is it still your position that there's  
4 no conflict between Mr. Pauciulo's position and  
5 Eckert's?

6 MR. DUBOW: I just caution that if you  
7 have such knowledge based on conversations with  
8 counsel, you should not reveal that.

9 THE WITNESS: I'll answer it this way.  
10 From my personal perspective, I do not see a  
11 conflict of interest at this point.

12 BY MR. BOCHETTO:

13 Q There was a meeting that was had between  
14 you, Mr. Hudak and Mr. Pauciulo concerning his  
15 resignation?

16 A Two telephone calls.

17 Q It was just telephone call?

18 A Yes.

19 Q How long did those telephone calls --  
20 let's take the first one.

21 How long did that take?

22 A I didn't time it.

23 Q Approximately?

24 A Half hour.

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1 Q What was discussed during that phone call?

2 A I just told you that.

3 Q Well, I want to hear as much detail as I  
4 can.

5 A I just told you that, and I'll tell you  
6 again.

7 We talked with John, and we said that  
8 the firm thought that it was time that he and Eckert  
9 Seamans part ways. That John said that he was not  
10 surprised by it. That he wanted to think about what  
11 he wanted to do. That he had given some thought to  
12 that already, because, again, it wasn't a surprise  
13 to him.

14 We talked a little bit, at that  
15 point, about what the mechanics would be on, you  
16 know, if he withdrew in terms of clients and file  
17 transfers and all that type of stuff. And John said  
18 he wanted a couple days to think about it. And then  
19 we could talk again. That was the first call.

20 Q The first call took about 30 minutes?

21 A To the best of my recollection. Yeah. 20  
22 minutes, 30 minutes. I don't know.

23 Q So there must have been more conversation  
24 than just that, because that just took you about 45

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1 seconds to tell us.

2 What was the other 19 minutes about?

3 A You know, I summarized what the  
4 conversation was. I did not record it. It was a  
5 conversation between colleagues on what to do about  
6 the situation.

7 It lasted -- I said 30 minutes, maybe  
8 it was 20 minutes. I don't know. Maybe it was 15  
9 minutes. It was more than five minutes. Okay?

10 I told you what we discussed. Do I  
11 know word for word what was said? No. But those  
12 were the topics that were discussed.

13 We thought that John should leave.  
14 John said he wasn't surprised, that he had been  
15 thinking about what he wanted to do. He wanted a  
16 couple more days to think about it. And then we  
17 could talk again.

18 And as I said, we talked about some  
19 of the mechanics about what's ours.

20 Q Was there any discussion about his actual  
21 representation of Dean Vagnozzi?

22 A No, we didn't talk about the case.

23 Q Well, whether it was the case or not, was  
24 there any discussion about Dean Vagnozzi or any

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1 other representations of Dean Vagnozzi?

2 A No.

3 Q Had you discussed any of the regulatory  
4 actions that were then pending against Dean Vagnozzi  
5 with Mr. Pauciulo?

6 A At any time?

7 Q No. During that phone call.

8 A No.

9 Q Was there any discussion during that phone  
10 call that Mr. Pauciulo might consider joining Dean  
11 Vagnozzi as in-house counsel?

12 Did that subject come up again?

13 A No.

14 Q He did raise the subject of potentially  
15 forming his own law firm?

16 A Yes.

17 Q Did he have any comments about it, other  
18 than that?

19 A I imagine, you know, he might have had  
20 some more details. I think he said he also --  
21 that's why he wanted a couple days. He said he was  
22 also thinking about whether he could, you know, join  
23 another firm.

24 Q Did you ever receive any inquiries from

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1 any other such firm he might have been inquiring  
2 with?

3 A No. When we spoke with John again a  
4 couple days later, John said he had made the  
5 decision to open up his own practice.

6 Q Has anybody at Eckert ever heard from  
7 another firm up to and including even today, about  
8 John Pauciulo joining that practice?

9 A No. I'm not aware of John seeking anybody  
10 out.

11 Q Nobody's called for a recommendation or  
12 any such thing?

13 A I wouldn't handle that. I mean, that  
14 would go -- that would be handled by our HR  
15 department.

16 But I can tell you I have never heard  
17 that such an inquiry was made.

18 Q Were there any instructions given to the  
19 HR department about what they were to say if there  
20 was such an inquiry made on behalf of John Pauciulo?

21 A I did not give them instructions.  
22 Frankly, I didn't even think about your hypothetical  
23 here, because that isn't what John did.

24 But I believe our policy is to simply

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1 confirm dates of employment.

2 Q Then there was a follow-up phone call --

3 A Yes.

4 Q -- with Mr. Pauciulo.

5 A A couple days later.

6 Q How long did that call take?

7 A It was relatively short. I don't want to  
8 say half an hour, because you'll question me again.  
9 I don't know -- ten minutes, less than that.

10 John said: I made a decision. He  
11 said: I'm going to submit a notice of withdrawal.  
12 He said: I'd like to do it sooner rather than later  
13 so I can get transferred and start my own practice.

14 Under our operating agreement,  
15 typically, you have to give 30-days notice of intent  
16 to withdraw. And he wanted to do it sooner. And  
17 Tim Hudak said: Fine. No problem with that.

18 We talked again about some of the  
19 mechanics of it. John had an earlier conversation.  
20 I said: Well, you need to make a list of the  
21 clients. We need to give notice -- that we have to  
22 provide notice to them and see what they want to do  
23 with their matters et cetera, et cetera -- all of  
24 the mechanics of when an attorney leaves a firm. We

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1 talked more about that in the second call. But, you  
2 know, not for some huge length, because there's no  
3 need to.

4 Q Has Eckert, the management of Eckert,  
5 received any complaints -- orally, in writing,  
6 formal or informal -- from any of the other lawyers  
7 at Eckert about Mr. Pauciulo's involvement with the  
8 whole PAR Funding scenario?

9 A I can't speak for the whole management at  
10 Eckert. I'm not aware of any, if somebody submitted  
11 a complaint. No.

12 Q Has the subject ever been raised at any  
13 executive meeting of Eckert?

14 A The subject of what?

15 Q Mr. Pauciulo's involvement with PAR  
16 Funding, Dean Vagnozzi and the SEC complaint.

17 A Yes.

18 Q What was discussed during that meeting?

19 A Those discussions were in the context of  
20 me reporting on matters and providing my legal  
21 advice and mental impressions. So to my clients to  
22 the executive committee of the firm, to my client.

23 So I respectfully decline to discuss  
24 the matter.

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1 Q Well, you weren't the only one speaking at  
2 such meetings, right?

3 A Actually, I was. Pretty much so.

4 Q So no one else said a word?

5 A No. People might have asked me a  
6 questions about things. Sure.

7 Q Well, what questions were asked?

8 A That's part of the communications. That's  
9 law in Pennsylvania, as far as I understand it.

10 I'd be violating my ethical  
11 responsibilities by discussing  
12 attorney-client-privileged communications.

13 Q Did Eckert consult any ethicist, legal or  
14 otherwise, about having you verify the answers to  
15 the complaint, to the request for admissions and to  
16 the various discovery requests?

17 A Did we consult an ethicist?

18 Q Yeah.

19 A No.

20 Q Was there any consideration given to  
21 anybody else at Eckert doing the verifying, other  
22 than its counsel?

23 A I'm trying to think of a way I can respond  
24 to that without potentially revealing anything that



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1 might have been a privileged communication.

2 I guess I would respond to it this  
3 way, and I'm speaking in my individual level, not  
4 about communications I might have had with others.

5 Because of my involvement in  
6 investigating the matter and in working with  
7 counsel, I was the person in, you know, among the  
8 organization in the best position to verify. We  
9 couldn't simply just go to some attorney who had no  
10 knowledge about the situation and say verify this.

11 So I was the person who was best  
12 situated to verify it on behalf of the LLC.

13 Q Did you advise anybody at Eckert, for  
14 example, the CEO or any management officials, that  
15 by so verifying it, you may have been waiving the  
16 attorney-client privilege?

17 MR. DUBOW: Object to the form.

18 THE WITNESS: A, I don't believe that I  
19 could waive the attorney-client privilege. And  
20 B, I'm not going to discuss what advice I gave  
21 to the management of Eckert Seamans.

22 BY MR. BOCHETTO:

23 Q Regardless of the advice -- I'm not asking  
24 what advice you gave. Did you raise the subject

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1 with the management of Eckert?

2 A That is still privileged, too. Topics  
3 that we discussed are privileges. I'm sorry.

4 Q So you refuse to answer?

5 A I'm not answering on the grounds of  
6 attorney-client privilege.

7 And to the extent, I would be  
8 expressing my legal opinion on something -- work  
9 product.

10 Q In connection with the order of settlement  
11 of John Pauciulo with the SEC, were you involved in  
12 any discussions with the SEC about the proposed  
13 terms of this order?

14 A No.

15 Q Were you consulted in any way about it?

16 A Consulted?

17 Q Yeah.

18 A No.

19 Q Did you render any advice to either Eckert  
20 or anybody else as to whether Pauciulo should enter  
21 into this order of settlement?

22 A I respectfully decline to talk about  
23 advice that I give to my client, whether I did or  
24 not.

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1 Q Were you made aware of the contents of the  
2 order of settlement before it was signed by  
3 Mr. Pauciulo?

4 A I believe I received a draft of it. Yes.

5 Q From who?

6 A From Ms. Recker.

7 Q Do you know of any other attorney at  
8 Eckert who has appeared or participated in a radio  
9 advertisement soliciting business for that client?

10 MR. DUBOW: Object to form.

11 THE WITNESS: I'm not aware of anybody  
12 appearing in an advertisement soliciting  
13 business for Mr. Vagnozzi or his companies.

14 MR. BOCHETTO: That wasn't the question.

15 BY MR. BOCHETTO:

16 Q Are you aware of any lawyer at Eckert ever  
17 appearing in a radio advertisement on behalf of a  
18 client, soliciting business for the client?

19 A Any client?

20 Q Any client.

21 A The answer is no. The answer is no.

22 Q Are you aware of any lawyer appearing in  
23 any video tape assuring customers of a client that  
24 everything that was being done was in compliance

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1 with the law by that lawyer?

2 MR. DUBOW: Object to the form.

3 THE WITNESS: I'm not aware of anybody  
4 doing that.

5 BY MR. BOCHETTO:

6 Q Are you aware of any lawyer at any other  
7 firm appearing in an advertisement, such as  
8 Mr. Pauciulo did, as you've admitted?

9 MR. DUBOW: Object to form.

10 THE WITNESS: I'm not in the habit of  
11 investigating what all other law firms in the  
12 country do.

13 I can't recall offhand reading about  
14 anything like that in any published article --  
15 not saying that it hasn't occurred. I just  
16 don't recall.

17 BY MR. BOCHETTO:

18 Q You're not aware of any?

19 A I said I can't recall any.

20 Q How does the bonus system work at Eckert?

21 A In what respect? What do you mean?

22 Q Well, for example, are bonuses declared  
23 but once a year?

24 A Yes.

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1 Q And during the period of time leading up  
2 to the declaration of that bonus, are there -- is  
3 there cash that's accumulated on hand by Eckert with  
4 which to fund the bonuses?

5 A Yes. We don't borrow to fund bonuses.  
6 Yes.

7 Q And for example, in 2022, what was the  
8 total bonus pool available?

9 A I was going to say I don't recall, but I  
10 don't think I actually even knew what the exact  
11 number was.

12 Q Give me a ballpark?

13 A I don't even recall what the ballpark  
14 number was.

15 Q Excess of \$5 million?

16 A Oh, yeah. Yeah.

17 Q Excess of 10 million?

18 A Yes.

19 Q And the bonuses that are declared by  
20 Eckert is declared by the compensation committee?

21 A The compensation committee works with  
22 division chairs and practice group leaders --  
23 actually, let me back up.

24 Division chairs and practice group

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1 leaders provide input. And a tentative schedule of  
2 units and bonuses is created. And that is submitted  
3 to the compensation committee along with a lot of  
4 data about each member.

5 The compensation committee then meets  
6 over an extended period of time, talks about each  
7 and every person and comes up with a proposed  
8 schedule for both units for that person for the  
9 coming year and the bonus for the prior year.

10 And then that schedule goes to the  
11 executive committee where it's discussed again.  
12 Occasionally, the executive committee might make a  
13 tweak to something if there's sort of an open issue  
14 and someone received a little more bonus than what  
15 was recommended.

16 But ultimately, the executive  
17 committee approves the final schedules, which are  
18 then disclosed to all of the members.

19 Q And it's in that sense, subject to the  
20 discretion of the executive committee?

21 A Ultimately, yes. That's what our  
22 operating agreement says.

23 In actual practice, it is an  
24 extremely collaborative process. I believe there's

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1 24 members of the compensation committee and the  
2 executive committee -- again, apart from minor  
3 tweaks to something, generally, in my experience and  
4 understanding has -- adopts what the compensation  
5 committee recommends.

6 Q And in the normal course of affairs, let's  
7 say over the last four or five years, the bonuses  
8 are separate and aside from agreed upon salary for  
9 executive or equity members?

10 A No. We don't receive salaries. We  
11 receive draws against profits.

12 Q Okay. Are those draws an agreed upon  
13 amount?

14 A Yes. We have a schedule. So for  
15 budgeting and other planning, yes, we have a  
16 schedule where every member receives a monthly draw.  
17 There are quarterly draws to assist with taxes,  
18 because as members, we have to pay our own estimated  
19 taxes and everything. There's no withholding.

20 And there's a distribution to account  
21 for state taxes, because most of our members  
22 participate in composite returns. And therefore,  
23 that money is paid to the various states, as you  
24 might appreciate. Every state has its hand out now.

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1 In past, through the state, they weren't paid.

2 And then finally, there's what we  
3 call a clean up distribution on the unit value after  
4 the year -- end of year closes.

5 Our budget is 1,500. If we came out,  
6 hypothetically, 1,450 with all of the other draws,  
7 there would be a \$50 per unit clean up distribution.

8 Q And the draws are based upon the number of  
9 units?

10 A They are based upon a number per unit  
11 that's set in the budget, and then each individual  
12 gets that amount times the number of units they  
13 have.

14 Q So in that respect, everybody's paid the  
15 same per unit?

16 A Yes. Everybody is paid the same per unit.

17 Q As far as draw is concerned?

18 A On the monthly draws, yes, and on the tax  
19 draws. It varies a little bit by state, because it  
20 depends on the overall income.

21 Q But the bonus can vary irrespective of a  
22 number of units?

23 A Yes.

24 Q And for 2022, it's your recollection that



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1 the bonuses -- the bonus pool developed was in  
2 excess of \$10 million?

3 A Yes. I'm pretty sure of that. Yeah.

4 Q And when is the annual bonus actually paid  
5 out by the firm?

6 A The --

7 Q Each year?

8 A The bonuses in the clean up distribution  
9 they place in March of the year it closes.

10 So the clean up distribution for 2022  
11 and the bonus payments for 2022 were made in March  
12 of 2023.

13 Q So you just, a couple of months ago, went  
14 through that whole process?

15 A Yes.

16 Q And once that's done, then the firm goes  
17 about developing the bonus pool for the following  
18 year or the next year?

19 A Developing the bonus pool is not right.  
20 But as moneys accumulate, as the firm makes profits,  
21 then yes. A certain portion would go towards the  
22 bonus pool for the following year.

23 Q Is there a separate bank account or fund  
24 that houses the bonus pool?

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1 A Not that I'm aware of.

2 Q It just sits in a general operating  
3 account?

4 A Yes.

5 Q It doesn't sit in any kind of interest  
6 bearing account?

7 A I don't know the details of what accounts  
8 we have and what's interest bearing or not, but I'm  
9 not aware of bonus money being segregated from  
10 distribution money being segregated from all of the  
11 money we need to pay our other employees and special  
12 members and bills and rent and all of that other  
13 stuff.

14 Q So if it were a one time extraordinary  
15 debt that came along, that would be payable out of  
16 that fund, whether it's accumulated for bonus or  
17 anything else?

18 A Yes. Unless -- I need to qualify that.

19 I don't recall anything like this  
20 happening, unless something came along that, for  
21 cash management reasons, it made sense for the firm  
22 to get a loan.

23 If our firm went out and decided to  
24 spend \$50 million on computers, that might be

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1 financed as opposed to paid in cash.

2 Q Does the firm have a credit facility?

3 A Yes.

4 Q With whom?

5 A I believe it's PNC Bank.

6 Q Does it have more than one credit  
7 facility?

8 A I don't know that.

9 Q Do you know the extent of the credit  
10 facility?

11 A We have not drawn on our credit facilities  
12 for 20 years.

13 Q Twenty years?

14 A Yes.

15 Q So whatever credit facility exists, it's  
16 largely academic?

17 A No. It's good to have a credit facility.  
18 It's something that you want as a business.

19 But we have managed our business  
20 well, and we have not had to draw on the credit  
21 facility, unlike some other firms who have drawn on  
22 credit facility to pay their people.

23 Q If there was a one time extraordinary debt  
24 that need to be paid out of the general fund of

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1 Eckert, that would have an impact on the amount of  
2 bonuses that could be declared that year, correct?

3 A How much are you talking about? A dollar?

4 Q 10 million?

5 A 10 million? It might. Yeah.

6 Q When you say it might...

7 A I said it might.

8 Q Well, are there circumstances where it  
9 might not?

10 A Yes.

11 Q Can you think of one?

12 A If the firm decided if it had an  
13 extraordinary debt that was \$10 million, we could go  
14 to our credit facility and borrow money and pay it  
15 off. And that's what businesses do.

16 Q Who is the banker at PNC that the firm  
17 works with?

18 A I have no idea.

19 Q Who would know?

20 A Our chief financial officer.

21 Q Who is that?

22 A Kevin Krese, K-R-E-S-E. Kevin's been  
23 there for about a year, give or take. Our former  
24 CFO died of COVID, and it took us a little while to

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1 find a good qualified person to take his spot.

2 Q Does Kevin work out of the Pittsburgh  
3 office?

4 A He does. Yeah. I would say yeah. I  
5 mean, does he travel to other offices? Yeah.

6 But yeah. Is he based there? Yeah.  
7 He's based there.

8 Q Okay. How many offices in how many states  
9 does Eckert have?

10 A Pittsburgh, Harrisburg, Philadelphia,  
11 Boston, Newark, Princeton, Wilmington, Delaware;  
12 Richmond, Virginia; Washington D.C. Those are our  
13 offices.

14 And then we have satellite offices, I  
15 guess. We have an office in Michigan. We have an  
16 office in Rhode Island. And it's really to  
17 facilitate us doing some work there for certain  
18 clients.

19 I'm sorry. I forgot White Plains,  
20 New York is one of our offices. And Buffalo is one  
21 of those little satellite offices.

22 MR. BOCHETTO: Did we mark the answer to  
23 the complaint?

24 MR. VAN LAAR: No.

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1 MR. BOCHETTO: Do we have extra copies --

2 MR. VAN LAAR: No.

3 MR. BOCHETTO: We don't have copies of the  
4 answer?

5 MR. VAN LAAR: No. We have copies of  
6 complaint.

7 MR. BOCHETTO: Let's make three copies.  
8 Why don't we take a five-minute break?

9 THE VIDEOGRAPHER: We're now going off the  
10 video record. The time is 2:33 p.m.

11 - - - - -

12 (Whereupon a discussion was held off the record.)

13 - - - - -

14 (Exhibit [Coon-3](#) was marked for identification.)

15 - - - - -

16 THE VIDEOGRAPHER: We are now back on the  
17 video record. The time the 2:43 p.m.

18 BY MR. BOCHETTO:

19 Q For the record, we've placed the Answer to  
20 Plaintiff's Complaint in front of the witness.

21 And I want to assure the witness that  
22 he should take whatever amount of time he would like  
23 to refresh his recollection or review this document  
24 before I ask him any questions.

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1 My first question is going to be  
2 regarding the answer to Paragraph 21 of the  
3 complaint.

4 And I will have questions about other  
5 paragraphs, as well. So take your time and  
6 familiarize -- review.

7 A This is 66 pages long. I will take your  
8 representation that this is a copy of an answer.  
9 I've read the answer, so I will respond to your  
10 specific questions and I'll let you know if I want  
11 to read some additional stuff.

12 Q Fair enough.

13 Paragraph 21, reads: Vagnozzi thus  
14 contacted his by then long time trusted counsel,  
15 Pauciulo, to conduct a deep dive due diligence  
16 background check on PAR Funding, including the  
17 personal background history of all of its  
18 principals, its financial condition and performance,  
19 its reputation for integrity and all of its business  
20 operations and cash advances -- cash advance  
21 practices.

22 And the answer was: Denied as  
23 stated. It is admitted that Pauciulo sent a list of  
24 due diligence items to Complete Business Solutions

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1 trading as PAR Funding, which Pauciulo also showed  
2 to Vagnozzi. The requested due diligence list is a  
3 writing that speaks for itself, and defendants refer  
4 to such writing.

5 By way of further response, it is  
6 denied that Vagnozzi asked Pauciulo to conduct a  
7 background check on all of PAR's principals.

8 Do you see that?

9 A Yes.

10 Q And you verified that to be a correct  
11 statement?

12 A Yes.

13 Q Did you ask Mr. Pauciulo specifically  
14 whether he was requested to conduct a background  
15 check on PAR's principals?

16 A I'm not going to discuss what my  
17 communications were with Mr. Pauciulo, because I was  
18 doing so as counsel for Eckert Seamans.

19 But I can say this in a response to  
20 your question, there is a due diligence list. You  
21 have it. There are communications between  
22 Mr. Pauciulo and Mr. Vagnozzi about that and about  
23 what PAR would or would not give at the time.

24 And there is no information I am



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1 aware of that indicates that Mr. Vagnozzi asked  
2 Pauciulo to conduct a background check of all of  
3 PAR's principals.

4 Q Would you agree with me that Mr. Vagnozzi  
5 and Mr. Pauciulo had an ongoing relationship about a  
6 variety of matters?

7 A Mr. Pauciulo represented Mr. Vagnozzi and  
8 his companies in a variety of matters over time.

9 Q And would you agree with me that they  
10 spoke frequently on the telephone?

11 A Yes.

12 Q And would you agree with me that they met  
13 personally on many occasions?

14 A That's my understanding. Yes.

15 Q Would you agree with me that a part of  
16 what Mr. Vagnozzi asked Mr. Pauciulo to do for him,  
17 may well have been by way of verbal communications?

18 A Would I agree, generally? Not -- well, I  
19 can't agree, because I don't know. I wasn't party  
20 to any communications.

21 But is it possible that a client,  
22 including Dean Vagnozzi, would ask an attorney to do  
23 something orally -- say orally? Sure.

24 Q What did you do, other than speak with

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1 Mr. Pauciulo, to determine whether Mr. Vagnozzi ever  
2 asked Pauciulo to do a background check on PARS  
3 principals?

4 A Well, I guess apart from talking with  
5 Mr. Pauciulo, which, again, I'm not going to go into  
6 any details, I have looked at the client file  
7 materials.

8 There are thousands of e-mails  
9 between John Pauciulo and Dean Vagnozzi over a  
10 period of years. I looked at the documentation  
11 concerning the due diligence request that was made.  
12 There's nothing there about PAR Funding's  
13 principals.

14 John shared with Dean Vagnozzi  
15 exactly what he was requesting and what he got and  
16 what he didn't get.

17 And there are no e-mails, no other  
18 written communications -- not even a hint of  
19 something that Dean said: Hey. Something's  
20 missing. What about the background check on the PAR  
21 principals?

22 So that leads me to believe that for  
23 purposes of this answer, it was appropriate to deny,  
24 as in any litigation, opposing party can be put to

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1 its proofs. And we'll see what happens.

2 Q You indicated that there are thousands of  
3 e-mails between John and Dean Vagnozzi.

4 A Yeah. Certainly, more than a thousand,  
5 yes.

6 Q Did you review all of them?

7 A I reviewed a lot.

8 Q Did you review all of them?

9 A I reviewed everything around that  
10 timeframe.

11 Q So the answer is: I didn't review all of  
12 them, but I did review what I thought was necessary  
13 to present an answer to this allegation?

14 A I've answered your question on what I  
15 reviewed.

16 Q Well, I just want to get a confirmation of  
17 whether you did or did not review all of the  
18 e-mails?

19 MR. DUBOW: Object to the form.

20 THE WITNESS: I did not review 100 percent  
21 of John's e-mails, but I certainly reviewed  
22 e-mails around this time.

23 BY MR. BOCHETTO:

24 Q Of the thousands of e-mails that are out

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1 there between John and Dean, what percentage of them  
2 would you estimate that you did review?

3 A Oh. A large percentage. I don't know.  
4 I'm not going to guess, but a large percentage of  
5 them.

6 Q Did you make any notes or memorializations  
7 when you reviewed them?

8 A Generally, just reviewing them for  
9 content, for purposes of talking with counsel.

10 - - - - -

11 (Court Reporter clarification.)

12 - - - - -

13 BY MR. BOCHETTO:

14 Q So you did not make any kind of formal  
15 summary or report or matrix regarding the thousands  
16 of e-mails and what might have been contained within  
17 them?

18 A No.

19 Q Nor did you make an inventory of the list  
20 of subject matters that would be focused on in the  
21 thousands of e-mails?

22 A Oh. I have a mental inventory of it, but  
23 did I make an inventory of all of the documents?

24 No, because they exist. Why would I make an

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1 inventory?

2 Q Give me your mental inventory of the  
3 subject matters that were addressed in all of the  
4 e-mails.

5 THE WITNESS: Can I do that without --

6 MR. DUBOW: You can do subject matter.

7 THE WITNESS: Okay. All right. Let's  
8 see. There were e-mails about the Pillar  
9 Funds. There were e-mails about Dean Vagnozzi  
10 becoming a finder for PAR Funding. There were  
11 e-mails about Dean Vagnozzi wanting to create  
12 investment funds rather than be a finder.

13 There were e-mails about the due diligence  
14 aspect of it, which, again, I can assure you, I  
15 reviewed pretty carefully because of the  
16 allegations in this and other complaints.

17 There were certainly a lot of  
18 communications concerning the reissuance of the  
19 new notes after PAR Funding defaulted.

20 That's what occurs to me now. Were there  
21 other categories? Sure.

22 BY MR. BOCHETTO:

23 Q Did you review any e-mails, the subject of  
24 which were what matters were appropriate for

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1 disclosure in PPMs and what were not?

2 A I don't recall that being a subject of  
3 e-mails. It could be there, but I reviewed so much,  
4 I don't recall that.

5 Q Anything else that you can recall?

6 A I looked at probably the bulk of the  
7 documents between the time period of, say, 2016,  
8 '17, and 2020. So whatever's in there.

9 Q Have you, in a securities context or a  
10 securities law context -- have you made any  
11 investigations as to what kind of an investigation  
12 or background search constitutes an adequate or  
13 competent due diligence?

14 A I'm -- in a securities context? I'm not a  
15 securities lawyer. I'm not -- I'm not following the  
16 question.

17 Q So my question was: Did you do anything  
18 to educate yourself as to what, in a securities law  
19 context, constitutes an adequate competent due  
20 diligence?

21 A No.

22 Q Did you take any steps to investigate or  
23 learn more about PAR to make a determination of  
24 what, back in 2016 and 2017, would have constituted

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1 a competent due diligence?

2 MR. DUBOW: Object as to form.

3 THE WITNESS: I'm not even sure what --  
4 I've said I didn't do -- research what is due  
5 diligence.

6 Aren't you just asking me the same  
7 question again?

8 BY MR. BOCHETTO:

9 Q I'm asking it more specifically as to PAR.  
10 Did you look to whether --

11 A Well, if I didn't do it at all, that by  
12 necessity, includes PAR Funding.

13 But to the extent due diligence has  
14 been an issue, which it is in this case, have I  
15 considered things? Sure, in consultation with  
16 counsel for the firm.

17 Q Have you developed an understanding of  
18 what would be a competent due diligence to be  
19 performed in the context of a securities law  
20 investigation?

21 A Competent --

22 MR. DUBOW: Object to the form.

23 THE WITNESS: Competent by whose  
24 standards?

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1 BY MR. BOCHETTO:

2 Q The minimally acceptable competency  
3 required of a securities lawyer.

4 A And again, by whose standard? Is there a  
5 SEC regulation? Is there a statute or is there  
6 something that...

7 A, no, I didn't look at those. And  
8 B, that's a nebulous concept. That's something to  
9 be determined later on, what is appropriate.

10 Q Well, I'm asking you. Later on, did you  
11 determine or make any -- reach any conclusions as  
12 what was competent or not?

13 A Once again, I told you I did not research  
14 that particular question. So that necessarily  
15 includes the answer to your most recent question.

16 Q So you, as you sit here today, cannot  
17 offer any view as to whether the due diligence  
18 performed by Mr. Pauciulo for Mr. Vagnozzi was  
19 competent or adequate?

20 MR. DUBOW: Object as to form.

21 THE WITNESS: I don't intend to be an  
22 expert witness in this litigation, so no.

23 BY MR. BOCHETTO:

24 Q Did you think making that assessment was a



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1 responsibility you may have had to an ex-client of  
2 the Eckert firm, i.e., Dean Vagnozzi and his  
3 investment entities?

4 A In what timeframe? I mean, Dean's suing  
5 us. I mean, again, I don't follow your question.  
6 I'm sorry.

7 Q Well, you've gone back in time to look at  
8 what Mr. Pauciulo did or did not do as a part of his  
9 due diligence?

10 A I investigated with the information  
11 available to me, yes, talking with John, looking at  
12 documents and talking with counsel.

13 Q Did you do anything -- separate from  
14 talking with counsel, did you do anything other than  
15 talk to John to investigate whether competent or  
16 adequate due diligence was performed by him.

17 A I looked at the documents.

18 Q What documents did you look at?

19 A Well, I'll give an example. The list that  
20 John sent to PAR Funding was a pretty exhaustive  
21 list of information that he requested from PAR  
22 Funding. PAR Funding declined to provide a large  
23 portion of that. And John reported that to Dean  
24 Vagnozzi. And frankly, you have the e-mails. He

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1 raised some concerns about that.

2 So I guess that answers your  
3 question. I mean, I looked at what was being  
4 requested, and it certainly seemed reasonable to me  
5 to be an inquiry.

6 Q Other than asking PAR Funding for the  
7 documentation, did Mr. Pauciulo make any other  
8 efforts to conduct due diligence on PAR Funding?

9 A I have a vague recollection he might have  
10 done some type of lien search or had that conducted.

11 But the information that he wanted  
12 was in PAR Funding's possession. And I'm not aware  
13 of any other place that he would get that. They  
14 were a nonpublic company for public sources of  
15 information to go to, you know, that a public entity  
16 would have to file and have on public record.

17 Q Well, were there any litigation then  
18 existing that PAR Funding was involved in that he  
19 could have reviewed to perform his due diligence?

20 A There was, you know, to my understanding,  
21 yeah, there was litigation, because like many  
22 businesses, some of PAR Funding's clients didn't  
23 pay, so PAR would sue them.

24 And on occasion, there were, as I

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1 understand it, at least a couple suits where clients  
2 who would pay also said that, you know, PAR  
3 Funding's merchant cash advance model was illegal,  
4 so -- but a part from that, that's --

5 Q Did John Pauciulo do anything to  
6 investigate that as part of his due diligence?

7 A I can't recall.

8 Q You have no recollection of seeing any  
9 efforts that he undertook to do that, correct?

10 A I said sitting here today, I can't recall.

11 Q You would agree with me that a part of a  
12 due diligence -- any due diligence review that a  
13 lawyer gets hired to do would reasonably include an  
14 examination of the public record to see what's out  
15 there.

16 MR. DUBOW: Object to the form.

17 MR. BOCHETTO: Wouldn't you agree with  
18 that?

19 MR. DUBOW: Object to the form.

20 THE WITNESS: Yeah. That's very general.  
21 And we're talking about PAR. And if you want  
22 to say public record, what public record?

23 BY MR. BOCHETTO:

24 Q Lawsuit filings?

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1           A     I guess my question to you -- I have to  
2 ask a question.

3                         What lawsuits are you talking about  
4 against PAR, other than the ones involved in its  
5 business collection?

6           Q     Yeah. Those.

7           A     What other ones?

8           Q     Those. The ones involved in its business  
9 collections.

10                        Would you --

11          A     I believe that PAR disclosed -- it may not  
12 have provided all of the details, but it disclosed  
13 the fact that it was involved from time to time in  
14 collection of accounts.

15          Q     Did you see whether Mr. Pauciulo made any  
16 efforts to follow up with any of the litigants in  
17 those filings to learn more about PAR Funding in his  
18 due diligence assessment of PAR?

19          A     I'm not aware of John following up with  
20 any litigant.

21          Q     Did John look to see whether there were  
22 any regulatory filings as a part of his due  
23 diligence of PAR?

24          A     I don't remember.

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1 Q Did he contact any potential debtors of  
2 PAR Funding to interview them as to their  
3 interaction with PAR and their understanding of PAR?

4 A I may be mistaken, but my recollection of  
5 the exchanges between John and PAR and John Pauciulo  
6 and Dean Vagnozzi were that PAR was -- had no  
7 interest in disclosing who their clients were.

8 Q Well, their clients would have been  
9 disclosed in the litigation where clients didn't pay  
10 PAR and are PAR sued them, right?

11 A But PAR --

12 Q You could find out who the clients of PAR  
13 were, at least insofar as those lawsuits were  
14 concerned, correct?

15 A I'm not going to argue with you.

16 Q I'm not arguing. I'm asking you if that's  
17 correct.

18 A I don't know. I don't know. Some case  
19 pending in, you know, Wyoming County, Pennsylvania,  
20 are you going to find that? I don't know.

21 I don't know what a records search  
22 would or would not have turned up.

23 Q Do you know if Mr. Pauciulo made any  
24 effort to contact accountants who might have worked

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1 with or served as PAR -- outside accountants?

2 A At some point in time, I think there was  
3 some effort. I just --

4 Q As part of the due diligence?

5 A At some point in time, yeah. I don't  
6 recall when.

7 PAR did not have audited financial  
8 records. It provided what it was willing to  
9 provide.

10 Q Do you know if Mr. Pauciulo made any  
11 effort to find out whether PAR had outside  
12 accountants that were preparing financial records  
13 for PAR?

14 A I believe somewhere in the information it  
15 provided was something with -- about outside  
16 accountants.

17 My understanding is yes, PAR did have  
18 outside accountants. And that information came out  
19 at some point.

20 Q Did you see any evidence that as a part of  
21 this due diligence, Mr. Pauciulo contacted those  
22 outside accountants?

23 A I don't recall.

24 Q When did John Pauciulo tell you that he

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1 knew that Joe Mack was really Joe LaForte?

2 THE WITNESS: If I gained that knowledge  
3 in the context of a privileged discussion, is  
4 that privileged?

5 MR. DUBOW: Yes.

6 BY MR. BOCHETTO:

7 Q So you never had that discussion with John  
8 Pauciulo, outside of a privileged discussion with  
9 Mr. Dubow or Ms. Recker; is that correct?

10 A Yes.

11 Q Have you learned that, in fact,  
12 Mr. Pauciulo did know well before the SEC filed its  
13 litigation in the PAR matter, that Joe Mack was  
14 really an alias for Joe LaForte, a convicted felon?

15 A I've read that. Yes.

16 Q Did you take any steps to investigate when  
17 John first learned of that, other than talking to  
18 your lawyers, Mr. Dubow or Ms. Recker?

19 A Well, talking with John in the context of  
20 talking with one or both of the outside counsel in  
21 those communications.

22 Q Only in a privileged -- what you say is a  
23 privileged context; is that right?

24 A Yes.

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1 Q Have you made a determination as to  
2 whether it was reasonable to withhold the  
3 information from potential investors that Joe Mack  
4 was a convicted felony?

5 A Whatever views I have on that are in the  
6 context of privileged communication.

7 Q Are what?

8 A Are in the context of privileged  
9 communications and analysis.

10 Q You have no other view of it?

11 A No.

12 Q Only what you were told?

13 A My view of it is as counsel for the firm,  
14 working with our outside counsel. That is my view  
15 of it.

16 Q And you're refusing to give me that view?

17 A Yes.

18 Q If you were investing in one of these  
19 PPMs, would you have wanted to know who controlled  
20 PAR?

21 MR. DUBOW: Objection. He's not here to  
22 answer hypothetical questions about --

23 THE WITNESS: I'm not an expert witness.

24 BY MR. BOCHETTO:



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1 Q Would you take a look at allegation 49,  
2 please, and your answer to that allegation?

3 A You mean Eckert Seamans' answer?

4 Q Yes.

5 A Yes. I'm familiar with this.

6 Q You verified the following response as  
7 being truthful?

8 A You don't have to read it. I've read the  
9 response.

10 So why don't you just ask me a  
11 substantive question?

12 Q Well, what did you do to determine the  
13 truthfulness that Pauciulo told Vagnozzi about  
14 LaForte's criminal conviction the same day that  
15 Pauciulo learned it?

16 A I spoke with John Pauciulo. I reviewed  
17 records and I spoke with counsel.

18 Q And you state further: And told Vagnozzi  
19 that the conviction did not disqualify LaForte from  
20 operating a merchant cash advance business.

21 Do you see that?

22 A Yes.

23 Q Was that all that Mr. Pauciulo told  
24 Mr. Vagnozzi about the criminal conviction?

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1           A       That is what you -- what was alleged here  
2       in the complaint, to my understanding.

3                       I think it's just responding to what  
4       the allegation was.

5           Q       Well, the allegation was that Pauciulo  
6       told Vagnozzi that it need not ever be disclosed to  
7       investors, if you look 4 at Paragraph 49.

8           A       Yeah. Okay.

9           Q       So my question to you is: When you  
10      answered that allegation, you very carefully  
11      explained that Pauciulo told Vagnozzi that the  
12      conviction did not disqualify LaForte from operating  
13      a merchant cash advance business, but you don't  
14      address whether Pauciulo ever told Vagnozzi that it  
15      need not be disclosed to investors?

16          A       I think John said that in his deposition.

17          Q       Okay. So you would admit that John  
18      Pauciulo told Dean Vagnozzi at the time, that  
19      LaForte's criminal conviction need not be disclosed  
20      to investors?

21          A       That his conviction was too old to be  
22      material under SEC regulations, and that he did not  
23      need to disclose it. And also in conjunction with  
24      the fact that this was not supposed to be a single

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1 investment in PAR Funding, that it was supposed to  
2 be in the merchant cash advance business.

3 Q Did you ever take steps to determine  
4 whether, indeed, SEC regulations exempt the  
5 disclosure of LaForte's conviction based upon its  
6 age?

7 A I read a copy of the relevant regulation  
8 that was attached to some party's filing in the SEC  
9 case.

10 And my interpretation of that was  
11 that seemed to be the case. It was over a period of  
12 time. It was not material, but I am not a  
13 securities lawyer.

14 Q Do you know whether Dean Vagnozzi ever  
15 specifically questioned John Pauciulo whether PAR  
16 Funding should be addressed in any of the PPMs that  
17 he was drafting?

18 A I'm not aware one way or the other.

19 I believe it is my understanding that  
20 it was clear from the outset that John was saying:  
21 You should invest in multiple cash advance  
22 businesses, and that's why the PPM was structured  
23 that way.

24 Q Did you ever, in your investigation, learn

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1 that, for example, after the first PPM was closed,  
2 that all of the money from that PPM was invested in  
3 PAR and no other cash advance business?

4 A I'm not certain about that. It sounds  
5 right, but I'm not certain about that.

6 Q Were you ever aware that Dean Vagnozzi  
7 went back to John Pauciulo on subsequent PPMs,  
8 subsequent creations of investment vehicles, and  
9 said: Inasmuch as the money is going all go to PAR,  
10 should we disclose PAR in the PPM?

11 A I'm not aware of that happening. I don't  
12 recall seeing any documents that reflect that, but I  
13 don't know one way or the other if it was a private  
14 communication between John and Vagnozzi. I don't  
15 know.

16 Q Private communication?

17 A Well, yeah. That it wasn't an e-mail or  
18 something else.

19 Q Did you ever talk to Mr. Pauciulo about  
20 whether Dean ever specifically asked him --

21 A I've had communications with --

22 Q You didn't let me finish the question, but  
23 I'll let you finish your answer.

24 A Go ahead.

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1 Q Did you ever ask John Pauciulo: Has Dean  
2 ever asked you to set forth the identity of PAR in  
3 any of the PPMs that you prepared?

4 A I am not able, under ethical rules, to  
5 discuss my conversations with John Pauciulo for  
6 gathering information for the defense of these  
7 claims.

8 Q Paragraph 67, states in part: In fact,  
9 Pauciulo regularly told Vagnozzi that the language  
10 of the radio advertisement was good, because it was  
11 generic, and thus not a general solicitation to the  
12 public in the eyes of the law.

13 And then answer, you set forth: It  
14 is denied that at no time did Pauciulo warn Vagnozzi  
15 to cease or discontinue advertisements or events  
16 sponsored by Vagnozzi.

17 Do you see that?

18 A Yeah.

19 Q What do you base that denial on?

20 A The denial of the allegation that Pauciulo  
21 and Eckert never told -- advised their counsel,  
22 Vagnozzi, that in view of such advertisements and  
23 events, the funds needed to be publicly registered,  
24 because there was no information that I am aware of

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1 where Pauciulo warned Vagnozzi to cease or  
2 discontinue the advertisements sponsored by  
3 Vagnozzi.

4 Q Well, that's my point.

5 You're aware of no instance in which  
6 Pauciulo told Vagnozzi, for whatever reason, to stop  
7 the radio advertisements seeking investors?

8 A I --

9 MR. DUBOW: Object to form.

10 MR. BOCHETTO: Is that correct?

11 THE WITNESS: Maybe it's getting late in  
12 the day, I'm getting a little confused.

13 The sentence before it says: It's  
14 admitted that Pauciulo advised Vagnozzi that  
15 the radio advertisements were acceptable so  
16 long as such advertisements were generic.

17 BY MR. BOCHETTO:

18 Q It then goes on to say: But we deny that  
19 at no time did Pauciulo warn Vagnozzi to cease or  
20 discontinue advertising.

21 So put that aside for a minute. Let  
22 me just ask you a question.

23 A Yeah.

24 Q Did Mr. Pauciulo ever tell Mr. Vagnozzi,

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1 to your knowledge, to stop the radio advertisements?

2 A To my knowledge, no.

3 Q Okay. That's all I wanted to establish.

4 Would you take a look at allegation  
5 number 75, which begins on Page 34 and continues  
6 over on to Page 35.

7 A Okay. Yeah. Go ahead.

8 Q The allegation refers to ABFP fund one,  
9 which raised \$19 million.

10 Do you see that?

11 A You don't -- if you want to, you're free  
12 to read the chart, but I can read it, too.

13 So yes. There's a chart here of the  
14 different funds, amount raised, percentage invested  
15 in PAR.

16 Q Okay. So specifically identifies  
17 \$19 million raised in ABFP fund one. 100 percent of  
18 that \$19 million was invested in PAR.

19 Do you see that?

20 A That's what it says.

21 Q Okay. Do you have any information that  
22 suggests that that's not true?

23 A Actually, I think our answer addresses  
24 that, that we -- Pauciulo, to my understanding, was

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1 never informed of the amounts that were raised and  
2 what was specifically done with any of the funds.

3 And Eckert, as a firm, certainly did  
4 not know. And we said we don't have sufficient  
5 information to admit or deny. So therefore,  
6 according to law, as you know, it's a denial. But  
7 you have your chart here, and I'm not going to  
8 debate it with you.

9 Q I'm not asking you to debate.

10 A But we don't know the amounts, okay?

11 Q Well, when Pauciulo went to do fund number  
12 two, do you know whether Mr. Pauciulo was informed?

13 A My understanding --

14 Q Let me finish the question.

15 A Yep. Go ahead.

16 Q Do you know whether Mr. Pauciulo was  
17 informed about the proceeds of fund one having been  
18 invested 100 percent in PAR?

19 A I don't know that he received that  
20 information as to any particular fund, if any of  
21 them, or of the amounts.

22 My understanding of John's role in  
23 the refinancing was that he was helping craft the  
24 documents to facilitate the refinancing -- what's a



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1 better word? Reissuance of new notes, however you  
2 want to call it. That's what he was helping  
3 facilitate, and that Dean Vagnozzi and/or others  
4 with his company were dealing with PAR directly on  
5 the details.

6 Q That's in connection with all of the  
7 exchange notes?

8 A That's what I meant. Yeah.

9 Q I'm not at the exchange notes yet.

10 A Well, when --

11 Q These funds -- one, two, three, four and  
12 six -- have nothing to do with the exchange notes?

13 A ABFP fund number three is certainly one of  
14 the exchange notes.

15 Q No, it's not.

16 A I beg to disagree, but go ahead and ask  
17 your question.

18 Q Let's take right after fund number one,  
19 Mr. Pauciulo's assisting Mr. Vagnozzi in doing fund  
20 number two. And it was several months later.

21 Did Mr. Pauciulo ever become aware,  
22 to your knowledge, one way or the other, of how the  
23 funds in fund number one were invested?

24 A At some point in time, I believe

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1 Mr. Pauciulo became aware that contrary to the  
2 advice he had given, that all of the ABFP funds, in  
3 terms of merchant cash advance investments, were all  
4 in PAR Funding.

5 Q After fund number one, was Mr. Pauciulo  
6 ever advised that the funds for fund two would all  
7 be invested in PAR?

8 A I don't recall seeing anything like that,  
9 but I don't know.

10 Q You don't know?

11 A Mm-hmm.

12 Q How about for fund number three?

13 A The answer will be the same for three,  
14 four and six.

15 Q Did you ever make a determination as to  
16 whether Mr. Pauciulo had an obligation to understand  
17 where the funds were going to be invested, as  
18 counsel for these entities creating the disclosure  
19 documents?

20 MR. DUBOW: Object to the form.

21 THE WITNESS: I've developed an opinion.

22 BY MR. BOCHETTO:

23 Q Okay. Let me hear it.

24 A And it's in the context of me working with

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1 counsel representing our firm.

2 Q Okay. Let me hear it.

3 A Sorry. I'm not going to disclose my  
4 mental impressions to you.

5 Q Have you ever seen a writing that  
6 Mr. Pauciulo authored or sent to Mr. Vagnozzi  
7 telling him that the moneys being raised in  
8 connection with these funds must be invested in  
9 different cash advance businesses, as opposed to all  
10 being raised -- all being invested in PAR?

11 A I believe there are some e-mails where  
12 John refers to, I think, oral advice that he gave  
13 Mr. Vagnozzi earlier saying: You should be  
14 investing in multiple MCA entities.

15 And if I understand correctly, I  
16 believe Mr. Vagnozzi has acknowledged that in some  
17 of his discovery responses, saying he investigated  
18 other MCA companies.

19 So that's the best I can say about  
20 that.

21 Q Well -- but that doesn't really address my  
22 question.

23 A I think it does, but ask the question  
24 again.

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1 Q Is there any writing that you've seen  
2 Mr. Pauciulo author or send to Mr. Vagnozzi that  
3 said you are required to invest in a variety of  
4 merchant cash advance businesses, not just PAR, in  
5 order to keep the disclosures that we're making fair  
6 and accurate?

7 MR. DUBOW: Object as to form.

8 THE WITNESS: I don't recall seeing an  
9 e-mail where it says: You are required to do  
10 this.

11 I'm not saying that there isn't something  
12 there, but I don't recall one.

13 BY MR. BOCHETTO:

14 Q You would agree that the disclosures that  
15 are made in the PPMs, were made at the advice and  
16 recommendation of Mr. Pauciulo?

17 A Mr. Pauciulo was hired to prepare the PPM.  
18 Yes.

19 Q And in connection with that, he was hired  
20 to advise what the appropriate disclosures were to  
21 be in each of the PPMs, correct?

22 A I would conclude that that's part of the  
23 representation. Yes.

24 Q And if Mr. Pauciulo was told that all of

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1 the funds are going to be invested in PAR, did you  
2 see any e-mail or anything authored by Mr. Pauciulo  
3 that said you can't do that --

4 MR. DUBOW: Object to the form.

5 MR. BOCHETTO: -- based upon what our  
6 disclosures are?

7 MR. DUBOW: Object to the form.

8 THE WITNESS: I believe I just answered  
9 that question. Same question two questions  
10 ago.

11 I don't believe I -- I don't recall seeing  
12 an e-mail saying: You're required to do this.

13 BY MR. BOCHETTO:

14 Q Would you go to Paragraph 77?

15 A Yes. Go ahead.

16 Q Here, we have from March of 2010 to  
17 February of 2017, PPMs prepared by Mr. Pauciulo for  
18 Pillar Funds 1 through 8.

19 Do you see that?

20 A Yes.

21 Q And they were all for life settlement  
22 funds, right?

23 A Yes.

24 Q And none of those had anything whatsoever

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1 to do with PAR; isn't that correct?

2 A I forget the names. There were, I  
3 believe, two funds that invested in part in PAR  
4 Funding but also in life settlements.

5 Q And those were the multi-strategy --

6 A The multi-strategy, okay, on the previous  
7 transaction.

8 Q Okay.

9 A These ones, I agree with you, to my  
10 understanding, had nothing to do with PAR funding.

11 Q And would you agree with me that  
12 Mr. Pauciulo advised Mr. Vagnozzi that they need not  
13 be publicly registered with the SEC, that they were  
14 exempt under Reg D?

15 A Yes.

16 Q Okay. And would you agree with me that  
17 some of the investors for the Pillar Funds came as a  
18 result of radio advertisements?

19 A I have no idea.

20 Q Did you ever look into that?

21 A Dean Vagnozzi used radio advertisements as  
22 one of multiple marketing methods for his company,  
23 so I don't know which investor came via referral by  
24 radio for what fund.

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1 Q Did you ever take any steps to learn  
2 whether Mr. Pauciulo had an obligation to know where  
3 the investors were coming from these funds, in order  
4 to certify to the Securities and Exchange Commission  
5 that they were exempt from public registration?

6 A No. I don't understand that that's an  
7 obligation.

8 Q Do you understand that Mr. Vagnozzi is  
9 suing Eckert Seamans, alleging that he was  
10 misadvised as to whether those Pillar Funds needed  
11 to be publicly registered with the SEC?

12 A I understand that he's suing Eckert  
13 Seamans over the Pillar Funds as part of his overall  
14 complaint. I forget the exact allegations, but...

15 Q Would you agree with me that those are  
16 separate claims of malpractice or ineffective  
17 assistance of counsel --

18 A They do not --

19 Q -- from anything having to do with PAR?

20 A They do not relate to PAR Funding.

21 Q Is there any reason to believe that the  
22 insurance that you purchased -- you, Eckert,  
23 purchased -- should not recognize that as a separate  
24 claim from the claims of PAR?

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1 MR. DUBOW: Object to the form.

2 THE WITNESS: I cannot speak for what our  
3 insurers and their counsel view things as.

4 MR. BOCHETTO: I'm not asking your view --

5 THE WITNESS: Can I finish an answer?

6 MR. BOCHETTO: -- I'm asking your -- sure.

7 THE WITNESS: Okay. All right. So I do  
8 not know what our insurers believe, but I don't  
9 believe there's a claim here as to any Pillar  
10 Fund.

11 BY MR. BOCHETTO:

12 Q Why is that?

13 A Because none of them lost -- no investor  
14 lost any money as a result of anything Eckert did.  
15 I'm going to -- giving any credence to the  
16 allegations about PAR Funding, I'll accept out the  
17 multi-strategy ones.

18 But these investments were in life  
19 insurance settlements. And the problem Mr. Vagnozzi  
20 ran into with the SEC over some, but not all of  
21 these funds -- some of these funds, there's no issue  
22 with. But some of the funds were -- that he was  
23 bringing in more investors and more nonaccredited  
24 investors than he was permitted to do so. And he



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1 had been told repeatedly that was a critical element  
2 to the form the exemption.

3 Q Did you understand that the SEC also  
4 maintained that these funds were not qualified for  
5 Reg D exemption because of the existence of radio  
6 advertisements to secure the investors?

7 A If -- I don't know what Dean Vagnozzi said  
8 in his radio advertisements. I've never heard a  
9 single one.

10 Q I'm not asking you that.

11 A Can I finish my answer, please?

12 I don't know what was said in any  
13 advertisement. But, if in an advertisement, he  
14 specifically referred to an alternative investment  
15 instead of generic I have return of investments.  
16 Come see me, et cetera, et cetera -- if he referred  
17 to something specifically, my understanding is:  
18 Yeah. That could be a problem.

19 So I don't know what the SEC decided  
20 on, what the facts were in that regard.

21 Q So your understanding is, as you sit here  
22 today, that as long as the advertisements solicited  
23 public investors in a generalized way, without  
24 reference to a specific investment vehicle, that

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1 that was perfectly proper and still qualified for  
2 exemption under Reg D?

3 A What I have learned -- I'm not a  
4 securities lawyer, but what I have learned is that  
5 is one of several requirements that you have to meet  
6 for a Reg D exemption, that you cannot specifically  
7 offer a particular investment when initially  
8 soliciting someone. That's my understanding.

9 Q And let's go back to your earlier  
10 statement. See Pillar Fund 1, March 2010.

11 Do you see that?

12 A Yes.

13 Q And then Mr. Vagnozzi started Pillar Fund  
14 2 in May of 2011.

15 Do you see that?

16 A Yes. I see all of this information on  
17 this page.

18 Q And each step of the way, Mr. Pauciulo  
19 represented Mr. Vagnozzi?

20 A I think we just agreed to that.

21 Q Is it your understanding that, for  
22 example, when he gets to Pillar Fund 7, that  
23 Mr. Pauciulo has no obligation to determine whether  
24 the first six Pillar Funds that had been raised,

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1 pursuant to his PPMs, enclosed with the investors  
2 that Mr. Pauciulo has no obligations to determine  
3 whether those prior six Pillar Funds were in  
4 conformity with the requirements of Reg D?

5 MR. DUBOW: Object to the form.

6 THE WITNESS: I don't follow your  
7 question.

8 BY MR. BOCHETTO:

9 Q So in other words, your statement was  
10 that: Oh. Dean took on nonaccredited investors and  
11 too many investors.

12 Is it your testimony that  
13 Mr. Pauciulo had no responsibility in monitoring  
14 that, for example, when doing yet another Pillar PPM  
15 for Dean Vagnozzi -- had no responsibility to  
16 determine whether the first six had been in  
17 conformity with his instructions?

18 A My understanding is that that information  
19 about ABFPs, noncompliance with the number of  
20 investors and the number of nonaccredited investors  
21 came up during the SEC's investigation, not before  
22 that.

23 It's also any understanding from  
24 reading Mr. Vagnozzi's deposition. My recollection

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1 is that Mr. Vagnozzi acknowledged that that  
2 particular issue was an issue with his firm that,  
3 they didn't keep the right records. So --

4 Q That's not my question.

5 A -- to answer your question, no, I don't  
6 see it as a duty because: A, it did not come up. B  
7 Dean didn't tell -- I shouldn't say Dean.

8 Mr. Vagnozzi did not tell John Pauciulo who all his  
9 investors were. He didn't share that information.

10 Q And your --

11 A And C, Mr. Vagnozzi was aware, as he,  
12 himself, has acknowledged, how many investors he  
13 could have and how many could be nonaccredited.

14 Q And your testimony is, is that  
15 Mr. Pauciulo had no obligation whatsoever to  
16 understand what happened in the first six Pillar  
17 Funds when preparing the PPM for the seventh?

18 MR. DUBOW: Object to the form.

19 THE WITNESS: Yeah. I guess that is -- if  
20 you want an opinion, a personal opinion from  
21 me, yeah. I think that is.

22 Because if I give my client advice,  
23 multiple times, I don't go back and ask my  
24 client: Have you been following my advice? I

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1 don't do that.

2 BY MR. BOCHETTO:

3 Q You would agree with me that there is  
4 disclosure requirements due in each of these PPMs to  
5 the potential investors, right?

6 A Yes.

7 Q And as part of those disclosures, if the  
8 organizer of the fund had, in the past, raised money  
9 for the exact same kind of fund and didn't comply  
10 with the Reg D requirements, and was now purporting  
11 to raise funds pursuant to Reg D requirements, that  
12 that didn't need to be disclosed to that new set of  
13 investors?

14 A You're asking me a hypothetical question.

15 Q I'm not asking you a hypothetical  
16 question.

17 A You are.

18 Q I'm asking you an actual one.

19 A Could I please finish my answer?

20 Q No.

21 In paragraph -- in Pillar Fund 7, did  
22 Mr. Vagnozzi -- did Mr. Pauciulo have an obligation  
23 when making disclosure in Pillar Fund 7 to disclose  
24 whether Dean Vagnozzi had violated the Reg D

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1 requirements in the first six Pillar Funds?

2 MR. DUBOW: Object as to the form, and  
3 also to the extent that that involves a legal  
4 investigation, legal advice, I would instruct  
5 you not to reveal that.

6 THE WITNESS: I'm not going to reveal  
7 legal advice, but I will respond that if Dean  
8 Vagnozzi didn't tell John Pauciulo about these  
9 issues -- and Dean, himself, probably didn't  
10 even recognize them, then how was John to  
11 disclose something in Pillar Fund 7.

12 Unless, in hindsight, you wanted to say  
13 that there's some duty to go back and request  
14 from your client over advice that you've  
15 repeatedly given them, in which you're very  
16 confident that they understand.

17 So my answer is: No, I don't think there  
18 was any such duty.

19 MR. BOCHETTO: Okay. Just so we're clear.

20 THE COURT REPORTER: I need a break when  
21 you find a natural time to break.

22 MR. BOCHETTO: This is a natural time.

23 THE VIDEOGRAPHER: We are now going off  
24 the video record. The time is 3:41 p.m.

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(Whereupon a discussion was held off the record.)

(Exhibit [Coon-4](#) was marked for identification.)

THE VIDEOGRAPHER: We are now back on the video record. The time is 3:52 p.m.

MR. BOCHETTO: Let the record reflect that I have handed to the witness, Receiver Ryan K. Stumphauzer's, S-T-U-M-P-H-A-U-Z-E-R, apostrophe S, quarterly status report dated May 1, 2023.

And I've directed the witness to review the summary on the top of Page 2, but, of course, he could review as much of that interim report as he would like before I ask any questions.

THE WITNESS: Go ahead.

BY MR. BOCHETTO:

Q So I understood your understanding to be that between the insurance coverage that Eckert has remain and the assets that the Receiver has already recovered, that there's more than enough money to compensate all of the investor victims.

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1 Do I understand your prior testimony  
2 in that regard?

3 MR. DUBOW: Objection to the form.

4 THE WITNESS: That's my understanding.

5 Yeah.

6 BY MR. BOCHETTO:

7 Q Okay. I'm looking at the Receiver who  
8 states that the property that it has recovered in  
9 its entirety is \$176 million?

10 A Not sure where you're getting that number  
11 from.

12 Can you point me to it?

13 Q Yeah. Take a look at the: By way of  
14 summary?

15 A Are you talking about --

16 MS. RECKER: What page?

17 THE WITNESS: -- the very top page of Page  
18 2?

19 MR. BOCHETTO: Yes.

20 THE WITNESS: By way of summary, consists,  
21 among other things -- among other things, a  
22 bunch of different property and 117,000,000  
23 rounded off in cash.

24 BY MR. BOCHETTO:



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1 Q Right.

2 A And what the current cash balance is.

3 Q Right.

4 A But -- that's the Receiver's report. Look  
5 at his expert report. DSI, Development Specialist  
6 Inc., Page 2.

7 Q What page are you on? Oh.

8 A Page 2. Yeah. It's up at the top.

9 Q Okay.

10 A And it shows for PAR Funding -- for PAR  
11 Funding, it was 300 million in assets. Plus they  
12 have some other receivership entities out there that  
13 they really don't even address yet in this report  
14 like Eagle 6 and some other things.

15 And plus, the DOJ is holding on to  
16 \$25,000,000 worth of assets of Par Funding, or PAR  
17 Funding owners, that hopefully is going to be turned  
18 over to the Receiver.

19 So it's not that. It's -- this  
20 number says 300 million, doesn't it?

21 Q But that's based upon the gross amount of  
22 the so-called loans that are outstanding that need  
23 to be repaid?

24 A Yes. The assets that are owned by the

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1 receivership entities.

2 Q And you're aware that the collection rate  
3 on those loans has been fractional, aren't you?

4 A I'm not aware of what the collection rate  
5 is, because they don't disclose anything.

6 Q Well, it's been fractural.

7 A Well, if you're testifying here, then you  
8 can testify --

9 Q Well --

10 A Look, I'm not going to argue with you.

11 Q I don't want to argue. I just want your  
12 understanding, but I'm trying to, also, in part,  
13 understand you.

14 A My understanding here is it says  
15 300 million in assets for PAR Funding.

16 Q So in your risk assessment, and  
17 determination as to whether Eckert is adequately  
18 insured for all of these claims, you count the gross  
19 amount of all loans ever made by PAR Funding?

20 A I'm also including --

21 MR. DUBOW: Object to form.

22 MR. BOCHETTO: Go ahead.

23 THE WITNESS: I'm also including the  
24 amounts that are held by the DOJ. I'm also

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1 including the judgments that were entered  
2 against the PAR Funding owners and principals.  
3 In fact, I guess, the one guy told you have to  
4 collect a lot of stuff off it. So there's a  
5 lot out there.

6 If you really want to get down in the  
7 weeds, at least, you know, I don't know the  
8 details of it, but the PAR Funding owners say  
9 that a certain class of alleged investors or  
10 investors really were equity owners, not true  
11 investors like Dean Vagnozzi's clients were.

12 So whether they should be compensated or  
13 not, I guess is an issue that the Receiver will  
14 address later on, but it's -- there's a lot of  
15 assets here.

16 BY MR. BOCHETTO:

17 Q Let's take a look at the period of time  
18 that the Receiver has been in existence.

19 How long has he been at this?

20 A Since late July or early August of 2020.

21 Q 2020?

22 A Mm-hmm.

23 Q So we're going on three years; is that  
24 correct?

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1 A Yeah. That's correct.

2 Q And in those three years, he's had the  
3 responsibility to collect all of the loans, correct?

4 A He has the responsibility of the Receiver.  
5 I'm not a Receiver expert, but my understanding is  
6 his charge is to marshal the assets. Yes.

7 Q And in three years, he's been able to  
8 marshal \$176,000,000 of assets that he controls,  
9 correct?

10 A Well, I don't know -- again, I don't know  
11 if that is -- even that number is accurate, because,  
12 as the Receiver notes somewhere in this report, the  
13 real estate assets are reflected by their bulk of  
14 value from years and years ago, so they could be  
15 more.

16 My point is that the Receiver has a  
17 lot of available assets to him.

18 Can Eckert Seamans control what the  
19 Receiver's doing --

20 Q I'm not asking that. I'm not asking that.

21 A Well, I'm just answering your question.

22 Q Well, we've already acknowledged that the  
23 amount of investor loss is around \$380,000,000?

24 A No. You corrected me and said it was 365,

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1 not 380.

2 Q Well --

3 A And the amount of alleged loss associated  
4 with funds in which Eckert was involved is roughly  
5 half of that.

6 Q Right. So if there's 365 million of loss  
7 and the Receiver has 176 million of assets, there's  
8 \$170 million of shortage, correct?

9 A The Receiver has \$300 million in assets.  
10 That's what his report says.

11 Q Okay. That's where you're going to --  
12 okay. Very well.

13 A I'm just reading what the report says.

14 Q Okay. As you say, we're not going to  
15 argue about it.

16 Take a look at Paragraph 101 of the  
17 answer, please.

18 A Okay.

19 Q You verified the truth that the averment  
20 set forth in 101 are denied.

21 101 alleges that Pauciulo, when  
22 preparing the additional supplements to the original  
23 PPMs and when making additional written disclosures,  
24 made no reference to or disclosure about any of

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1 Vagnozzi's regulatory investigations or settlements.

2 And you verified that that was -- you denied that.

3 What do you base that denial on?

4 A I'm really not sure.

5 Q Certainly not the PPM's supplemented in  
6 connection with the exchange?

7 A No. The PPMs for the exchange notes did  
8 not talk about anybody's regulatory history.

9 So the only thing I guess I can say  
10 about that, I did not notice that. I just  
11 acknowledged that they are not in there -- as  
12 frankly anybody could see.

13 Q On Page 70, Paragraph 189.

14 A Okay.

15 Q Under the heading of new matter, you  
16 verified the accuracy of the following statement:  
17 Vagnozzi ignored the legal advice provided by  
18 Pauciulo and exceeded the number of investors in  
19 certain funds that he was counseled to have.

20 Do you see that?

21 A I read it. Yes.

22 Q Which funds are you talking about?

23 A Certainly, the Pillar Funds -- some of the  
24 Pillar Funds, the ones that the SEC found the number

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1 of investors and/or nonaccredited investors exceeded  
2 the number that were permitted.

3 Q Any others?

4 A None that I can recall right now. I don't  
5 think there was any such issue with any of the  
6 PAR-related funds.

7 And frankly, there are other funds  
8 out there, but they have not been the subject of any  
9 litigation or inquiry, so who knows.

10 Q Paragraph 190, you verify the truth of the  
11 following statement: Vagnozzi ignored the legal  
12 advice by Pauciulo and acted outside the scope of a  
13 finder.

14 Would you give me the facts that you  
15 base that statement on?

16 A In my discussions with Mr. Pauciulo and in  
17 documents -- I'm trying to think of a way I can do  
18 this without disclosing privileged information.

19 The facts are that, to my  
20 understanding, that Mr. Vagnozzi was told that in  
21 terms of being a finder, the only thing he could do  
22 is refer one of -- somebody he worked with or, I  
23 don't know, maybe somebody else, a stranger, but  
24 refer them to PAR, but he wasn't allowed to be

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1 involved in the transaction at all.

2 And as I understand it, I'm not sure  
3 which funds they were involved with, but he did get  
4 involved with the transactions. He took investors  
5 down to PARS offices -- not every investor, but he  
6 took some, or he was involved in transmitting  
7 documents. And that was part of the problem he  
8 encountered in connection with the SEC's  
9 investigation.

10 That's my understanding and that's  
11 how I would respond.

12 Q Is there any other facts that you base  
13 that statement on, other than he, according to your  
14 understanding, took some investors down to PAR and  
15 transmitted certain documents?

16 MR. DUBOW: Again, I just caution to the  
17 extent that you have information from counsel,  
18 to not provide that.

19 THE WITNESS: That's exactly what my  
20 thought was.

21 I've -- it's not -- it's a subject that  
22 has been discussed with counsel, but I'm not at  
23 liberty to talk about the advice and  
24 information that counsel gave me.



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1 BY MR. BOCHETTO:

2 Q Well, I'm not asking about the advice or  
3 information counsel gave you. I'm asking about the  
4 existence of any facts.

5 A The existence of facts that I'm  
6 independently aware of are what I just described.

7 Q And nothing further?

8 A And there may be more.

9 Q And nothing further at this point that  
10 you're aware of?

11 MR. DUBOW: Objection.

12 THE WITNESS: That I'm aware of, outside  
13 of discussions with counsel. Yes.

14 BY MR. BOCHETTO:

15 Q Number 191, you say that Pauciulo provided  
16 legal advice to Vagnozzi about how to communicate  
17 with persons who responded to radio advertisements  
18 and mailers, and how to comply with securities laws.  
19 Vagnozzi did not follow such advice.

20 What facts do you base that statement  
21 on?

22 A Again, I will respond as I did to the  
23 former question on information that I can say is  
24 within my -- in my knowledge from reading documents

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1 or whatever, independent of discussions with  
2 counsel.

3 My understanding, as -- I think as  
4 admitted in the answer, is that John Pauciulo  
5 advised that generic advertisement on radio or  
6 otherwise was permissible, but you could not talk  
7 about any -- to the general public, you could not  
8 talk about any specific investments, that there was  
9 a process that was set up that Dean was fully  
10 involved in, where people were interested -- who  
11 were potentially interested. They developed --  
12 these are my words. He developed that potential  
13 client into a client where he would be permitted to  
14 talk about specific -- potential investments.

15 And my understanding was that at  
16 times, and including some of the dinners that Dean  
17 Vagnozzi sponsored, he went beyond that and talked  
18 to or provided written information to potential  
19 investors earlier than he should have.

20 Q Mr. Pauciulo attended some of those  
21 dinners, did he not?

22 A He attended, as I understand it, a few of  
23 the dinners for a brief period of time, not the  
24 entire dinner.

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1 Q Well, he was in attendance at some of the  
2 dinners where Joe LaForte was also in attendance?

3 A My understanding is -- and you can read  
4 his, you know, you served discovery on him. You can  
5 read his independent answer.

6 But my understanding is he wasn't  
7 there when LaForte or anybody else gave any  
8 discussion, that he excused himself and left.

9 Q And is it your understanding that  
10 Mr. Pauciulo said that at any of the dinners that he  
11 attended, he never heard a reference to PAR Funding?

12 A I don't know if he was asked that question  
13 or not. A reference to PAR Funding, I don't know.

14 Q Did you ever ask Mr. Pauciulo that  
15 question?

16 A I'm not going to talk with you -- I'm not  
17 going to discuss with you what he and I discussed.

18 Q Number 192, Vagnozzi also distributed  
19 Pauciulo's biography page on Eckert's website to  
20 third parties without the permission of Pauciulo and  
21 Eckert.

22 Do you see that?

23 A I see that.

24 Q If it's on Eckert's website, isn't that

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1 available to the public?

2 A Yes.

3 Q Couldn't any member of the public access  
4 Eckert's website and see it?

5 A Yes.

6 Q So why would he need -- why would Vagnozzi  
7 need Pauciulo's permission to distribute that, which  
8 Eckert puts on its public website?

9 A Because he was using it for his own  
10 personal business reasons. And because I believe  
11 Eckert's website is copyrighted. I'm not positive  
12 on that. I believe it is.

13 But putting that aside, he was using  
14 that as a marketing tool for his business -- at  
15 least as I understand it, from dealing with serious  
16 allegations.

17 And he didn't talk to John  
18 Pauciulo -- he certainly didn't talk with Eckert  
19 about it.

20 Q Well, he didn't misrepresent anything that  
21 was on that website, did he?

22 A I have no way of knowing one way or the  
23 other, but if he only -- if he only distributed a  
24 copy of the web page, then no. I wouldn't say he

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1 misrepresented anything, but I don't know what else.

2 Q If he only distributed a copy of the  
3 actual web page, are you saying that that somehow is  
4 a bad act or a wrongful act by Mr. Vagnozzi?

5 A No. It's a fact for the New Matter that  
6 explains the nature of the relationship between John  
7 Pauciulo and Dean Vagnozzi, in that Dean was doing  
8 things without John's knowledge.

9 Q Next paragraph: Pauciulo and Eckert have  
10 lost business as a result of Vagnozzi's failure to  
11 follow defendant's legal advice.

12 Tell me what business you lost --

13 A My --

14 Q -- as a result of Vagnozzi's failure to  
15 follow Pauciulo's advice.

16 A Our -- Eckert's contention is that Dean  
17 Vagnozzi contributed to what happened with PAR by  
18 not following John's advice.

19 And I understand that some clients of  
20 John, because of the accusations that were made  
21 against him, have, you know, it's the cancel  
22 culture -- that an accusation is made so people take  
23 action. That's my understanding.

24 Q And what specific advice did Vagnozzi fail

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1 to follow, which led to that loss in business?

2 A Well, you know, I'm not going to talk  
3 about what I've discussed with counsel or the legal  
4 strategy that --

5 Q Well, you --

6 A -- but we've already touched on some of  
7 them, that John repeatedly advised that it should  
8 not be an investment in PAR only, that it should be  
9 an investment in merchant cash advances.

10 That John repeatedly advised, as an  
11 example, that there were limits on the number of  
12 investors and nonaccredited investors and there were  
13 problems there.

14 And John repeatedly advised that:  
15 You should not talk about specific investments,  
16 alternative investments, with strangers, okay,  
17 potential clients. You have to bring them into the  
18 fold, so to speak -- that's my own words. Very  
19 nontechnical.

20 So those are some of the --

21 Q I want all of the advice.

22 Are there any others?

23 A There are certainly matters that I've  
24 discussed with counsel that counsel will address in

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1 defending the case.

2 Q No. But you've made a public statement,  
3 and I want to know what facts are based on that  
4 public statement.

5 A I've told you the facts.

6 Q Are there any other facts that you were  
7 aware of?

8 A Apart from my discussions with counsel,  
9 no.

10 Q You've alleged in Paragraph 197, that  
11 Vagnozzi has unclean hands.

12 What are the facts that back up that  
13 statement?

14 A The facts that he -- you can tie that  
15 into -- I'm sure you'll ask me about that, too --  
16 Paragraph 202, contributory negligence.

17 That in Pennsylvania, contributory  
18 negligence is a bar to an action.

19 Q We'll get to contributory negligence.

20 I'm asking about clean hands.

21 A My counsel prepared this, and I relied on  
22 them. This is the statement of the legal position,  
23 to preserve it. And I'm going rely on counsel to do  
24 it.

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1 Q Do you know of any facts that would  
2 support the assertion that Dean Vagnozzi has unclean  
3 hands?

4 A Unclean hands in comparison to claiming  
5 that Eckert is solely responsible for all of these.  
6 Yes. That's the context.

7 Q What's the facts?

8 A What I just relayed to you. That he  
9 didn't follow advice. He was certainly much more  
10 connected with Par Funding than he appears to say in  
11 papers. And he was much more connected with PAR  
12 Funding than John Pauciulo was ever.

13 Q That gives him unclean hands?

14 A He had the knowledge of what -- he had  
15 more knowledge than John of what was going on.

16 And to the extent he failed to share  
17 that knowledge with John, that falls under unclean  
18 hands.

19 Q Do you know of any specific knowledge that  
20 Dean Vagnozzi failed to share with John?

21 A I can't answer that, because it would  
22 require disclosure of things I've discussed with  
23 counsel.

24 Q Paragraph 201, you state that Vagnozzi has



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1 failed to mitigate his damages.

2 What's he done by way of a failure to  
3 mitigate?

4 A I didn't state that. Eckert Seamans  
5 stated that.

6 Q Okay. You verified to --

7 A I verified it on behalf of the LLC.

8 Q What do you base your verification on?

9 A It's a statement of a legal defense to  
10 preserve it for -- to preserve it for purposes of  
11 litigation. As you know, it's routinely done.

12 If there's no evidence to go forward  
13 with it at trial, then there won't be. But unless  
14 we plead it, as you know as an attorney, then we can  
15 lose that defense. So it's played.

16 Q Do you know, as you sit here today, of any  
17 steps Vagnozzi could have taken to mitigate his  
18 damages?

19 A Well, to the extent that you're claiming  
20 about the Pillar Funds -- I'll just use that as an  
21 example.

22 Yes. He could have ensured that his  
23 business had the requisite number and did not exceed  
24 the limits on investors. He could have been more

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1 careful in providing materials or making statements  
2 to potential investors about PAR Funding or other  
3 investments.

4 And as a result of that, that  
5 contributed to his damages -- alleged damages.

6 Q And is that also your testimony with  
7 respect to 202, contributory negligence?

8 A That and my prior couple answers, yes. I  
9 think that would encompass it.

10 Q Is there a standstill agreement or a  
11 tolling agreement between Eckert and its malpractice  
12 insurance carrier?

13 A No.

14 Q And I take it there's been no litigation  
15 filed by Eckert against the carriers?

16 A No.

17 Q Has the carrier filed any form of  
18 litigation, even if only a writ, against Eckert for  
19 declaratory relief?

20 A No. I said that this morning, there  
21 was -- nothing has occurred beyond the exchange of  
22 our OR letters.

23 Q I couldn't help but notice that the date  
24 of Mr. Pauciulo's resignation from the firm was

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1 May 12, 2022.

2 Does that sound right to you?

3 A If that's what it says. It looks like you  
4 have the e-mail in front of you. Yeah. I'll accept  
5 your date.

6 Q But you first became aware that there  
7 might have been some problems with Mr. Pauciulo's  
8 representation in May of 2020, two years earlier,  
9 right.

10 A No. I wouldn't say problems with John  
11 Pauciulo's representation.

12 You have two individuals who said  
13 they didn't want the exchange. The reason for the  
14 exchange was extremely logical to me then as it is  
15 now, that PAR depends -- PAR depended on the  
16 accounts receivable of its clients.

17 The entire United States shut down in  
18 March of 2020, which means that most, if not all, of  
19 its clients weren't getting more accounts  
20 receivables. Or if they were, it was likely  
21 diminished. And Par ran into problems in paying the  
22 notes.

23 And as I understood, when I first  
24 looked into this after we got the Shoperly letter is

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1 that PAR had a history of paying these religiously,  
2 that it never missed a payment.

3 So at that point in time, I did not  
4 consider it to be an issue. There was an issue that  
5 two people didn't want to do the exchange.

6 Q When was the first time you regarded it as  
7 an issue as to whether Mr. Pauciulo's representation  
8 was problematic?

9 A When I saw the SEC's complaint.

10 Q And that was when?

11 A Sometime -- within three, four days of  
12 when it was filed. Something like that.

13 Q And it was filed when?

14 A I don't know. You probably know --  
15 July 20, 2020, July 20-something, 2020.

16 Q Okay. So mid July --

17 A Not mid July. End of July 2020.

18 Q Mid 2020, you learned that there could be  
19 a problem with Mr. Pauciulo's representation?

20 A I was -- I was aware of the allegations  
21 that had been made in that complaint.

22 Q And Mr. Pauciulo remained with Eckert for  
23 another year and a half?

24 A Yes.

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1 Q Between when you learned of the SEC's  
2 complaint in May of 2021 -- strike that.

3 2022, there had never before been any  
4 discussion with Mr. Pauciulo about his remaining  
5 with or leaving the firm of Eckert?

6 A To my knowledge, I was certainly not  
7 involved. And I don't believe there was a  
8 discussion with John about him leaving Eckert until  
9 Mr. Hudak and I had that call with him.

10 Q The order of settlement was signed by  
11 Mr. Pauciulo on May 12, 2022, exact same day he  
12 submitted his resignation.

13 Is that coincidental in your mind?

14 A Yeah. I think that was coincidental. We  
15 were certainly aware -- as I told you, we received a  
16 draft copy of that coming up. We knew there was  
17 going to be further adverse publicity.

18 I think the actual dates are  
19 coincidental. In fact, I did not know he signed  
20 that on that date until some time after the fact.

21 MR. BOCHETTO: Okay. Thank you, Mr. Coon.

22 I have no further questions.

23 MR. DUBOW: Can we take a five-minute  
24 break?

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1 MR. BOCHETTO: Sure.

2 MR. DUBOW: We are now going off the video  
3 record. The time is 4:27 p.m.

4 - - - - -

5 (Whereupon a discussion was held off the record.)

6 - - - - -

7 THE VIDEOGRAPHER: We are now back on the  
8 video record. The time is 4:30 p.m.

9 MR. DUBOW: I just have a couple of  
10 questions for you.

11 - - - - -

12 CROSS-EXAMINATION

13 - - - - -

14 BY MR. DUBOW:

15 Q In [Exhibit 2](#) that we looked at this  
16 morning, which is the Eckert Seamans' Responses and  
17 Objections to Plaintiff's Revised and Re-issued  
18 Requests for Admissions Directed to Eckert Seamans  
19 Number 2.

20 On Page 10, number 22, you were asked  
21 about that specific request for admission, which  
22 said Pauciulo knew that Vagnozzi was advertising on  
23 the radio, and Pauciulo appeared on at least one  
24 radio show with Vagnozzi.

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1                   And you were asked a number of  
2 questions about that. It was admitted.

3                   Do you have an understanding if the  
4 radio advertisements and the radio show were one in  
5 the same?

6           A       I do not have an understanding.

7           Q       Are there any requests for admissions,  
8 sitting here today, that you believe need to be  
9 updated?

10          A       Yes. There's a -- one response for  
11 request for admission, in reviewing materials, I  
12 noticed that it was incorrect and there were two  
13 interrogatories we need to provide some supplemental  
14 information to, and I'll do that now.

15                   The request for admission, I forget  
16 exactly which number or which set it is in, but  
17 asked -- the request asked that Eckert Seamans admit  
18 that Dean Vagnozzi had paid millions of dollars, was  
19 the word, to Eckert Seamans for its services and  
20 that was admitted.

21                   That was an error on my part. I  
22 looked at incorrect information. I was looking at  
23 John's billing, overall billings, during that  
24 timeframe referenced in the request for admission.

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1           In fact, and we've provided the  
2 documentation, during the entirety of the  
3 representation of Dean Vagnozzi and his companies  
4 Mr. Vagnozzi and his companies paid less than \$1  
5 million to Eckert Seamans. It's 900,000 and some  
6 odd dollars, but it's not millions of dollars. So  
7 that was incorrect.

8           There was also a set of, I think they  
9 are called supplemental interrogatories that were  
10 served. And the first two interrogatories ask the  
11 firm to list the caption of any action in which it  
12 was -- the malpractice was alleged, relating to  
13 securities. And there was a related one that asked  
14 for the same thing in number two.

15           We listed all of the cases that we  
16 talked about today arising from PAR Funding. And I  
17 had overlooked, really, because I really don't see  
18 it -- consider it's a securities case, but we have a  
19 pending action against the firm that was filed in  
20 2017. I think it was might have been earlier than  
21 that.

22           Q     '18?

23           A     '18. Yeah. Arising from municipal bonds  
24 issued by the Harrisburg authority in 2003 and 2007.



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1                   Eckert is one of a fairly large  
2 number of defendants, law firms, accountants and  
3 engineering firms, that have been sued there. It's  
4 really not so much a securities action, but it does  
5 arise from municipal financing.

6                   So Mr. Dubow can provide you with the  
7 caption information on it. I believe it's  
8 Commonwealth versus RBC -- yeah. Commonwealth  
9 versus RBC in the Commonwealth Court of  
10 Pennsylvania. I don't recall the case number.

11           Q       Was Mr. Pauciulo involved in that advice  
12 in any way?

13           A       Not at all. He wasn't even an Eckert  
14 attorney at the time of the events that was the  
15 subject of that litigation.

16                   MR. DUBOW: That's all the questions I  
17 have.

18                   Just on the record, so you have it, we  
19 will send updated responses as ascribed by  
20 Mr. Coon today.

21                   MR. BOCHETTO: Well, the idea is to  
22 disclose all of the litigation that they are  
23 now subject to. May as well include the  
24 gambling case, too.

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1 MR. DUBOW: That wasn't the request,  
2 but --

3 MR. BOCHETTO: Well, I'm just saying. If  
4 you're going to update it --

5 THE WITNESS: We're going to respond to  
6 the interrogatories that were posed.

7 MR. BOCHETTO: Right.

8 THE WITNESS: And that's what I'm  
9 correcting.

10 MR. BOCHETTO: Very well.

11 MR. DUBOW: That's all we have. Thank  
12 you.

13 THE VIDEOGRAPHER: That completes today's  
14 videotaped deposition. The time the 4:36 p.m.

15 - - - - -

16 (Whereupon the deposition concluded at 4:36 p.m.)

17 - - - - -

18 THE COURT REPORTER: I just need  
19 transcript orders on the record, please.

20 MR. DUBOW: We want a copy.

21 MR. BOCHETTO: Rough by Friday.

22

23

24


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C E R T I F I C A T I O N

I, hereby certify that the proceedings and evidence noted are contained fully and accurately in the stenographic notes taken by me in the foregoing matter, and that this is a correct transcript of the same.



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Kathryn Doyle  
Court Reporter - Notary Public

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# Exhibit "3"



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Chief Financial Officer:	David J. Federline
Chief Legal Officer:	Timothy S. Coon

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Michael J. Herzog	Robert P. Zoller
Timothy Q. Hudak	

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215.851.8480  
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September 19, 2010

Via Regular Mail

Dean Vagnozzi  
114 Ithan Lane  
Collegeville, PA 19426

Re: Legal Representation

Dean:

We are pleased that you have asked our firm to represent you in connection with general business matters, the Pillar Life Settlement Fund and such other matters as you may request from time to time. The purpose of this engagement letter is to set forth our mutual understanding of the basis on which we have agreed to undertake such representation. Under the Pennsylvania Rules of Professional Conduct, we are required to inform you in writing of the basis of the fee and expense reimbursement arrangement that will be applicable to our representation of the Company.

The charges for our services will be based upon our regular hourly rates in effect at the time the services are rendered. My rate currently is \$425 per hour. If other members in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. If associate attorneys in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. Associate hourly rates currently range from \$155 to \$320 per hour depending on their experience. If firm paralegals perform services, their time will be billed on the basis of their hourly rate which is in the \$110 to \$190 range. All of our current rates will be in effect for the calendar year 2010 but are subject to change thereafter. Unless otherwise specified, any additional services requested to be provided by our firm beyond the scope of the above matter also will be billed in accordance with our hourly rates in effect at the time those services are rendered.

Our firm normally requires an advance retainer before undertaking the representation of a new client, however, due to our existing relationship, we are not requiring an advance retainer. Should our estimate of the resources required materially increase, we may require an advance retainer. In addition, we will not enter our appearance in any arbitration, litigation or other proceeding without obtaining an advance retainer. If we are unable to agree upon the terms of an advance retainer in these circumstances, you authorize us to withdraw as counsel.



Dean Vagnozzi  
September 19, 2010  
Page 2

Bills will be submitted on a monthly basis and will be itemized showing all time expended by each lawyer or paralegal involved as well as a description of all expenditures incurred on its behalf. We reserve the right to terminate our representation of you and any entity which we organize for you if such bills are not paid in a timely manner. Similarly, we will promptly respond to any questions which you may have concerning any item on a bill submitted to you. We also reserve the right to charge interest on the amount of any bill remaining unpaid after expiration of a thirty day period at a rate of one per cent (1%) a month.

Some of our clients use electronic mail ("E-Mail") to conduct communications between them and the firm. During 1999 the ethics committee of the American Bar Association issued a Formal Opinion in which it concluded that an attorney could transmit information relating to the representation of a client by use of unencrypted E-Mail sent over the Internet without violating the attorney's responsibilities under the Rules of Professional Conduct because such a mode of information transmission afforded a reasonable expectation of privacy from a technological and legal standpoint. For greater protection of client information, our firm has the capability to encrypt E-Mail. If you would like to request the use of encrypted E-Mail, please contact me so I can notify the appropriate personnel in our Information Systems department. However, no system of encryption provides absolute protection of the confidentiality of information communicated by E-Mail. If you do not want the firm to use E-Mail for some, or all, of its communication with you, please advise us promptly to that effect. We will follow your instructions as to the manner in which you want to communicate with the firm.

Clients are entitled to request and receive client-owned files unless the firm asserts a legally cognizable right to retain all or a portion of the files. No client files can be removed from the firm and transmitted to any person or entity without the client's written authorization. After a legal representation has ended, client-owned files will either be returned to the client or kept in the possession of the firm in accordance with its client file retention policy. Under that policy, client files are retained by the firm for a fixed time period after which the files may be destroyed. No client files will be destroyed unless approved by the responsible firm attorney on that legal representation or by the firm's Executive Director. Files released to a client are no longer subject to the firm's client file retention policy.

While we will not disclose privileged or confidential information regarding our representation of your interests, you authorize us to disclose your identity or name to persons outside this firm and the fact that we represent you as legal counsel.

If this letter accurately sets forth our agreement, kindly execute a copy and return it to me at your earliest opportunity.

**ECKERT  
SEAMANS**

Dean Vagnozzi  
September 19, 2010  
Page 3

We appreciate the opportunity to be of service to you and look forward to working with you. Should you have any questions concerning this letter, please do not hesitate to let me know.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

By: *John W. Pauciulo*  
John W. Pauciulo

JWP/mzg

Acknowledged, agreed to and accepted this 15 day of Oct, 2010:

*[Signature]*  
Dean Vagnozzi

# **Exhibit “5”**

To be provided to the Court  
Video link compilation of several of Pauciulo’s  
representations and appearances



# **Exhibit “6”**

To be provided to the Court  
Video link, dated April 2018

# Exhibit "7"



Eckert Seamans Cherin & Mellott, LLC  
Two Liberty Place  
50 South 16<sup>th</sup> Street, 22<sup>nd</sup> Floor  
Philadelphia, PA 19102

John W. Pauciulo  
215-851-8480  
jpauciulo@eckertseamans.com

January 28, 2016

Dean Vagnozzi  
114 Ithan Lane  
Collegeville, PA 19426

**Re: Pillar Funds**

Dean:

As you know, we have represented each of the Pillar Funds that you have organized and operate and, in connection with that representation, we have drafted the private placement memoranda and related documents and have taken action necessary to have the Pillar Funds comply with applicable laws. This letter provides a brief summary of the regulatory framework.

The Pillar Funds are organized as limited partnership and each of the Pillar Funds offers and sells limited partnership interests. These limited partnership interests are securities which are sold by principals of the Pillar Fund and, for that reason, the principals themselves are exempt from registration as a broker dealer.

Since the limited partnership interests are securities, the offering and sale of the limited partnership interests are regulated by the Federal Securities laws, including the Securities Act of 1933, and applicable state securities laws. Under the Securities Act, full and fair disclosure of all material information must be given to investors. If the issuer does not disclose all material information, the issuer may be subject to fines and penalties and, in extreme circumstances such as fraud, criminal prosecution.

The Pillar Fund offer its limited partnership under Regulation D (which is part of the Federal Securities laws) and, in order to comply with Regulation D, each of the Pillar Funds files Form D with the United States Securities and Exchange Commission ("SEC") and with state securities regulators in those states where investors in the Pillar Fund reside. By filing Form D, the SEC and state securities regulators have notice that an offering has been made.

The offer and sale of securities such as Pillar's limited partnership interests are regulated by the SEC and state securities regulators. From time to time, these regulators may request that a Pillar Fund provide documents related to the offering and sale of the limited partnership interests and, in some instances, may demand documents upon issuance of a subpoena.

{M1041287.1}

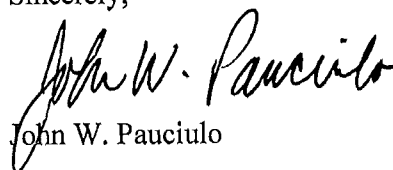
ESCM\_DV-0126508

**ECKERT  
SEAMANS**  
ATTORNEYS AT LAW

Dean Vagnozzi  
Page 2  
January 28, 2016

Please let me know if you have any questions regarding the information provided in this letter.

Sincerely,



John W. Pauciulo

JWP/mzg

{M1469337.1}

ESCM\_DV-0126509

# **Exhibit “8”**

1 UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

2  
3 SECURITIES AND EXCHANGE )  
COMMISSION, )

4 )  
Plaintiff, ) Civil Action No.:  
5 ) 20-cv-81205-RAR  
vs. )  
6 )

7 COMPLETE BUSINESS SOLUTIONS )  
GROUP, INC. D/B/A PAR FUNDING )  
FULL SPECTRUM PROCESSING, INC., )  
8 ABETTERFINANCIALPLAN.COM LLC )  
D/B/A A BETTER FINANCIAL PLAN, )  
9 ABFP MANAGEMENT COMPANY, LLC )  
F/K/A PILLAR LIFE SETTLEMENT )  
10 MANAGEMENT COMPANY, LLC, ABFP )  
INCOME FUND, LLC, ABFP INCOME )  
11 FUND 2, L.P., UNITED FIDELIS )  
GROUP CORP., FIDELIS FINANCIAL )  
12 PLANNING LLC, RETIREMENT )  
EVOLUTION GROUP, LLC, RETIREMENT )  
13 EVOLUTION INCOME FUND, LLC F/K/A )  
RE INCOME FUND, LLC, RE INCOME )  
14 FUND 2 LLC, LISA MCELHONE, )  
JOSEPH COLE BARLETA A/K/A JOE )  
15 COLE, JOSEPH W. LAFORTE A/K/A )  
JOE MACK A/K/A JOE MACKI A/K/A )  
16 JOE MCELHONE, PERRY S. )  
ABBONIZIO, DEAN J. VAGNOZZI, )  
17 MICHAEL C. FURMAN, and JOHN )  
GISSAS, )

18 )  
Defendants, and )  
19 )  
L.M.E. 2017 FAMILY TRUST, )  
20 )  
Relief Defendant. )

21 )  
22 VIDEOCONFERENCE DEPOSITION OF JOHN PAUCIULO  
23 Friday April 9, 2021  
24 Reported by:  
Denise Sankary, RPR, RMR, CRR  
25 Job No. 210409DSA

1

1 UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

2  
3 SECURITIES AND EXCHANGE )  
COMMISSION, )

4 )  
Plaintiff, ) Civil Action No.:  
5 ) 20-cv-81205-RAR  
vs. )  
6 )

7 COMPLETE BUSINESS SOLUTIONS )  
GROUP, INC. D/B/A PAR FUNDING, )  
8 et al., )  
Defendants, and )  
9 )  
L.M.E. 2017 FAMILY TRUST, )  
10 )  
Relief Defendant.)

11 )  
12 )  
13 Deposition of JOHN PAUCIULO taken via  
14 videoconference on behalf of Plaintiff, all parties  
15 appearing remotely, commencing at 10:15 a.m. and  
16 ending at 7:07 p.m., on Friday, April 9, 2021,  
17 before Denise Sankary, RPR, RMR, CRR, and Notary  
18 Public of the State of Florida, pursuant to notice.  
19  
20  
21  
22  
23  
24  
25

2

1 APPEARANCES (All appearing remotely):  
2  
3 For the Plaintiff:  
4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
BY: AMIE RIGGLE BERLIN, ESQUIRE  
801 Brickell Avenue, Suite 1800  
5 Miami, Florida 33131  
Telephone: 305-982-6300  
6 Email: berlina@sec.gov  
7  
8 On behalf of Ryan Stumphauzer, Court-Appointed  
Receiver:  
9 STUMPHAUZER FOSLID SLOMAN ROSS & KOLAYA  
BY: TIMOTHY A. KOLAYA, ESQUIRE  
10 One Biscayne Tower  
2 South Biscayne Boulevard, Suite 2550  
11 Miami, Florida 33131  
Telephone: 305-614-1400  
12 Email: tkolaya@sflslaw.com  
13  
14 On behalf of Ryan Stumphauzer, Court-Appointed  
Receiver:  
15 PIETRAGALLO GORDON ALFANO BOSICK &  
RASPANTI, LLP  
16 BY: DOUGLAS K. ROSENBLUM, ESQUIRE  
1818 Market Street, Suite 3402  
17 Philadelphia, Pennsylvania 19103  
Telephone: 215-754-5179  
18 Email: dkr@pietragallo.com  
19  
20 On behalf of Eckert Seamans and John Pauciulo:  
21 TROUTMAN PEPPER  
BY: ERICA HALL DRESSLER, ESQUIRE  
BY: JAY A. DUBOW, ESQUIRE  
22 3000 Two Logan Square  
Eighteenth and Arch Streets  
23 Philadelphia, Pennsylvania 19103  
Telephone: 215-981-4691  
24 Email: erica.dressler@troutman.com  
Email: jay.dubow@troutman.com  
25

3

1 APPEARANCES (All appearing remotely):  
2  
3 On behalf of Eckert Seamans and John Pauciulo:  
4 WELSH RECKER, P.C.  
BY: CATHERINE M. RECKER, ESQUIRE  
5 BY: AMY CARVER, ESQUIRE  
BY: RICHARD D. WALK, III, ESQUIRE  
6 306 Walnut Street  
Philadelphia, Pennsylvania 19106  
7 Telephone: 215-972-6430  
Email: cmrecker@welshrecker.com  
8 Email: abcarver@welshrecker.com  
Email: rwalk@welshrecker.com  
9  
10 On behalf of Dean Vagnozzi:  
11 AKERMAN, LLP  
BY: BRIAN P. MILLER, ESQUIRE  
12 98 Southeast Seventh Street, Suite 1100  
Miami, Florida 33131  
13 Telephone: 305-982-5626  
Email: brian.miller@akerman.com  
14  
15 On behalf of Perry Abbonizio:  
16 MARCUS NEIMAN RASHBAUM & PINEIRO, LLP  
BY: JEFFREY MARCUS, ESQUIRE  
BY: JASON MAYS, ESQUIRE  
17 One Biscayne Tower  
2 South Biscayne Boulevard, Suite 2530  
18 Miami, Florida 33131  
Telephone: 305-400-4260  
19 Email: jmarcus@mnrllawfirm.com  
Email: jmays@mnrllawfirm.com  
20  
21 On behalf of Michael Furman:  
22 SALLAH ASTARITA & COX, LLC  
23 BY: JEFFREY COX, ESQUIRE  
3010 North Military Trail, Suite 310  
24 Boca Raton, Florida 33431  
Telephone: 561-989-9080  
25 Email: jlc@sallahlaw.com

4

<p>1 APPEARANCES (All appearing remotely): 2 3 On behalf of John Pauciulo: 4 DAMIAN &amp; VALORI, LLP 5 BY: ALLISON LEONARD, ESQUIRE 6 BY: MELANIE DAMIAN, ESQUIRE 7 1000 Brickell Avenue, Suite 1020 8 Miami, Florida 9 Telephone: 305-371-3960 10 Email: aleonard@dvllp.com 11 Email: mdamian@dvllp.com 12 13 On behalf of Joseph Cole Barleta: 14 LAW OFFICES OF BETTINA SCHEIN 15 BY: BETTINA SCHEIN, ESQUIRE 16 565 Fifth Avenue, 7th Floor 17 New York, New York 10017 18 Telephone: 212-880-9417 19 Email: bschein@bettinascheinlaw.com 20 21 ALSO PRESENT: 22 Dean Vagnozzi 23 Victoria Wilson 24 Clifford Haines, Esquire 25 Natalie Silver, Deposition Assistant Michael Furman</p> <p style="text-align: right;">5</p>	<p>1 Exhibit 10 05/16/16 E-mail from John 192 2 Pauciulo to Alan Candell and 3 copied others Re: CBSG Agreement 4 with Services Agreement attached 5 6 Exhibit 11 05/17/16 E-mail string between 195 7 Dean Vagnozzi and Joe Mack and 8 copied to others Re: Terms 9 10 Exhibit 12 05/17/16 - 05/18/16 E-mail 204 11 string between Joe Mack and John 12 Pauciulo, Alan Candell and copied 13 to others Re: Terms 14 15 Exhibit 13 12/7/16 E-mail from Joe Cole to 209 16 Joe Mack Re: CBSG Org Chart and 17 CBSG Employee Organizational Chart 18 attached 19 20 Exhibit 14 07/21/20 Declaration of Victoria 217 21 Jacqmein and 11/5/17 E-mail from 22 Dean Vagnozzi to Joe Mack and 23 copying Perry Abbonizio Re: 24 Questions... 25 26 Exhibit 15 Agent Guide with attachments 239 27 28 Exhibit 16 03/19/18 - 03/30/18 E-mail 244 29 string between Dean Vagnozzi and 30 John Pauciulo Re: Agents meeting 31 on 5th 32 33 Exhibit 17 07/10/18 Retainer agreement with 246 34 Fallcatcher and Invoices 35 36 Exhibit 18 05/16/18 E-mail from Perry 249 37 Abbonizio to John Pauciulo 38 Re: Gassman 39 40 Exhibit 19 04/14/17 E-mail from Dean 268 41 Vagnozzi to John Pauciulo and 42 others Re: Golf Date 43 44 Exhibit 20 05/17/18 E-mail string between 270 45 John Pauciulo to Jason Zwiebel 46 Re: Heads up 47 48 Exhibit 21 Eckert Seamans Invoices to 272 49 Dean Vagnozzi</p> <p style="text-align: right;">7</p>
<p>1 I N D E X 2 Examination Page 3 JOHN PAUCIULO 4 By MS. BERLIN 9 5 6 E X H I B I T S 7 No. Page 8 Exhibit 1 Mr. Pauciulo's Bio from Eckert 13 9 Seamans' website 10 11 Exhibit 2 03/12/21 Subpoena to Testify at 54 12 a Deposition in a Civil Action 13 Exhibit 3 07/21/20 Declaration of Lori 59 14 Boyogueno 15 16 Exhibit 4 07/17/18 Subpoena issued by the 83 17 SEC to A Better Financial Plan LLC 18 Exhibit 5 Invoices from Eckert Seamans to 95 19 Dean Vagnozzi 20 21 Exhibit 6 07/21/20 Declaration of Brad 98 22 Beebe with attachments 23 Exhibit 7 04/13/16 - 04/19/16 E-mail 167 24 string between John Pauciulo, Joe 25 Cole, Dean Vagnozzi and Jerry Nave with Due Diligence Request 26 27 Exhibit 8 04/13/16 - 04/23/16 E-mail 180 28 string between Joe Cole and John 29 Pauciulo Re: Due Diligence 30 Request List 31 Exhibit 9 04/13/16 - 04/28/16 E-mail 183 32 string between John Pauciulo and 33 Joe Cole and copied to others Re: 34 Due Diligence Request List 35</p> <p style="text-align: right;">6</p>	<p>1 Exhibit 22 A Better Financial Plan 281 2 PowerPoint presentation 3 4 Exhibit 23 03/23/20 E-mail from Dean 299 5 Vagnozzi to John Pauciulo with a 6 copy to Shannon Westhead Re: Take 7 a look, John 8 9 Exhibit 26 05/02/19 - 05/07/19 E-mail string 273 10 between John Pauciulo and Richard 11 Muldawer Re: External request for 12 phone appt. 13 14 Exhibit 27 02/13/20 E-mail from Dean 306 15 Vagnozzi to John Pauciulo Re: 16 More Pillar 1 Buyout Info 17 18 Exhibit 28 02/25/20 E-mail string between 307 19 Dean Vagnozzi, Joe Mack and John 20 Pauciulo Re: Joe, for your review 21 22 Exhibit 29 10/02/19 E-mail from Joe Cole to 302 23 Dean Vagnozzi with a copy to John 24 Pauciulo Re: Bank PPM 25 26 Exhibit 30A A Declaration authenticating 282 27 A Better Financial Plan website 28 Exhibit 30 Video Our Attorney John Pauciulo 290 29 Exhibit 31 Video MCA Overview 2018 293 30 Exhibit 32 Video Our Attorney John Pauciulo 293 31 Exhibit 33 Video with John Pauciulo and 294 32 Dean Vagnozzi 33 34 35</p> <p style="text-align: right;">8</p>

1 10:15 a.m. - 7:07 p.m.  
 2 THE COURT REPORTER: Mr. Pauciulo, would  
 3 you raise your right hand, please?  
 4 Do you swear the testimony you're about to  
 5 give today will be the truth, the whole truth,  
 6 and nothing but the truth?  
 7 THE WITNESS: I affirm that my testimony  
 8 will be the truth.  
 9 THE COURT REPORTER: Thank you.  
 10 Thereupon:  
 11 JOHN PAUCIULO  
 12 having been first duly sworn, was examined and  
 13 testified as follows:  
 14 EXAMINATION  
 15 BY MS. BERLIN:  
 16 Q. I just wanted to clear, Mr. Pauciulo.  
 17 You're swearing under oath under penalty  
 18 of perjury, correct?  
 19 A. I understand that.  
 20 Q. Okay. Have you ever testified in a  
 21 deposition before?  
 22 A. Yes, I have.  
 23 Q. Okay. In which matters?  
 24 A. I've testified in two civil actions.  
 25 Q. And what actions were those?

9

1 A. The first action was captioned Carty,  
 2 C-A-R-T-Y, versus Pauciulo, White and Williams. The  
 3 second action was captioned O'Neill and others  
 4 versus Pauciulo, Mooney, Biehn, B-I-E-H-N, Jordan,  
 5 and White and Williams.  
 6 Q. And what types of cases were those?  
 7 A. The Carty action was a case where the  
 8 plaintiff alleged -- the plaintiff alleged fraud and  
 9 aiding and abetting a fraud in connection with an  
 10 investment made in a newly formed entity. The  
 11 O'Neill action was an action in -- with claims of  
 12 legal malpractice.  
 13 Q. Have you ever testified in a trial?  
 14 A. No.  
 15 Q. How about in an administrative proceeding?  
 16 A. No.  
 17 Q. And are you currently a party to any  
 18 litigation?  
 19 A. Yes.  
 20 Q. And what matters are those?  
 21 A. There's a case pending in the Philadelphia  
 22 Court of Common Pleas. The plaintiffs include Dean  
 23 Parker and Davis Parker. And there is a case  
 24 pending in Florida, and there's a case pending in  
 25 Delaware. I don't recall the names of the

10

1 plaintiffs in the Delaware action and the Florida  
 2 action.  
 3 Q. Are all three of those cases matters that  
 4 concern allegations about A Better Financial Plan or  
 5 Complete Business Solutions Group?  
 6 A. Yes.  
 7 Q. And so the matter that you referred to  
 8 that's pending in the Philadelphia Court of Common  
 9 Pleas, is that the case of Joseph Cacchione, Francis  
 10 Cassidy, Yahun Chu, Brian Drake, Joseph Gassman, and  
 11 David Goldman and others and their funds against you  
 12 for malpractice? Is that what you're referring to?  
 13 A. Yes.  
 14 Q. Okay. And do you understand that those  
 15 plaintiffs have waived their attorney-client  
 16 privilege by bringing legal malpractice claims  
 17 against you as their attorney?  
 18 MS. RECKER: Objection. It calls for  
 19 privileged information.  
 20 MS. BERLIN: So are you directing him not  
 21 to answer?  
 22 MS. RECKER: I'm directing him not to  
 23 answer.  
 24 MS. BERLIN: And what is the basis of the  
 25 privilege? Is it attorney-client or attorney

11

1 work product?  
 2 MS. RECKER: It would be both.  
 3 MR. HAINES: Ms. Riggle, this is Cliff  
 4 Haines. I represent all of the plaintiffs in  
 5 that action, and they have waived the privilege  
 6 as it relates to their claims against  
 7 Mr. Pauciulo and specifically for the purposes  
 8 of allowing you to question Mr. Pauciulo today.  
 9 MS. BERLIN: Thank you.  
 10 MS. RECKER: So this is the first we're  
 11 hearing it.  
 12 And Mr. Pauciulo, you may answer questions  
 13 to the extent that they relate to privileges  
 14 belonging to the plaintiffs in the Parker  
 15 matter.  
 16 THE WITNESS: I understand that and may  
 17 need to seek additional advice of counsel as  
 18 additional questions come.  
 19 BY MS. BERLIN:  
 20 Q. Mr. Pauciulo, have you ever had a judgment  
 21 entered against you?  
 22 A. No, I've not.  
 23 Q. Do you have any criminal record?  
 24 A. No, I do not.  
 25 Q. Any disciplinary action by the

12



1 Pennsylvania Bar or any other entity?  
2 **A.** No, I do not.  
3 **MS. BERLIN:** I wonder if the court  
4 reporter could please show Exhibit 1.  
5 **MS. SILVER:** Okay.  
6 (Thereupon, marked as Exhibit 1.)  
7 **BY MS. BERLIN:**  
8 **Q.** Mr. Pauciulo, you're an attorney?  
9 **A.** Yes, I am.  
10 **Q.** And you're an attorney at Eckert Seamans?  
11 **A.** Yes, I am an attorney with the law firm of  
12 Eckert Seamans.  
13 **Q.** Okay. And what is your title there?  
14 **A.** I'm a member.  
15 **Q.** Do you have any other positions or titles  
16 at the firm?  
17 **A.** I'm chair of the corporate and financial  
18 transactions practice group.  
19 **Q.** Anything else?  
20 **A.** No.  
21 **Q.** How long have you been at Eckert Seamans?  
22 **A.** I've been with Eckert Seamans a little  
23 more than 11 years.  
24 **Q.** So since approximately 1990?  
25 **A.** No, that would be 31 years.

13

1 **Q.** Oh, sorry. What year did you start  
2 working at Eckert Seamans?  
3 **A.** I started working at Eckert Seamans in the  
4 year 2010.  
5 **Q.** Okay. And you've been an attorney since  
6 1991?  
7 **A.** No, that's not correct.  
8 **Q.** Oh, when did you become an attorney?  
9 **A.** I became licensed to practice law in 1990.  
10 **Q.** And where did you practice law before  
11 Eckert Seamans?  
12 **A.** I first practiced law with the United  
13 States Securities and Exchange Commission. After  
14 leaving the United States Securities and Exchange  
15 Commission I practiced with the law firm of Lamb  
16 McErlane. After leaving McErlane, I practiced law  
17 with the corporation Pep Boys. And after leaving  
18 Pep Boys, I practiced with the law firm of White and  
19 Williams. And after leaving White and Williams,  
20 I've been practicing with Eckert Seamans.  
21 **Q.** And so during what time period did you  
22 work at the Securities and Exchange Commission?  
23 **A.** I worked at the Securities and Exchange  
24 Commission from August 1990 until May or June of  
25 1992.

14

1 **Q.** And you were a staff attorney at the SEC?  
2 **A.** Yes, that's correct.  
3 **Q.** In the New York office?  
4 **A.** Yes.  
5 **Q.** Did you work exclusively on investigations  
6 while you were at the SEC?  
7 **A.** Yes.  
8 **Q.** Did you work on offering fraud matters  
9 while you were at the SEC?  
10 **A.** I would not describe the cases on which I  
11 worked as offering fraud cases.  
12 **Q.** What about financial fraud?  
13 **A.** Yes, some of the cases on which I worked  
14 involved financial fraud.  
15 **Q.** Did you work on investigations involving  
16 accounting fraud?  
17 **A.** Yes, I did.  
18 **Q.** And insider trading?  
19 **A.** Yes, I did.  
20 **Q.** So looking at -- you should see on your  
21 screen Deposition Exhibit 1.  
22 Is this a copy of your biography on your  
23 firm's website?  
24 **A.** Yes, it is. Yes.  
25 **Q.** And if you could look under the heading,

15

1 it says --  
2 **MS. BERLIN:** I'm sorry, if everyone could  
3 mute their phones except for perhaps  
4 Ms. Recker, the witness, and me, I hear a lot  
5 of feedback. I'm not sure if I'm the only one.  
6 **MR. KOLAYA:** Yeah, Ms. Berlin, I think it  
7 was Mr. Furman, and it appears that he just  
8 muted himself.  
9 **MS. BERLIN:** Oh, okay. Thank you.  
10 I wonder if we could scroll down to the  
11 section of the biography that says "Financing  
12 and Capital Formation." Keep scrolling. Thank  
13 you.  
14 **BY MS. BERLIN:**  
15 **Q.** And Mr. Pauciulo, do any of these matters  
16 under the Financing and Capital Formation on  
17 Exhibit A, do -- do any of these list a concern for  
18 funding or Dean Vagnozzi or A Better Financial Plan  
19 or any of the funds that raised money in connection  
20 with Par Funding?  
21 **A.** Yes.  
22 **Q.** Which ones?  
23 **A.** Looking at Exhibit 1 under the caption  
24 Financing and Capital Formation, the second bullet  
25 point item reading "Represented several individuals

16

1 in the formation of funds through a private  
2 placement to invest in merchant cash advance  
3 business," that references investments in Par  
4 Funding and merchant cash companies, generally.  
5 **Q.** Any other matters that are under this  
6 heading on your bio?  
7 **A.** It's hard to see on the screen.  
8 MS. BERLIN: Can we make it larger?  
9 **A.** Yeah, I can't see the whole website on the  
10 screen, so I really can't say.  
11 BY MS. BERLIN:  
12 **Q.** Well, we're going to scroll down. If you  
13 want, I can read them off to you, but if you can --  
14 can you explain the problem? Is the text too small  
15 for you to read or is it -- is it fuzzy on your end?  
16 Can you explain what the issue is? Do you need me  
17 to read it to you?  
18 **A.** The image is clear, but I cannot see the  
19 entire web page on the screen. I see just a portion  
20 of the page.  
21 **Q.** Right. We were scrolling down.  
22 MS. BERLIN: So what we'll do is, Madam  
23 Court Reporter, could you go back up to the  
24 heading? We'll just go one by one.  
25

17

1 BY MS. BERLIN:  
2 **Q.** One, the first one, "Represented real  
3 estate development company in connection with  
4 raising 25 million in capital through private  
5 placement for the acquisition and development of  
6 commercial real estate in Las Vegas, Nevada."  
7 Yes or no?  
8 **A.** Can you restate the question, please?  
9 **Q.** The question for each of these items is,  
10 does this concern Par Funding -- which is also known  
11 as Complete Business Solutions Group -- Dean  
12 Vagnozzi, or any of his entities or any of the funds  
13 that were raising money for Par Funding?  
14 So since you're having a hard time reading  
15 it, I'll read each one to you.  
16 So for that first bullet, which you should  
17 be able to see on your screen, is the answer yes or  
18 no?  
19 **A.** The answer is no.  
20 **Q.** Okay. The second bullet, same question.  
21 You said the answer is yes, correct?  
22 **A.** Correct.  
23 **Q.** Third bullet, "Represented several  
24 individuals in the formation of funds through a  
25 private placement to invest in Life Settlements,

18

1 cash value life insurance policies."  
2 What about that one?  
3 **A.** That would relate to representations of  
4 Dean Vagnozzi and entities formed and managed by  
5 Dean Vagnozzi.  
6 **Q.** Okay. And his Life Settlement offerings,  
7 correct?  
8 **A.** Yes, that's correct.  
9 **Q.** Okay. Next bullet. "Served as local  
10 counsel to an Ireland-based bank in connection with  
11 a commercial loan to a global company with  
12 operations in Pennsylvania."  
13 **A.** Unrelated to Dean Vagnozzi and Par.  
14 **Q.** Okay. Served as -- next bullet, "Served  
15 as local counsel to the China Investment Funds."  
16 Hopefully you can read the rest.  
17 What about that one, unrelated or related?  
18 **A.** Unrelated.  
19 **Q.** Okay. And the last two, can you see them  
20 on your screen so I don't have to read them?  
21 "Served as local counsel to an Australia-based  
22 bank," and the other one, "Served as local counsel  
23 to a China-based bank."  
24 I'm guessing those are unrelated to Par  
25 Funding or Mr. Vagnozzi; am I correct?

19

1 **A.** That is correct. They're unrelated.  
2 **Q.** Very good. Now, with respect to funding  
3 for -- in connection with merchant cash advance  
4 companies, have you ever done work in connection  
5 with a fund that is raising funds or seeking  
6 contributions in connection with a merchant cash  
7 advance company other than Par Funding?  
8 **A.** Can you restate the question, please?  
9 **Q.** Sure. Have you ever done work for any  
10 other merchant cash advance company other -- in  
11 connection -- sorry, I'll ask it again.  
12 Have you ever done any work in connection  
13 with a merchant cash advance company other than Par  
14 Funding?  
15 **A.** Well, I think your question implies that I  
16 worked for a merchant cash advance company, and  
17 that's not the case.  
18 **Q.** It does not imply that, Mr. Pauciulo. The  
19 question is whether you've done any work in  
20 connection with a merchant cash advance company  
21 other than Par Funding.  
22 How about this: I'll ask it another way  
23 since there's a long pause.  
24 Mr. Pauciulo, have you ever done work in  
25 connection with a merchant cash advance company?

20

1 **A.** I've represented clients who invested in  
 2 merchant cash advance companies.  
 3 **Q.** Okay. Any other -- have you done any  
 4 other work in connection with a merchant cash  
 5 advance company?  
 6 **A.** No, I have not.  
 7 **Q.** Okay. And the clients that you just  
 8 testified about, did the work involve any merchant  
 9 cash advance company other than Par Funding?  
 10 **A.** Can you repeat the question, please?  
 11 **Q.** Sure. Your answer is that you've  
 12 represented the clients who have either done things  
 13 in connection with a merchant cash advance company.  
 14 My question is, was that merchant cash  
 15 advance company Par Funding?  
 16 **A.** That was one of the merchant cash  
 17 companies that I understood clients to have invested  
 18 in.  
 19 **Q.** Okay. And what are the others?  
 20 **A.** I don't have any knowledge of any others.  
 21 **Q.** Have you ever talked to -- so why do you  
 22 believe there were investments in other merchant  
 23 cash advance companies?  
 24 **MS. RECKER:** Object to the form.  
 25 **A.** Well, I also think that answer to that

21

1 question would involve privileged information, and I  
 2 need to confer with counsel on that.  
 3 **BY MS. BERLIN:**  
 4 **Q.** Okay. Do you need to take a moment?  
 5 **A.** Yes.  
 6 **MS. BERLIN:** Okay.  
 7 (A discussion was held off the record.)  
 8 **MS. RECKER:** So object to the extent that  
 9 this calls for privileged information and  
 10 instruct the witness not to answer.  
 11 **BY MS. BERLIN:**  
 12 **Q.** Mr. Pauciulo, you drafted private  
 13 placement memoranda for investments that concerned  
 14 merchant cash advances, correct?  
 15 **MS. RECKER:** Object to the form.  
 16 **A.** Yes, that's correct.  
 17 **BY MS. BERLIN:**  
 18 **Q.** Okay. And what merchant cash advance  
 19 companies were you referring to in those PPMs?  
 20 **MS. RECKER:** Object to the form.  
 21 **A.** I think the PPMs speak for themselves, and  
 22 the private placement memoranda don't refer to any  
 23 specific merchant cash advance company.  
 24 **BY MS. BERLIN:**  
 25 **Q.** All right. But there was only one

22

1 merchant cash advance company that any of your  
 2 clients were ever raising money to invest in, and  
 3 that was Par Funding, correct?  
 4 **MS. RECKER:** Object to the form.  
 5 And to the extent that it requires  
 6 privileged information, I'll instruct you not  
 7 to answer.  
 8 **MR. MILLER:** And this is Brian Miller. I  
 9 join in the objection.  
 10 **MS. BERLIN:** So are you instructing him --  
 11 **BY MS. BERLIN:**  
 12 **Q.** Mr. Pauciulo, are you going to --  
 13 **MS. BERLIN:** Is Mr. Pauciulo answering or  
 14 not?  
 15 **A.** Well, on advice of counsel, I am not  
 16 answering.  
 17 **BY MS. BERLIN:**  
 18 **Q.** Mr. Pauciulo, did you provide advice on  
 19 that issue in anticipation of litigation to any of  
 20 your clients, and if so, which ones?  
 21 **MS. RECKER:** Objection.  
 22 To the extent it calls for privileged  
 23 information, I'll instruct you not to say what  
 24 the advice was.  
 25 **A.** Can you restate the question, please?

23

1 **BY MS. BERLIN:**  
 2 **Q.** Sure. Did you provide advice  
 3 concerning -- you just asserted the attorney-client  
 4 privilege, and I'm asking if you're doing that based  
 5 on advice that you provided to a client in  
 6 anticipation of litigation, and if so, which  
 7 clients?  
 8 **MS. RECKER:** Objection.  
 9 To the extent that it requires privileged  
 10 information, I will instruct you not to answer.  
 11 **MS. BERLIN:** I just want to make sure the  
 12 record is clear and that I'm understanding  
 13 because you're saying "to the extent."  
 14 Are you instructing him not to answer  
 15 whether he provided advice in anticipation of  
 16 litigation and to which client?  
 17 **MS. RECKER:** Yes.  
 18 **MS. BERLIN:** Are you going to refuse --  
 19 are you going to instruct him all day not to  
 20 answer any questions concerning whether he gave  
 21 advice in anticipation of litigation or to  
 22 which client?  
 23 **MS. RECKER:** I'm going to instruct him not  
 24 to answer on a question-by-question basis,  
 25 depending on what you're asking for.

24

1 MS. BERLIN: Okay. We need to take a few  
 2 minutes break then if that's one of the  
 3 objections you're raising. Thank you. We'll  
 4 take a five- to ten-minute break.  
 5 And just so everyone can plan, why don't  
 6 we just reconvene at 10:50 because I always  
 7 hate it when I'm in a deposition and someone  
 8 does that and I don't know how long I have to  
 9 sit in front of my laptop. We'll just come  
 10 back on -- it's 10:38. Why don't we just  
 11 reconvene at 10:50.  
 12 (A discussion was held off the record.)  
 13 MS. BERLIN: Okay. Let's go back on the  
 14 record.  
 15 BY MS. BERLIN:  
 16 Q. So Mr. Pauciulo, with respect to the PPMs  
 17 that we were just discussing, did you create those  
 18 in anticipation of any litigation?  
 19 A. I'm sorry, can you say that again?  
 20 MS. RECKER: Object to the form.  
 21 BY MS. BERLIN:  
 22 Q. Sure. The PPMs that you just testified  
 23 about, Mr. Pauciulo, or that I just asked you before  
 24 we took our break, that mentioned the MCA  
 25 investments, did you create those in anticipation of

25

1 any litigation?  
 2 MS. RECKER: Object to the form.  
 3 A. I didn't draft them with respect to any  
 4 specific litigation. They're drafted to provide  
 5 disclosure which may serve as a defense or  
 6 protection from future litigation asserted by  
 7 investors in the fund.  
 8 BY MS. BERLIN:  
 9 Q. And at the time you drafted them, did you  
 10 draft them in -- at the time you drafted them, did  
 11 you draft them in anticipation of litigation?  
 12 MS. RECKER: Object to the form.  
 13 A. I think that you just asked me that  
 14 question, and I just answered it.  
 15 BY MS. BERLIN:  
 16 Q. So is your -- I'm sorry, I don't  
 17 understand your answer then.  
 18 Can you clarify?  
 19 A. You've asked me the same question twice,  
 20 and I gave you one answer, and I refer to my first  
 21 answer.  
 22 Q. At the time -- so was there any litigation  
 23 that was pending at the time when you drafted the  
 24 PPMs?  
 25 MS. RECKER: Object to the form.

26

1 A. Any litigation by whom?  
 2 BY MS. BERLIN:  
 3 Q. Mr. Pauciulo, any litigation. You're  
 4 asserting the attorney-client privilege and so I --  
 5 and/or attorney work product, so I'm going to  
 6 inquire about the specific things I'm entitled to  
 7 ask about under Federal Rule of Civil Procedure  
 8 26(b), and one of them is whether you created a  
 9 document in anticipation of litigation, and that is  
 10 the question.  
 11 And if I -- am I understanding you  
 12 correctly that your answer is yes?  
 13 A. The PPMs were not drafted in anticipation  
 14 of any specific litigation. PPMs were drafted to  
 15 provide disclosure to investors. And the  
 16 disclosures may be useful in possible litigation,  
 17 but at the time they were drafted, I was not aware.  
 18 MS. RECKER: Object to the form and object  
 19 to the extent that this requires privileged  
 20 information.  
 21 BY MS. BERLIN:  
 22 Q. No. Mr. Pauciulo, you understand that all  
 23 of the -- your clients and their funds that are the  
 24 plaintiffs in the action that we discussed earlier  
 25 today, they have all waived their attorney-client

27

1 privilege, and you've heard their counsel tell you  
 2 that today, correct?  
 3 MS. RECKER: Object to the form and object  
 4 to the extent that this requires privileged  
 5 information because some clients, we learned  
 6 today, have waived privilege and other clients  
 7 have not.  
 8 BY MS. BERLIN:  
 9 Q. Mr. Pauciulo, can you answer my question?  
 10 A. Can you restate it, please?  
 11 Q. Sure. Do you understand that some of your  
 12 clients have waived their attorney-client privilege  
 13 as was stated on the record today by their counsel?  
 14 A. I understand that those clients  
 15 represented by Clifford Haines have waived the  
 16 attorney-client privilege.  
 17 Q. Did you draft --  
 18 A. I also understand that other clients have  
 19 not waived their attorney-client privilege.  
 20 Q. Okay. Now, with respect to the clients  
 21 represented by Mr. Haines -- and you are familiar  
 22 with who they are because they have a malpractice  
 23 action pending against you, correct?  
 24 A. There is a malpractice action pending  
 25 against me and Eckert Seamans.

28

1 Q. Okay. Now, with respect to those clients  
 2 of yours, did you draft PPMs for them?  
 3 A. Yes, I did.  
 4 Q. And those PPMs reference an MCA  
 5 investment, correct? A merchant cash advance  
 6 company, correct?  
 7 A. That is correct.  
 8 Q. And what merchant cash advance company is  
 9 that referencing in the PPMs that you drafted for  
 10 the clients who have waived their privilege?  
 11 A. The PPMs don't reference any particular  
 12 merchant cash advance company.  
 13 Q. But your clients were -- were they doing  
 14 any work in connection with any merchant cash  
 15 advance company other than Par Funding?  
 16 MS. RECKER: Object to the form.  
 17 A. I don't know.  
 18 BY MS. BERLIN:  
 19 Q. Now, did you ever speak to any merchant  
 20 cash advance company that any of your clients were  
 21 doing any work with? And I'm talking about your  
 22 clients who have waived their attorney-client  
 23 privilege.  
 24 A. I don't understand your question.  
 25 Can you rephrase it, please?

29

1 Q. Sure. For the clients who have waived the  
 2 attorney-client privilege, they were circulating a  
 3 private placement memorandum that you drafted where  
 4 they were selling promissory notes, and they were  
 5 going to use those proceeds to then invest in  
 6 merchant cash advance companies; is that right?  
 7 MS. RECKER: Object to the form.  
 8 A. That is correct.  
 9 BY MS. BERLIN:  
 10 Q. Okay. And you had conversations and  
 11 communications with Par Funding, which is a merchant  
 12 cash advance company; is that right?  
 13 A. I had contact and communication with  
 14 representatives of Par Funding.  
 15 Q. Did you have contact or communications  
 16 with representatives of any other merchant cash  
 17 advance company?  
 18 A. No, I did not.  
 19 Q. Is there a reason why the PPMs for the  
 20 clients who have not waived privilege only -- do not  
 21 reference a specific merchant cash advance company?  
 22 MS. RECKER: Object. You said for the  
 23 PPMs for clients who have not waived privilege,  
 24 so I would instruct the witness not to answer  
 25 to the extent that it -- the answer would

30

1 reveal privileged communication.  
 2 BY MS. BERLIN:  
 3 Q. For the clients who have waived their  
 4 privilege, is there a reason why the PPMs you  
 5 drafted do not identify the specific merchant cash  
 6 advance company that they were going to invest in?  
 7 A. Yes.  
 8 Q. And what is that?  
 9 A. We wanted to allow for the flexibility to  
 10 invest in any number of merchant cash advance  
 11 companies and also did not necessarily want to  
 12 create an environment where those entities were  
 13 deemed to be formed solely for the purpose of  
 14 investing in one particular company.  
 15 Q. And you at some point conducted due  
 16 diligence of Par Funding as a merchant cash advance  
 17 company, correct?  
 18 MS. RECKER: Object to the form.  
 19 And to the extent that the answer reveals  
 20 work product privilege, I would object and  
 21 instruct you not to answer.  
 22 A. On advice of counsel, I can't answer that  
 23 question.  
 24 BY MS. BERLIN:  
 25 Q. Mr. Pauciulo, did you file an answer in

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1 your -- in the malpractice -- you know what? I  
 2 withdraw my question.  
 3 So you're refusing to testify about  
 4 whether you conducted due diligence.  
 5 Mr. Pauciulo, did you conduct -- the work  
 6 that you're claiming is work product with respect to  
 7 due diligence, did you conduct a due diligence in  
 8 anticipation of litigation?  
 9 A. Well, your question requires that I talk  
 10 about whether I disclosed, whether I conducted due  
 11 diligence, and I believe we objected to that  
 12 question on the basis of attorney-client privilege,  
 13 so I don't think I can really answer your question  
 14 as stated.  
 15 Q. Mr. Pauciulo, have you read your client --  
 16 oh, I'm sorry. Was someone speaking?  
 17 MS. RECKER: I was going to say, the basis  
 18 was the work product privilege.  
 19 MS. BERLIN: It was work product  
 20 privilege?  
 21 BY MS. BERLIN:  
 22 Q. So Mr. Pauciulo, have you read -- my  
 23 question, though, is, you have conducted due  
 24 diligence of Par Funding clients, correct?  
 25 MS. RECKER: You cut out, Counsel. I

32

1 didn't hear the question.  
 2 MS. BERLIN: Sure.  
 3 BY MS. BERLIN:  
 4 Q. Mr. Pauciulo, you conducted due diligence  
 5 concerning Par Funding for your clients, correct?  
 6 MS. RECKER: Object to the form.  
 7 A. I need to confer with counsel. I'm going  
 8 to stop my video.  
 9 MS. BERLIN: Okay.  
 10 MR. HAINES: Amie, at the risk of  
 11 overstating my boundaries, take him through  
 12 them one by one.  
 13 MS. BERLIN: I'm going to. Let's go off  
 14 the record.  
 15 (A discussion was held off the record.)  
 16 THE WITNESS: I've had an opportunity to  
 17 confer with counsel. Can you please --  
 18 MS. BERLIN: We'll go back on the record.  
 19 Hold on. Let me just see if everybody's back.  
 20 THE WITNESS: Okay.  
 21 MS. BERLIN: Let's go back on the record.  
 22 Thank you.  
 23 BY MS. BERLIN:  
 24 Q. Mr. Pauciulo, there was a question pending  
 25 when you asked to speak with your counsel.

33

1 Do you have an answer to the question?  
 2 A. Can you restate the question, please, or  
 3 have the reporter read it back?  
 4 MS. BERLIN: If the reporter can read it  
 5 back easily, that would be great.  
 6 (Record read.)  
 7 A. Yes, that's correct.  
 8 BY MS. BERLIN:  
 9 Q. And just for purposes of today's  
 10 deposition, I'm going to just refer today to your  
 11 clients who have waived their privilege, and when I  
 12 refer to that, I want the record to be clear which  
 13 clients I'm referring to.  
 14 And so I am referring to the following  
 15 clients of yours: Joseph Cacchione, that's  
 16 C-A-C-C-H-I-O-N-E; Francis Cassidy; Yahun Chu;  
 17 Y-A-H-U-N C-H-U; Ryan Drake; Joseph Gassman;  
 18 G-A-S-S-M-A-N; David Gollner; G-O-L-L-N-E-R; Kurt  
 19 Henry; Sherri, S-H-E-R-R-I, Marini, M-A-R-I-N-I;  
 20 Andrew McKinley; Christopher McMorro; Mark  
 21 Nardelli; Paul Nick; Davis Parker; Dean Parker;  
 22 Daniel Reisinger; Philip Sharpton; Michael Tierney;  
 23 Merchant Factoring Income, LLC; Victory Income Fund,  
 24 LLC; Work Well Fund, LLC; Cape Cod Income Fund;  
 25 Wellen Fund, spelled W-E-L-L-E-N; Wellen Fund I LLC;

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1 LWM Income Fund II, LLC; LWM Equity Fund, LP; LWM  
 2 Income Fund Parallel, LLC; Blue Stream Income Fund  
 3 LLC; Jade Funding, LLC; MK1 Income Fund, LLC; GR8  
 4 Income Fund, LLC; STFG Income Fund, LLC; RAZR MCA  
 5 Fund, LLC; Mariner MCA Income Fund, LLC; MCA  
 6 Carolina Income Fund, LLC; and Merchant Services  
 7 Income Fund, LLC.  
 8 Today, all of the clients that I've just  
 9 named will be referred to as clients who have waived  
 10 the privilege.  
 11 Do you understand, Mr. Pauciulo?  
 12 A. I'm not -- what are you asking me to  
 13 confirm my understanding of?  
 14 Q. That when I refer to your clients who have  
 15 waived the privilege, I am referring to all of the  
 16 clients that I've just named.  
 17 Do you understand what I'm referring to  
 18 today when I refer to your clients who have waived  
 19 their privilege?  
 20 A. Yes, I understand that.  
 21 Q. Okay. Thank you. That's a very long  
 22 list. I just don't want to repeat it all day, and I  
 23 know you don't want me to either. Okay. Wonderful.  
 24 So for your attorneys to have waived their  
 25 privilege, did you conduct due diligence of any

35

1 company other than Par Funding, any MCA company  
 2 other than Par Funding?  
 3 MS. RECKER: Object to the form.  
 4 A. Yes.  
 5 BY MS. BERLIN:  
 6 Q. And what MCA company was that?  
 7 A. I conducted research into several other  
 8 companies that operated either a merchant cash  
 9 business in the terms of a form of factoring or  
 10 companies which provided financing to small  
 11 businesses, generally; people who served kind of the  
 12 same customer base.  
 13 Q. And what are the names of those companies  
 14 that you researched?  
 15 A. I researched a company called Kabbage,  
 16 which is, I believe, spelled K-A-B-B-A-G-E.  
 17 Q. Okay. What else?  
 18 A. There was another company, and I forget  
 19 their name. Had the word "deck" in it. I forget  
 20 the full name of the company.  
 21 Q. Where is it located?  
 22 A. I don't remember.  
 23 Q. Okay. What other companies?  
 24 A. Those are the only companies that I  
 25 recall.

36

1 Q. Okay. When did you research them?  
 2 A. I don't remember a specific time period.  
 3 Q. Do you remember a year?  
 4 A. Somewhere between 2016 and 2019.  
 5 Q. Did you speak to anyone at Kabbage?  
 6 A. No.  
 7 Q. Did you request any documents or materials  
 8 from Kabbage?  
 9 A. No, I did not.  
 10 Q. Did you conduct due diligence with respect  
 11 to Kabbage?  
 12 A. Yes, in the sense that I reviewed publicly  
 13 available information regarding Kabbage.  
 14 Q. So you went online and reviewed  
 15 information about Kabbage; is that correct?  
 16 A. That is correct. Kabbage was at that  
 17 time, and to the best of my knowledge, remains a  
 18 publicly traded company, so they had SEC filings,  
 19 and I reviewed their SEC filings as well as  
 20 materials on their website.  
 21 Q. Okay. Did you review any of their  
 22 financial statements?  
 23 A. I don't recall whether I reviewed their  
 24 financial statements.  
 25 Q. Did you do any research concerning their

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1 ownership or management?  
 2 A. Not that I recall.  
 3 Q. Did you -- and about how much time did you  
 4 spend researching Kabbage?  
 5 A. I don't remember specifically how much  
 6 time I spent researching Kabbage, but several hours.  
 7 Two, three, four hours.  
 8 Q. Okay. And you did that in your capacity  
 9 as the lawyer, as a lawyer retained by these  
 10 clients?  
 11 MS. RECKER: Object to the form.  
 12 A. I need to confer with counsel.  
 13 MS. BERLIN: I'm not going to permit --  
 14 let's take a break for a second so that  
 15 Ms. Recker and I can just talk about taking the  
 16 breaks while the question is pending. Taking  
 17 breaks is permissible, but I do want to give  
 18 some leeway. And I realize that we're all  
 19 virtual, so it's a little difficult not being  
 20 together.  
 21 Ms. Recker, do you want to maybe we just  
 22 like talk for a few minutes so we can come up  
 23 with some agreed procedure for how to handle it  
 24 if there's a question pending and he wants to  
 25 seek guidance to answer it? We can do it off

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1 the record.  
 2 MS. RECKER: We can do that.  
 3 MS. BERLIN: Okay. So why don't we  
 4 just -- should we go off the record and maybe  
 5 talk outside the presence of your client and we  
 6 can figure out how to proceed?  
 7 MS. RECKER: Sure.  
 8 MS. BERLIN: Okay.  
 9 (A discussion was held off the record.)  
 10 BY MS. BERLIN:  
 11 Q. So I'm going to re-ask that question, and  
 12 if for any question I ask you, if you don't  
 13 understand the question or you think it's -- you  
 14 know, you're not understanding precisely what I'm  
 15 asking, you can let me know that, and I will  
 16 rephrase my question.  
 17 Do you understand?  
 18 A. Yes, I do.  
 19 Q. Okay. So I'm going to try to ask that  
 20 question a bit more precisely.  
 21 So the research that you did with respect  
 22 to Kabbage, which clients did you engage in that  
 23 research for?  
 24 MS. RECKER: Object to the form.  
 25 A. Dean Vagnozzi.

39

1 BY MS. BERLIN:  
 2 Q. And so that's work that should appear in  
 3 invoices that you sent to Mr. Dean Vagnozzi for  
 4 your -- the legal work that you provided to him?  
 5 A. In part. When doing sort of general  
 6 research about an industry, my practice is sometimes  
 7 not to bill for that because it's just I'm just  
 8 doing research to understand an industry, and  
 9 that's, you know, for my benefit as much as a  
 10 client.  
 11 So I may have billed Dean Vagnozzi time  
 12 for research into Kabbage. It's possible that I  
 13 didn't. I just don't recall.  
 14 Q. Okay. But you used EDGAR for that  
 15 research?  
 16 A. Yes. Among other things, but reviewed  
 17 Kabbage public filings via EDGAR.  
 18 Q. And did anything further happen with  
 19 respect to Kabbage other than you did some online  
 20 research for a few hours?  
 21 MS. RECKER: Object to the form.  
 22 And to the extent that anything further  
 23 involves privileged communications, I would  
 24 instruct you not to answer.  
 25 A. Yeah, on advice of counsel, I can't answer

40

1 that.  
 2 BY MS. BERLIN:  
 3 Q. Mr. Pauciulo, did you do any other work --  
 4 other than your online research of a few hours, did  
 5 you do any other work with respect to Kabbage?  
 6 A. No, I did not.  
 7 Q. And what about the other MCA companies?  
 8 It was "correct," but you don't really recall the  
 9 name.  
 10 What kind of -- what did you do with  
 11 respect to -- I'll call it "Deck" since I think  
 12 that's the only part of the name you might be able  
 13 to remember.  
 14 What research or what work did you do in  
 15 connection with Deck?  
 16 A. That company was, at the time, also a  
 17 publicly traded company and, as such, had publicly  
 18 available filings. And I recall reviewing their  
 19 public filings via EDGAR, also looking at their  
 20 website.  
 21 Q. And what was the purpose of going online  
 22 and doing some online research with respect to  
 23 Kabbage and Deck?  
 24 MS. RECKER: Object to the form and object  
 25 to the extent that the purpose involved

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1 rendering legal advice, I would instruct you  
 2 not to answer.  
 3 A. On advice of counsel, I can't answer that  
 4 question.  
 5 BY MS. BERLIN:  
 6 Q. And so are you asserting -- is it an  
 7 attorney-client privilege assertion, or is it an  
 8 attorney work product assertion?  
 9 A. It's an attorney-client privilege  
 10 assertion.  
 11 Q. And who is the client that you're  
 12 asserting the --  
 13 A. Dean Vagnozzi.  
 14 Q. And did you -- was this work for Kabbage  
 15 and Deck done in anticipation of any litigation?  
 16 MS. RECKER: Object to the form.  
 17 A. The research was not conducted in  
 18 anticipation of any specific or particular  
 19 litigation.  
 20 BY MS. BERLIN:  
 21 Q. Did you ever speak to anyone at the Deck  
 22 company?  
 23 A. No, I did not.  
 24 Q. Are you a certified public accountant?  
 25 A. No, I am not.

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1 Q. Do you have a degree in accounting?  
 2 A. No, I do not.  
 3 Q. Any license concerning accounting?  
 4 A. No, I do not hold any license concerning  
 5 accounting.  
 6 Q. Do you have any expertise in accounting?  
 7 A. I would not say I have expertise. I would  
 8 say I have working knowledge of fundamental  
 9 accounting concepts.  
 10 Q. And what accounting experience do you  
 11 have, if any?  
 12 A. I studied financial accounting in college.  
 13 I studied corporate finance in law school. I worked  
 14 on accounting fraud cases while with the Securities  
 15 and Exchange Commission and worked very closely with  
 16 staff accountants. Over the course of my career,  
 17 I've worked closely with chief financial officers of  
 18 companies, and throughout all of these interactions  
 19 and experiences have gained, again, a working  
 20 knowledge of fundamental accounting principles.  
 21 Q. So when you say you studied financial  
 22 accounting in college, do you have a degree in that  
 23 or are you talking about a class you took?  
 24 A. It was a class I took.  
 25 Q. And what year?

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1 A. I don't recall the specific year. I  
 2 attended college between the years of 1983 and 1987.  
 3 It would have been sometime within that time frame.  
 4 Q. And when you testified you studied this in  
 5 law school, corporate finance in law school, is that  
 6 a class that you took?  
 7 A. Correct, yes.  
 8 Q. So you took a class in law school on  
 9 corporate finance in approximately what year?  
 10 A. I attended law school from the years 1987  
 11 to 1990, so it would have been sometime within that  
 12 time frame.  
 13 Q. Okay. So aside from the --  
 14 A. It was probably in my second or third year  
 15 of law school. I'm quite sure I didn't take it  
 16 during my first year of law school.  
 17 Q. So aside from a couple classes in college  
 18 and law school, do you have any other educational  
 19 background in accounting?  
 20 A. I've taken continuing legal education  
 21 programming for lawyers. I've also done research  
 22 into various accounting issues in connection with  
 23 client engagements.  
 24 Q. Okay. So with respect to your CLE, your  
 25 continuing legal education, you've done continuing

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1 legal education classes on accounting?  
2 **A.** Yeah, there's a CLE called Accounting for  
3 Lawyers.  
4 **Q.** Okay. And when did you take that?  
5 **A.** I don't remember.  
6 **Q.** But your CLE records would reflect it?  
7 **A.** To the extent I applied for and received  
8 credit, I guess so.  
9 **Q.** How many years ago did you take Accounting  
10 for Lawyers?  
11 **A.** I don't remember.  
12 **Q.** Was it more than five years ago?  
13 **A.** Yes.  
14 **Q.** More than ten years ago?  
15 **A.** I don't remember.  
16 **Q.** Was it a one-hour class?  
17 **A.** No, it was longer than one hour.  
18 **Q.** Was it all done in one afternoon, or was  
19 it multiple days?  
20 **A.** I don't recall, specifically. I think it  
21 was a two- or three-hour program.  
22 **Q.** Anything else? Any other education that  
23 you can add in accounting?  
24 **A.** No other formal education.  
25 **Q.** Okay. And could you please state on the

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1 record your cellphone number?  
2 **A.** (484)318-9179.  
3 **Q.** Do you have any other cellphone number?  
4 **A.** No, I do not.  
5 **Q.** Since 2015, have you had any other  
6 cellphone number?  
7 **A.** No, I have not.  
8 **Q.** And what is your work e-mail address?  
9 **A.** My work e-mail address is the letter J  
10 followed by my last name spelled P-A-U-C-I-U-L-O  
11 @EckertSeamans.com.  
12 **Q.** Since 2016, have you had any other work  
13 e-mail address?  
14 **A.** No, I have not.  
15 **Q.** Do you have a personal e-mail address  
16 also?  
17 **A.** Yes, I do.  
18 **Q.** And what is that?  
19 **A.** It's my last name, P-A-U-C-I-U-L-O  
20 @hotmail.com.  
21 **Q.** Since 2015, have you had any other  
22 personal e-mail account?  
23 **A.** Yes.  
24 **Q.** And what was that?  
25 **A.** I have a Gmail account which I don't

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1 remember because I don't use it, and I have a  
2 mail.com account which I think is  
3 silversun2008@mail.com.  
4 **Q.** Silver sun, S-U-N or S-O-N?  
5 **A.** S-U-N.  
6 **Q.** So I'd like to talk a little bit about  
7 Complete Business Solutions Group.  
8 You're familiar with that company,  
9 correct?  
10 **A.** I am aware of that company, yes.  
11 **Q.** Okay. And I might also refer to it today  
12 as Par Funding, which is a name that company goes  
13 by.  
14 So if I say Par Funding or Complete  
15 Business Solutions Group, do you understand that I  
16 am always referring to the entity that is known --  
17 that has a legal name of Complete Business Solutions  
18 Group?  
19 **A.** I understand that you'll use those terms  
20 interchangeably.  
21 **Q.** Okay. When did you first hear of Complete  
22 Business Solutions Group?  
23 **A.** I don't recall the specific date on which  
24 I first heard of Complete Business Solutions Group  
25 but generally, sometime in the early part of 2016.

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1 **Q.** And how did you come to hear about it?  
2 MS. RECKER: Object to the form.  
3 And to the extent that's a privileged  
4 communication, I would instruct you not to  
5 answer.  
6 **A.** On the advice of counsel, I cannot answer  
7 that question.  
8 BY MS. BERLIN:  
9 **Q.** Okay. And so what -- is it an  
10 attorney-client privilege that is being raised?  
11 **A.** Yes.  
12 MS. RECKER: I'm instructing him not to  
13 answer on the basis of attorney-client  
14 privilege.  
15 BY MS. BERLIN:  
16 **Q.** Which client?  
17 **A.** Dean Vagnozzi.  
18 **Q.** And was this communication where you  
19 learned about the existence of Complete Business  
20 Solutions Group, was that in connection with work  
21 you were doing or communication in connection  
22 with -- communication in anticipation of any  
23 litigation?  
24 MS. RECKER: Object to the form.  
25 **A.** No, it was not done -- no, the work was

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1 not done in connection with anticipation of  
 2 litigation.  
 3 BY MS. BERLIN:  
 4 Q. Have you ever invested in Complete  
 5 Business Solutions Group?  
 6 A. I'm sorry. You broke up.  
 7 Can you please repeat the question?  
 8 Q. Sure. Have you ever invested money into  
 9 Complete Business Solutions Group?  
 10 A. No, I have not.  
 11 Q. Have you ever invested money in any fund  
 12 that invests in Complete Business Solutions Group?  
 13 A. No, I have not.  
 14 Q. Do you have any family members or close  
 15 friends who invest in Complete Business Solutions  
 16 Group or a fund that invests in Complete Business  
 17 Solutions Group?  
 18 A. Not to my knowledge, no.  
 19 Q. Do you know a man named Dean Vagnozzi?  
 20 A. Yes, I do.  
 21 Q. And when did you meet Dean Vagnozzi?  
 22 A. I don't recall the specific date on which  
 23 I met Dean Vagnozzi, but sometime in the year 2004.  
 24 Q. And did Mr. Vagnozzi at a certain point  
 25 retain you as his lawyer in his personal capacity?

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1 A. Yes.  
 2 Q. And when did Mr. Vagnozzi retain you in  
 3 his personal capacity to be his lawyer?  
 4 A. I think 2004.  
 5 Q. You also represented some of  
 6 Mr. Vagnozzi's companies, correct?  
 7 A. Yes, that's correct.  
 8 Q. And some of those companies are now in a  
 9 receivership under the court order in the SEC case  
 10 that you're testifying in today.  
 11 Do you understand that?  
 12 MS. RECKER: Object to the form.  
 13 BY MS. BERLIN:  
 14 Q. Mr. Pauciulo, are you aware that some of  
 15 the companies that you used to represent for  
 16 Mr. Vagnozzi are now in a receivership?  
 17 A. Yes, I am aware of that.  
 18 Q. And is it your understanding that the  
 19 receiver has waived the attorney-client privilege  
 20 with respect to the entities that are in the  
 21 receivership that you used to represent?  
 22 A. I've been told that.  
 23 Q. And we have counsel for the receiver  
 24 here --  
 25 MR. KOLAYA: Ms. Berlin, I can confirm

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1 that the receiver has, in fact, waived the  
 2 privilege as to any of the A Better Financial  
 3 Plan-related entities that are within the scope  
 4 of the receivership. And if you would like, I  
 5 can list them if necessary.  
 6 MS. BERLIN: That would be helpful, thank  
 7 you, just so Mr. Pauciulo can hear that.  
 8 MR. KOLAYA: Sure. Give me one second.  
 9 I'll pull up the list, and I'll be right back  
 10 with you.  
 11 MS. BERLIN: Thank you.  
 12 MR. KOLAYA: Okay. For purposes of the  
 13 record, the companies I'm referring to are:  
 14 ABetterFinancialPlan.com, LLC, doing business  
 15 as A Better Financial Plan; ABFP Management  
 16 Company, LLC, formerly known as Hiller Life  
 17 Settlement Management Company, LLC; ABFP Income  
 18 Fund, LLC; ABFP Income Fund II, LP; ABFP Income  
 19 Fund 3, LLC; ABFP Income Fund 4, LLC; ABFP  
 20 Income Fund 6, LLC; ABFP Income Fund Parallel,  
 21 LLC; ABFP Income Fund II Parallel, LLC; ABFP  
 22 Income Fund 3 Parallel, LLC; ABFP Income Fund 4  
 23 Parallel, LLC; ABFP Income Fund 6 Parallel,  
 24 LLC; ABFP Multi-strategy Investment Fund, LP,  
 25 ABFP Multi-strategy Investment Fund 2, LP; and

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1 MK Corporate Debt Investment Company, LLC.  
 2 That was M as in Michael, K as in Kenneth.  
 3 BY MS. BERLIN:  
 4 Q. And Mr. Pauciulo, for purposes of your  
 5 deposition, I might refer to the receivership  
 6 clients or the receivership entities that have  
 7 waived their attorney-client privilege with you, and  
 8 if I do, do you understand that I'm referring to the  
 9 list of your former clients that Mr. Kolaya just  
 10 read to you?  
 11 A. Yes, I understand.  
 12 Q. Okay. Do you continue to represent Dean  
 13 Vagnozzi today?  
 14 A. No, I do not.  
 15 Q. When did your representation of him end?  
 16 A. I don't recall the specific date on which  
 17 our representation ended.  
 18 Q. Was it within the last year?  
 19 A. Yes, it was within the last year.  
 20 Q. Was it after the SEC filed the case that  
 21 you're testifying in today?  
 22 A. Yes.  
 23 Q. And do you know of a woman named Shannon  
 24 Westhead?  
 25 A. Yes.

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1 Q. And she was an employee of one of  
 2 Mr. Vagnozzi's companies, A Better Financial Plan?  
 3 A. That was my understanding, yes.  
 4 Q. And she -- she had retained you as well,  
 5 correct?  
 6 A. Yes, that's correct.  
 7 Q. And she retained you for a fund  
 8 registration in a fund called Pisces Income Fund?  
 9 A. Yes, that's correct.  
 10 Q. And that was in 2019?  
 11 A. I don't recall when that was.  
 12 Q. Your retainer letter with her would  
 13 reflect the date?  
 14 A. Yes.  
 15 Q. And Ms. Westhead never retained you for  
 16 any matter other than opening the fund Pisces Income  
 17 Fund, correct?  
 18 A. Yes, that's correct.  
 19 Q. She never retained you in connection with  
 20 A Better Financial Plan, correct?  
 21 A. Yes, that's correct.  
 22 MS. BERLIN: I wonder if we could please  
 23 show what I've premarked Exhibit 2.  
 24 MS. SILVER: Okay.  
 25 MS. BERLIN: Thanks, Natalie.

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1 (Thereupon, marked as Exhibit 2.)  
 2 BY MS. BERLIN:  
 3 Q. Mr. Pauciulo, do you see a document on  
 4 your screen that says Deposition Exhibit 2?  
 5 A. Yes, I do.  
 6 Q. Okay. Is Deposition Exhibit 2 the  
 7 subpoena the SEC issued to you in the SEC versus  
 8 Complete Business Solutions Group case?  
 9 A. I'm sorry, I don't think I understood your  
 10 question, or it didn't come through clearly.  
 11 Can you repeat it, please?  
 12 Q. Sure. I'll ask it a different way.  
 13 Mr. Pauciulo, this is the subpoena that  
 14 you received to produce documents and appear in the  
 15 SEC versus Complete Business Solutions Group case,  
 16 correct?  
 17 A. Yes, it appears to be a copy of a subpoena  
 18 that I received.  
 19 Q. And did you produce all of the documents  
 20 responsive to each of the requests in this subpoena?  
 21 MS. RECKER: Object to the form.  
 22 A. I helped assemble documents responsive to  
 23 the subpoena and provided copies of those documents  
 24 to my counsel for production.  
 25 MS. BERLIN: I wonder if we can scroll

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1 down to the subpoena. Natalie, can you keep  
 2 scrolling? I'll tell you where to stop. We're  
 3 going to get to the -- can you scroll down?  
 4 And I see it doesn't have the notice of  
 5 documents attached to it. Exhibit 2 is three  
 6 pages long.  
 7 BY MS. BERLIN:  
 8 Q. So Mr. Pauciulo, we'll come back to this  
 9 issue about the subpoena productions at the end of  
 10 the deposition today, and during our lunch break,  
 11 we'll amend this to add the section that was  
 12 requesting specific documents.  
 13 MS. BERLIN: Thank you, Natalie. We can  
 14 take that off the screen.  
 15 MS. RECKER: I just want to make a  
 16 clarification. You've shown a subpoena to John  
 17 Pauciulo and the request, I don't believe you  
 18 identified what was requested because what was  
 19 requested were Eckert Seamans documents, not  
 20 personal documents of John Pauciulo.  
 21 MS. BERLIN: So yes, I was just saying  
 22 that we're going to come back to this issue at  
 23 the end of the deposition because we have the  
 24 wrong subpoena that was shown. So we'll come  
 25 back to that at the end of the deposition and

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1 speak with Mr. Pauciulo about it at that time.  
 2 BY MS. BERLIN:  
 3 Q. So turning now to Complete Business  
 4 Solutions Group.  
 5 Initially, Mr. Vagnozzi had a finder's  
 6 agreement with Complete Business Solutions Group,  
 7 correct?  
 8 MS. RECKER: Object to the form.  
 9 And to the extent that this requires you  
 10 to reveal attorney-client privileged  
 11 information, I would instruct you not to  
 12 answer.  
 13 BY MS. BERLIN:  
 14 Q. Mr. Pauciulo, did you prepare for a fee a  
 15 finder agreement for Mr. Vagnozzi and Complete  
 16 Business Solutions Group?  
 17 MS. RECKER: Object to the form.  
 18 And to the extent that this requires you  
 19 to reveal attorney-client privileged  
 20 communication, I would instruct you not to  
 21 answer.  
 22 A. On advice of counsel, I cannot answer that  
 23 question.  
 24 BY MS. BERLIN:  
 25 Q. And can you identify any anticipated

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1 litigation that is at issue in you raising the  
 2 privilege?  
 3 MS. RECKER: Object to the form and object  
 4 to the extent that this reveals privileged  
 5 communications, I would instruct you not to  
 6 answer.  
 7 A. On advice of counsel, I cannot answer that  
 8 question.  
 9 BY MS. BERLIN:  
 10 Q. Mr. Vagnozzi, did you ever -- did you  
 11 draft a finder's agreement in anticipation of  
 12 litigation?  
 13 MS. RECKER: Object to the form. His name  
 14 is Pauciulo and not Vagnozzi.  
 15 BY MS. BERLIN:  
 16 Q. Oh, I'm sorry.  
 17 Mr. Pauciulo, did you draft a finder's  
 18 agreement for Mr. Vagnozzi in anticipation of  
 19 litigation?  
 20 MS. RECKER: Object to the form and object  
 21 to the extent that this would require you to  
 22 reveal privileged communication, I would  
 23 instruct you not to answer.  
 24 A. On advice of counsel, I cannot answer that  
 25 question.

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1 BY MS. BERLIN:  
 2 Q. I just want to be clear. Are you raising  
 3 an attorney-client privilege -- just so the record  
 4 is clear that you're raising an attorney-client  
 5 privilege as the basis for not answering the  
 6 question of whether you drafted a finder's agreement  
 7 between Complete Business Solutions Group and Par  
 8 Funding?  
 9 A. Yes, that's correct.  
 10 THE WITNESS: Can we take like five  
 11 minutes?  
 12 MS. BERLIN: No. It's almost noon. If  
 13 you need a personal break real quick because I  
 14 don't --  
 15 THE WITNESS: That's fine. If you want to  
 16 go till noon, I can wait.  
 17 MS. BERLIN: Is that okay?  
 18 THE WITNESS: That's fine. I'd like to  
 19 take a personal break, but if we want to wait  
 20 until the noon hour and then break for lunch,  
 21 that's perfect.  
 22 MS. BERLIN: Mr. Pauciulo, we'll break  
 23 now. That's just 12 minutes from now, so why  
 24 don't we take our break. We'll take it now.  
 25 THE WITNESS: We used to go for car rides

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1 when I was a kid and my dad refused to stop to  
 2 go to the restroom, and he'd be like, we're  
 3 going.  
 4 So if we want to go to noon and then take  
 5 a break, that's fine.  
 6 MS. BERLIN: No. No, I definitely can't  
 7 do that to you. No, I can't. We're stopping.  
 8 We're going to break right now. We're going to  
 9 do a quick lunch.  
 10 Is 30 minutes enough time for everybody to  
 11 do what they need to do to grab a lunch or  
 12 whatever they need to do? If we come back on  
 13 the record at like 12:20, is that okay?  
 14 MS. RECKER: Works for me.  
 15 THE WITNESS: Yeah, sure.  
 16 MS. BERLIN: Okay. So I'll see you all at  
 17 12:20.  
 18 (At this time, a luncheon recess was taken  
 19 from 11:50 a.m. to 12:28 p.m.)  
 20 MS. BERLIN: I wonder if we could please  
 21 show what I premarked as Exhibit 3.  
 22 MS. SILVER: Okay.  
 23 MS. BERLIN: Thanks, Natalie.  
 24 (Thereupon, marked as Exhibit 3.)  
 25

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1 BY MS. BERLIN:  
 2 Q. Mr. Pauciulo, I'm showing you a  
 3 declaration of Lori Boyogueno from the Pennsylvania  
 4 Department of Banking and Securities Bureau of  
 5 Securities Compliance and Examination. And for  
 6 purposes of today's deposition, I'll just refer to  
 7 that agency as the Pennsylvania securities  
 8 regulators.  
 9 Do you understand?  
 10 A. Yes, I understand.  
 11 MS. BERLIN: Okay, great. I wondered if  
 12 we could, please, scroll to LORI PDF page 2.  
 13 Scroll down to the next page. Thank you.  
 14 BY MS. BERLIN:  
 15 Q. And I'm showing you -- do you see at the  
 16 top it says "justification for issuance of  
 17 subpoena." It's dated January 4th, 2018.  
 18 A. Yes, I see that.  
 19 Q. Okay. And do you also see it's in  
 20 connection with a subpoena that the Pennsylvania  
 21 securities regulators were issuing to Complete  
 22 Business Solutions Group, I think?  
 23 A. Yes, I see that.  
 24 Q. Okay. Can we turn to the next page,  
 25 please?

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1 MS. BERLIN: Thank you, Natalie.  
 2 BY MS. BERLIN:  
 3 Q. Do you see up at the top it says  
 4 "justification"?  
 5 A. Yes, I see the word "justification."  
 6 Q. Okay. And I just wanted to turn your  
 7 attention, please, to the second full paragraph on,  
 8 this is PDF page 3 of Exhibit 3. And do you see  
 9 where the Pennsylvania securities regulators are  
 10 stating that one of the justifications for issuing  
 11 the subpoena to Complete Business Solutions Group is  
 12 that it received a customer complaint --  
 13 (Technical interruption.)  
 14 BY MS. BERLIN:  
 15 Q. I'll back up just for a minute.  
 16 Mr. Pauciulo, you were representing Dean Vagnozzi in  
 17 January 2018, correct?  
 18 A. Yes, that's correct.  
 19 Q. And do you see the second full paragraph  
 20 on page 3 of Exhibit 3 where the Pennsylvania  
 21 securities regulators are providing the  
 22 justification for the subpoena to CBSG and stating  
 23 that they had received a complaint in March of 2017  
 24 concerning Mr. Vagnozzi and his advertisement of  
 25 investments concerning Par Funding or Complete

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1 Business Solutions Group? Do you see that?  
 2 A. Yes, I do see that.  
 3 Q. Did there come a time when you became  
 4 aware of the fact that the Pennsylvania securities  
 5 regulators had issued a subpoena to Par Funding  
 6 based in part on complaints about Mr. Vagnozzi?  
 7 MS. RECKER: Objection, and to the extent  
 8 that your answer would reveal attorney-client  
 9 privileged information, I would instruct you  
 10 not to answer.  
 11 MR. MILLER: This is Brian Miller. I  
 12 object to the form.  
 13 BY MS. BERLIN:  
 14 Q. So Mr. Pauciulo?  
 15 A. I'm unaware of any subpoena issued by the  
 16 Pennsylvania securities regulators to CBSG and/or  
 17 Par.  
 18 Q. So is this the first time that you've seen  
 19 any document in connection with the subpoena issued  
 20 to Par Funding?  
 21 A. Yes, that's correct.  
 22 Q. And you had no knowledge that the -- that  
 23 the securities -- the Pennsylvania securities  
 24 regulators had issued a subpoena to them?  
 25 A. Yes --

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1 MS. RECKER: Object to the form.  
 2 A. Yes, that's correct.  
 3 BY MS. BERLIN:  
 4 Q. Did there come a time when you became  
 5 aware that the Pennsylvania securities regulators  
 6 were investigating Par Funding?  
 7 MS. RECKER: Objection to the form. And  
 8 to the extent that your answer would reveal  
 9 attorney-client privileged information, I would  
 10 instruct you not to answer.  
 11 A. Can you restate the question, please?  
 12 BY MS. BERLIN:  
 13 Q. Sure.  
 14 Did there come a time when you became  
 15 aware that the Pennsylvania securities regulators  
 16 were investigating Par Funding?  
 17 MS. RECKER: Objection to the form and  
 18 assert privilege to the extent your answer  
 19 would reveal attorney-client privileged  
 20 information.  
 21 A. I became aware that there had been an  
 22 investigation after reading articles in the press  
 23 regarding a settlement between CBSG and Pennsylvania  
 24 state regulators.  
 25

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1 BY MS. BERLIN:  
 2 Q. And so you -- you were unaware of anything  
 3 about an investigation until a settlement became  
 4 public?  
 5 MS. RECKER: Object to the form.  
 6 A. I became aware of a settlement that was  
 7 publicly announced and I recall reading an article  
 8 about the settlement.  
 9 BY MS. BERLIN:  
 10 Q. And approximately when did you -- and  
 11 we're talking about the settlement, but just for  
 12 clarity, are you referring to an order to show cause  
 13 that the Pennsylvania securities regulators had  
 14 issued concerning Par Funding?  
 15 MS. RECKER: Object to the form.  
 16 A. No, I'm -- I'm referring to a document  
 17 that evidenced some sort of settlement between the  
 18 Pennsylvania securities regulators and CBSG.  
 19 BY MS. BERLIN:  
 20 Q. And did you become aware of that, was it  
 21 in approximately November 2018?  
 22 MS. RECKER: Object to the form. And to  
 23 the extent that your answer would reveal  
 24 attorney-client privileged information, I would  
 25 instruct you not to answer.

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1 BY MS. BERLIN:  
 2 Q. Mr. Pauciulo?  
 3 A. I am considering your question.  
 4 Q. Oh, okay. I'm sorry. I wasn't -- I  
 5 wasn't sure.  
 6 A. I apologize for speaking slowly and being  
 7 deliberate.  
 8 Q. No, let me ask it another way. Let me --  
 9 let me ask it another way.  
 10 When did you -- when did you read the  
 11 article about a settlement between the Pennsylvania  
 12 securities regulators and Par Funding?  
 13 A. I don't recall the specific date on which  
 14 I read an article concerning the settlement between  
 15 the Pennsylvania state regulators and Par Funding.  
 16 But that said, my recollection is that I read the  
 17 article in a matter of days or maybe a week or two  
 18 after the article had been published.  
 19 Q. Did there come a time when you --  
 20 MS. BERLIN: And, Natalie, we can take  
 21 down this exhibit.  
 22 BY MS. BERLIN:  
 23 Q. Did there come a time that you became  
 24 aware that the New Jersey securities regulators had  
 25 instituted an action against Par Funding?

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1 MS. RECKER: Objection. To the extent  
 2 that your answer would reveal attorney-client  
 3 privileged information, I would instruct you  
 4 not to answer.  
 5 A. Yeah, on advice of counsel, I cannot  
 6 answer that question.  
 7 BY MS. BERLIN:  
 8 Q. And is that on the basis of -- are you  
 9 raising an attorney-client privilege on behalf of  
 10 one of your clients?  
 11 A. Yes, that's correct.  
 12 Q. And which client?  
 13 A. Dean Vagnozzi.  
 14 Q. And can you please provide the name of the  
 15 person making the communication that you're claiming  
 16 is privileged?  
 17 A. Dean Vagnozzi.  
 18 Q. And can you please name the person or  
 19 persons who were present when that communication was  
 20 made?  
 21 A. Well, your question assumes that someone  
 22 else was present.  
 23 Q. If the answer is no one, then, you know,  
 24 just you can -- you can -- was anyone present when  
 25 Mr. Vagnozzi made this communication to you?

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1 A. Well, you're sort of putting the rabbit in  
 2 the hat, right, by assuming the communication and we  
 3 asserted privilege. So I -- I don't know how to  
 4 answer that.  
 5 Q. So my -- my question was, the name of the  
 6 person making the communication that you're claiming  
 7 was privileged, you stated was Mr. Vagnozzi.  
 8 And so my next question is the names of  
 9 any person who was present while that communication  
 10 from Mr. Vagnozzi was made.  
 11 A. No other person was present.  
 12 Q. And can you please provide the date and  
 13 the place of that communication that you're claiming  
 14 is attorney-client privileged?  
 15 A. I don't recall the date.  
 16 Q. And what about the place?  
 17 A. I believe I was in my office.  
 18 Q. And can you tell me the general subject  
 19 matter of the communication that you're claiming is  
 20 privileged?  
 21 A. The subject matter was the New Jersey  
 22 settlement between Par Funding and the New Jersey  
 23 state securities regulators.  
 24 Q. And are you aware, sitting here today,  
 25 that there was a case between the New Jersey

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1 securities regulators against Par Funding?  
 2 MS. RECKER: Object to the form.  
 3 A. I -- I'm not sure I understand your  
 4 question. Are you asking me do I know now today as  
 5 I sit here that there was such a question? Is that  
 6 your question?  
 7 BY MS. BERLIN:  
 8 Q. Yes, yes.  
 9 A. Yes, I am aware that there was a  
 10 regulatory action -- excuse me -- commenced by New  
 11 Jersey securities regulators with regard to Par  
 12 Funding.  
 13 Q. And when did you learn about that?  
 14 A. I don't recall specifically when I learned  
 15 about it. Again, I believe there was some public  
 16 announcement or article in the press about it and I  
 17 learned about it sometime thereafter.  
 18 Q. So I'll proffer to you that that action  
 19 was in December 2018.  
 20 Would you have learned about it shortly  
 21 after that? Or -- I mean, I recognize you don't  
 22 know the date that you might have learned about it,  
 23 but can you provide an approximate time frame or  
 24 even a year?  
 25 A. I -- I recognize that the public

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1 announcement was sometime in December of 2018. I  
 2 don't recall the specific date on which I learned  
 3 about it. To the best of my recollection, it was  
 4 probably some number of days or weeks after the  
 5 public announcement.  
 6 **Q.** And did you learn about the New Jersey  
 7 securities regulatory action against Par Funding  
 8 before it became public?  
 9 **A.** No.  
 10 MS. RECKER: Object to the form.  
 11 BY MS. BERLIN:  
 12 **Q.** And did you -- do you have an  
 13 understanding that the Pennsylvania and New Jersey  
 14 securities regulatory actions against Par Funding  
 15 concerned violations of the state securities rules  
 16 and regulations?  
 17 MS. RECKER: Object to the form.  
 18 **A.** I'm not sure I understood your question.  
 19 BY MS. BERLIN:  
 20 **Q.** Okay. We'll break it down. The  
 21 Pennsylvania securities regulatory action of  
 22 November 2018, let's talk about that one first.  
 23 Did you read -- did you read the -- the  
 24 papers in that case?  
 25 MS. RECKER: Object to the form.

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1 **A.** I don't recall whether I read the actual  
 2 filings or what. You used the term "papers." I'm  
 3 not sure what you mean by "papers." I recall  
 4 reading, you know, published media account of the  
 5 matter. I don't recall whether I read the actual  
 6 documents related to the case.  
 7 BY MS. BERLIN:  
 8 **Q.** And -- and what was your understanding of  
 9 what the findings were or the settlement was in the  
 10 Pennsylvania regulatory action against Par Funding?  
 11 **A.** In the Pennsylvania action, my  
 12 understanding was that the Pennsylvania regulators  
 13 asserted the position that Par Funding had sold  
 14 securities without registering them and without  
 15 satisfactorily complying with an exemption for  
 16 registration, and that the case was settled on a no  
 17 admit/no deny basis.  
 18 **Q.** And that the -- with respect to the New  
 19 Jersey action, did you understand that that also  
 20 involved a state securities regulator and Par  
 21 Funding's alleged violation of the New Jersey state  
 22 securities rules and regulations?  
 23 MS. RECKER: Object to the form.  
 24 **A.** Yes, my understanding was that the gist of  
 25 the New Jersey regulatory action was very similar

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1 to, if not the same as the gist of the Pennsylvania  
 2 regulatory action.  
 3 BY MS. BERLIN:  
 4 **Q.** And are you aware of the May 2019  
 5 settlement between Dean Vagnozzi doing business as A  
 6 Better Financial Plan and the Pennsylvania  
 7 securities regulators for violations of state  
 8 securities rules and regulations?  
 9 **A.** I'm aware that the Pennsylvania state  
 10 regulators asserted claims against Dean Vagnozzi  
 11 with regard to potential violations of the  
 12 Pennsylvania securities laws, and I'm generally  
 13 aware that that matter was settled on a no admit/no  
 14 deny basis.  
 15 **Q.** And prior to the settlement, did you  
 16 become aware of the Pennsylvania securities  
 17 regulators investigation of Mr. Vagnozzi?  
 18 MS. RECKER: Objection. To the extent  
 19 that that answer would reveal attorney-client  
 20 privileged information, I would instruct you  
 21 not to answer it and I object to the form.  
 22 **A.** I cannot answer that question.  
 23 BY MS. BERLIN:  
 24 **Q.** Did you represent Mr. Vagnozzi in  
 25 connection with the Pennsylvania securities

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1 regulators action that manifested in a settlement in  
 2 May 2019?  
 3 **A.** Yes, I did.  
 4 **Q.** And the communication that you're claiming  
 5 is privileged, was that from Mr. Vagnozzi?  
 6 **A.** Yes, that's correct.  
 7 **Q.** And with respect to -- that investigation  
 8 also concerned A Better Financial Plan; is that  
 9 correct?  
 10 MS. RECKER: Object to the form.  
 11 **A.** I don't recall whether it also involved  
 12 the entity known as abetterfinancialplan.com, LLC.  
 13 BY MS. BERLIN:  
 14 **Q.** Well, you were A Better Financial Plan's  
 15 counsel during the Pennsylvania securities  
 16 regulators investigation --  
 17 MS. RECKER: Object to the form.  
 18 BY MS. BERLIN:  
 19 **Q.** -- of Mr. Vagnozzi doing business as A  
 20 Better Financial Plan, correct?  
 21 MS. RECKER: Object to the form.  
 22 **A.** I represented abetterfinancialplan.com,  
 23 LLC, from time to time in various matters. I simply  
 24 don't recall whether that entity was a party to the  
 25 Pennsylvania action.

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1 BY MS. BERLIN:  
2 Q. And the Pennsylvania regulatory action,  
3 did that result in any sort of sanction or fine  
4 against Mr. Vagnozzi?  
5 MS. RECKER: Object to the form.  
6 MR. MILLER: This is Mr. Miller. I object  
7 to the form.  
8 A. Yes, there was a regulatory sanction that  
9 was issued as part of a public order.  
10 BY MS. BERLIN:  
11 Q. Did you understand that the Pennsylvania  
12 regulatory action against Par Funding resulted in  
13 any sort of sanction or fine with respect to Par  
14 Funding?  
15 A. Yes, from what I read in the media  
16 account, there was some sanction against Par  
17 Funding.  
18 Q. And similarly, with respect to the New  
19 Jersey securities regulatory action of December 2018  
20 and Par Funding, did you understand that there was  
21 some sanction concerning Par Funding?  
22 MS. RECKER: Object to the form.  
23 A. My understanding, that there were some  
24 sanctions assessed against Par Funding by the New  
25 Jersey state securities regulators based on my

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1 reading of the news articles.  
2 BY MS. BERLIN:  
3 Q. Did there come a time when you became  
4 aware of the Texas state security board issuance of  
5 a cease and desist order against Par Funding?  
6 MS. RECKER: Objection. To the extent  
7 that your answer would reveal attorney-client  
8 privileged information, I would instruct you  
9 not to answer.  
10 A. On the advice of counsel, I cannot answer  
11 that question.  
12 BY MS. BERLIN:  
13 Q. Mr. Vagnozzi -- I mean Mr. Pauciulo, were  
14 you Mr. Vagnozzi's counsel in connection with any  
15 proceeding that the Texas Securities Board has had  
16 concerning Mr. Vagnozzi?  
17 A. I provided some advice to Dean Vagnozzi  
18 about the Texas state regulatory action, but  
19 referred Dean Vagnozzi to counsel licensed to  
20 practice in Texas.  
21 Q. And when did you become aware of the Texas  
22 Security Board's action?  
23 And when I say the Texas Security Board  
24 action, I'm referring to the February 25, 2020 cease  
25 and desist order that the Texas Security Board

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1 issued against Par Funding, Perry Abbonizio, it  
2 concerned A Better Financial Plan and others.  
3 Do you understand which cease and desist  
4 order I'm referring to?  
5 MS. RECKER: Object to the form. And to  
6 the extent that the answer requires you to  
7 reveal attorney-client privileged information,  
8 I would instruct you not to answer.  
9 A. On the advice of counsel, I cannot answer  
10 that question.  
11 BY MS. BERLIN:  
12 Q. Just one moment.  
13 MS. RECKER: I couldn't hear what you just  
14 said, Counsel.  
15 MS. BERLIN: I said just one moment,  
16 please.  
17 MS. RECKER: Okay.  
18 BY MS. BERLIN:  
19 Q. So when did you refer Mr. Vagnozzi to  
20 counsel in Texas?  
21 A. I don't recall the specific date on which  
22 I referred Mr. Vagnozzi to counsel in Texas, but it  
23 would have been very shortly after the filing in  
24 February 2020.  
25 Q. I think you might have cut off or you're

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1 muted.  
2 A. Do you need me to repeat my answer?  
3 Q. Yes. Sorry, I think you were muted. I  
4 didn't hear the end of your answer.  
5 A. We may have been disconnected, but I don't  
6 think we went on mute. Again, my -- my response to  
7 your question was that I don't recall the specific  
8 date on which I referred Dean Vagnozzi to Texas  
9 counsel in connection with the Texas regulatory  
10 matter, but it would have been sometime very shortly  
11 after the matter was filed. Excuse me.  
12 Q. And did you have -- have you ever reviewed  
13 the matter?  
14 And when we say "the matter," I'm  
15 referring to the cease and desist order that the  
16 Texas securities regulators issued in February 2020.  
17 A. I did review the order.  
18 Q. And so approximately when did you review  
19 that order?  
20 MS. RECKER: Object to the form.  
21 A. I don't recall specifically when I  
22 reviewed the order, but I do recall that I reviewed  
23 it some number of days after it was issued.  
24 BY MS. BERLIN:  
25 Q. Do you also represent -- there's --

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1 there's another party to that case named Gary  
2 Beasley.  
3 Are you familiar with them?  
4 **A.** I'm familiar with an individual named Gary  
5 Beasley.  
6 **Q.** And he's also -- he's a respondent in that  
7 Texas action of the cease and desist order in  
8 February 2020?  
9 **A.** Yes. Gary Beasley is a named party in  
10 that action.  
11 **Q.** And are you his counsel as well?  
12 **A.** Not in connection with the Texas action.  
13 **Q.** Were you his attorney in connection with  
14 the fund he had to raise money that he was then  
15 using to purchase promissory notes from Complete  
16 Business Solutions Group?  
17 **MS. RECKER:** Object to the form.  
18 **A.** I represented Gary Beasley in connection  
19 with the formation of an entity and preparation of a  
20 private placement memorandum and other offering  
21 materials.  
22 **BY MS. BERLIN:**  
23 **Q.** And -- and that private placement  
24 memorandum was used to raise money from investors to  
25 then invest into Complete Business Solutions Group

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1 in exchange for promissory notes, correct?  
2 **MS. RECKER:** Object to the form.  
3 **A.** Yeah, I don't know that I can answer that  
4 based on attorney-client privilege. To my  
5 knowledge, Mr. Beasley hasn't waived privilege. I  
6 don't think I could talk about what work I did or  
7 didn't do for him.  
8 **BY MS. BERLIN:**  
9 **Q.** Okay. So are you raising an attorney work  
10 product privilege?  
11 **A.** I -- I think both with regard  
12 communications and work product.  
13 **Q.** Okay. With respect to work product, the  
14 question I asked about whether or not he was raising  
15 money from investors to invest in Par Funding, is  
16 your attorney work product based on work that you  
17 did in anticipation of litigation? And if so, what  
18 litigation?  
19 **MS. RECKER:** Object to the form.  
20 **A.** The work that I did on behalf of  
21 Mr. Beasley with regard to fund formation was not  
22 done in anticipation of any litigation.  
23 **BY MS. BERLIN:**  
24 **Q.** Okay. Now, you also represented  
25 Mr. Vagnozzi in connection with the Securities and

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1 Exchange Commission's investigation of Dean Vagnozzi  
2 concerning Fallcatcher; is that correct?  
3 **MS. RECKER:** Object to the form.  
4 **A.** Yes, I represented Mr. Vagnozzi in  
5 connection with the SEC investigation with respect  
6 to Dean Vagnozzi's involvement with a company called  
7 Fallcatcher.  
8 **BY MS. BERLIN:**  
9 **Q.** And during the -- during the SEC's  
10 investigation of Mr. Vagnozzi in Fallcatcher, you  
11 responded to subpoenas issued by the SEC to  
12 Mr. Vagnozzi, correct?  
13 **MS. RECKER:** Object to the form and object  
14 to the extent that it requires you to reveal  
15 attorney-client information and work product, I  
16 would instruct you not to answer.  
17 **MR. MILLER:** I join.  
18 **A.** On advice of counsel, I cannot answer that  
19 question.  
20 **BY MS. BERLIN:**  
21 **Q.** Mr. Pauciulo, do you understand that I'm  
22 asking you if you responded to the SEC in response  
23 to subpoenas issued to your client? I just want  
24 to -- do you -- do you understand my question?  
25 **MS. RECKER:** Same objection.

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1 **MS. BERLIN:** Ms. Recker, are you claiming  
2 that me asking if he understands that question  
3 is attorney-client privilege?  
4 **MS. RECKER:** Well, you're asking if he  
5 understands a question, and the question has  
6 substance to it, and that's what I'm objecting  
7 to.  
8 **BY MS. BERLIN:**  
9 **Q.** Okay. So just let's go back to the  
10 question I just asked, and I'm asking this in  
11 isolation. Mr. Pauciulo, do you understand that my  
12 question concerns is simple. Did you respond to the  
13 SEC in response to subpoenas issued to your client,  
14 Dean Vagnozzi?  
15 **MS. RECKER:** I object to the form. And to  
16 the extent that your answer implicates  
17 attorney-client privileged and/or work product,  
18 I would instruct you not to answer.  
19 **A.** Yeah, on advice of counsel, I can't answer  
20 that question. You're asking what services we  
21 provided to Mr. Vagnozzi, and my understanding is  
22 that's privileged.  
23 **BY MS. BERLIN:**  
24 **Q.** That's not -- that wasn't my question.  
25 My question was whether you responded to

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1 the SEC in response to subpoenas issued to  
 2 Mr. Vagnozzi. That's why I was asking it a few  
 3 times to make sure you understood my question that  
 4 you're asserting privilege to.  
 5 Do you understand the question I'm asking?  
 6 My question is, did you send letters and respond to  
 7 the SEC after you received subpoenas issued to  
 8 Mr. Vagnozzi?  
 9 MS. RECKER: Object to the form.  
 10 A. I recall that -- well, I don't think I can  
 11 answer that. I think that's all subject to  
 12 attorney-client privilege.  
 13 BY MS. BERLIN:  
 14 Q. Okay. And so you're raising  
 15 attorney-client -- so you're raising attorney-client  
 16 privilege or attorney work product or both?  
 17 A. Both.  
 18 Q. So your response to the SEC, can you  
 19 please tell me the name of the person who would have  
 20 made the communication.  
 21 MS. RECKER: Object to the form. What  
 22 communication?  
 23 MS. BERLIN: The communication he's  
 24 claiming privilege over.  
 25 MS. RECKER: Object to the form.

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1 A. I don't understand your question.  
 2 BY MS. BERLIN:  
 3 Q. So okay. Let me -- let me back up. Let  
 4 me back up. My question was a simple one.  
 5 It was, did you respond to the SEC, you  
 6 meaning John Pauciulo, did you respond to the SEC  
 7 when we sent subpoenas to your client, Dean  
 8 Vagnozzi?  
 9 You asserted that that is attorney-client  
 10 privileged and that it's also attorney work product  
 11 whether or not you sent responses to the SEC.  
 12 So you asserted a privilege about your  
 13 responses to the SEC, and now I'm going to probe  
 14 your assertion of the privilege for the record, for  
 15 the magistrate judge. So under our local rule  
 16 26.1(f), I am asking you -- I'm going to ask you the  
 17 same questions under our local rule each time you  
 18 assert it. I'm not trying to be difficult, it's  
 19 just what's required.  
 20 The name of the person who made this  
 21 communication to the SEC that is the basis of  
 22 your -- your privilege assertion.  
 23 A. I'm not entirely sure that I understand  
 24 your question. To the extent that there was a  
 25 communication made -- I don't know if you are asking

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1 whether I, John Pauciulo, personally, in my capacity  
 2 for Dean Vagnozzi, made the communication, or  
 3 whether other Eckert Seamans' attorneys in their  
 4 capacity as counsel for -- for Dean Vagnozzi made  
 5 the communication. I'm not quite sure what you are  
 6 trying to -- the information you're trying to  
 7 elicit.  
 8 Q. So I'll ask the question again. And I  
 9 think I said this before, but I'm going to say it  
 10 again.  
 11 My question is whether you, John Pauciulo,  
 12 responded to the Securities and Exchange Commission  
 13 in response to subpoenas issued to your client, Dean  
 14 Vagnozzi, in the Fallcatcher investigation?  
 15 MS. RECKER: Object to the form.  
 16 A. I don't remember. I don't recall.  
 17 BY MS. BERLIN:  
 18 Q. Okay. That's --  
 19 MS. BERLIN: So I wonder, Natalie, if you  
 20 could please pull up Exhibit 4.  
 21 MS. SILVER: Okay.  
 22 (Thereupon, marked as Exhibit 4.)  
 23 BY MS. BERLIN:  
 24 Q. I am showing you a subpoena that the SEC  
 25 issued July 17, 2018, and we sent it to A Better

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1 Financial Plan, LLC, care of you, Mr. Pauciulo.  
 2 Do you see that?  
 3 A. Yes, I see that.  
 4 Q. Okay. And you understand that A Better  
 5 Financial Plan is now in receivership and the  
 6 receiver has waived attorney -- has waived privilege  
 7 completely with respect to your representation of A  
 8 Better Financial Plan.  
 9 Do you understand that?  
 10 A. I understand that.  
 11 Q. Okay. And this is a subpoena to which you  
 12 responded to the SEC after you received it, correct?  
 13 MS. RECKER: Object to the form.  
 14 A. I don't recall.  
 15 MS. BERLIN: Okay. Natalie, I wonder if  
 16 you could please turn to PDF page 9.  
 17 BY MS. BERLIN:  
 18 Q. The SEC subpoena included a long list of  
 19 documents to produce that was fairly broad. It  
 20 included, you'll see in Item No. 1, all documents  
 21 and communications concerning Fallcatcher, including  
 22 offering documents, agreements, contracts, marketing  
 23 materials. It also included -- basically it's  
 24 including a very broad range of any offering --  
 25 offering material documents.

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1 Do you see that?  
2 **A.** Yes, I see the document on the screen.  
3 **Q.** Okay. Mr. Vagnozzi, in August, during the  
4 course of the investigation of Fallcatcher, you had  
5 numerous communications with the SEC staff; is that  
6 correct?  
7 **MS. RECKER:** You referred to him as  
8 Mr. Vagnozzi.  
9 **BY MS. BERLIN:**  
10 **Q.** I'm sorry. Mr. Pauciulo, in connection  
11 with the Fallcatcher investigation, you had numerous  
12 communications with the SEC staff; isn't that  
13 correct?  
14 **MS. RECKER:** Object to the form.  
15 **A.** Yeah, I don't know what you mean by  
16 "numerous." We certainly had -- I certainly had  
17 communications with the SEC staff in connection  
18 with -- with this matter as well as some of my  
19 colleagues at Eckert Seamans.  
20 **BY MS. BERLIN:**  
21 **Q.** And in August 2018, after receiving this  
22 subpoena, did you represent, you personally, I'm  
23 saying you -- when I say you for the whole day, I'm  
24 talking about John Pauciulo.  
25 Do you understand that?

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1 **A.** I understand what you said.  
2 **Q.** Okay. So did you represent to the SEC in  
3 August 2018 that there were no investors in  
4 Fallcatcher?  
5 **MS. RECKER:** Object to the form.  
6 **A.** I don't recall.  
7 **BY MS. BERLIN:**  
8 **Q.** Did you represent to the SEC staff in  
9 August 2018 after receiving this -- this subpoena  
10 that we see as Exhibit 4, that there was at that  
11 time no offering for Fallcatcher?  
12 **MS. RECKER:** Object to the form.  
13 **A.** I don't recall.  
14 **BY MS. BERLIN:**  
15 **Q.** Mr. Pauciulo, would you agree with me that  
16 by August 2018 you were actually drafting the  
17 private placement memorandum for Fallcatcher?  
18 **MS. RECKER:** Objection. To the extent  
19 that this requires privileged communications, I  
20 would instruct you not to answer. And to the  
21 extent that it invokes work product privilege,  
22 I would also instruct you not to answer.  
23 **A.** Yeah, on the advice of counsel, I cannot  
24 answer that question.  
25

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1 **BY MS. BERLIN:**  
2 **Q.** Okay. So as for the work product  
3 privilege -- well, are you asserting work product  
4 privilege?  
5 **A.** I'm asserting attorney-client privilege.  
6 **Q.** Okay. So you're --  
7 **A.** I want to confer -- I want to confer with  
8 counsel.  
9 **Q.** Sure.  
10 **A.** I need two minutes.  
11 **Q.** Absolutely. No problem.  
12 **MS. BERLIN:** Denise, can we go off the  
13 record.  
14 (A discussion was held off the record.)  
15 **BY MS. BERLIN:**  
16 **Q.** Mr. Pauciulo, are you prepared to answer?  
17 **A.** Yes. I'll -- I'll restate and clarify my  
18 answer. I cannot answer that question based on  
19 attorney-client privilege and work product  
20 privilege.  
21 **Q.** Okay. And with respect to work product  
22 privilege, what are you -- are you claiming  
23 privilege over the private placement memorandum for  
24 Fallcatcher?  
25 **MS. RECKER:** Object to the form. And to

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1 the extent that your answer reveals work  
2 product privileged material, I would instruct  
3 you not to answer.  
4 **A.** On the advice of counsel, I cannot answer  
5 your question.  
6 **BY MS. BERLIN:**  
7 **Q.** Did you prepare -- the materials you're  
8 claiming privilege over, did you prepare them in  
9 anticipation of litigation?  
10 **MS. RECKER:** Object to the form.  
11 **A.** What -- what -- to what materials are you  
12 referring?  
13 **BY MS. BERLIN:**  
14 **Q.** The question that you asserted privilege  
15 to is -- was my question about whether you were  
16 drafting PP -- the private placement memorandum for  
17 Fallcatcher by August 2018. You asserted privilege  
18 over that.  
19 So my question is -- I'm trying to find  
20 out what are you asserting -- what -- what is  
21 privileged? Is it the PPM that's privileged that  
22 you're claiming attorney work product over? And if  
23 so, my question is, did you -- like, was that  
24 created in anticipation of litigation?  
25 **MS. RECKER:** Object to the form and object

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1 to the extent that it reveals privileged and  
2 work product information.  
3 **A.** On advice of counsel, I cannot answer that  
4 question.  
5 BY MS. BERLIN:  
6 **Q.** So with respect to what you're claiming  
7 attorney work product over, and whether it's the  
8 private placement memorandum, I just want to make  
9 sure the record is clear, you're asserting -- am I  
10 correct in understanding that you're asserting a  
11 privilege in response to that question?  
12 **MS. RECKER:** Objection to the form. And  
13 to the extent that anything you would say would  
14 reveal attorney-client and work product  
15 privilege, I would instruct you not to answer.  
16 **A.** On advice of counsel, I cannot answer that  
17 question.  
18 BY MS. BERLIN:  
19 **Q.** And I -- unfortunately, I'm entitled and  
20 required to probe the things that are supposed to be  
21 disclosed under the federal rules when one raises a  
22 privilege.  
23 So I'm trying to ask those questions, and  
24 my understanding is you refuse to provide the  
25 information on the basis of privilege; is that

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1 correct?  
2 **A.** Well, I object to your use of the word  
3 "refuse."  
4 **Q.** You're asserting a privilege in response  
5 to my questions about -- so let me ask you each one.  
6 Will you -- and if it's just privileged, just say  
7 so, but I would like to move on. I just need to  
8 understand -- all I'm trying to do is understand  
9 what you're raising a privilege to.  
10 The initial question was, by the end of  
11 August of 2018, you were actually drafting a private  
12 placement memorandum for Fallcatcher, correct?  
13 **MS. RECKER:** Object to the form.  
14 BY MS. BERLIN:  
15 **Q.** You have asserted --  
16 **MS. BERLIN:** I'm not finished with my  
17 question. I haven't finished my question.  
18 BY MS. BERLIN:  
19 **Q.** You asserted the privilege of  
20 attorney-client privilege and attorney work product  
21 privilege. I would first like to address your  
22 attorney work product privilege assertion.  
23 With respect to that assertion, are you --  
24 what specifically are you -- are you claiming about  
25 the -- I'm sorry.

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1 Specifically on -- on the work product  
2 privilege, are you claiming that you drafted the  
3 private placement memorandum for Fallcatcher in  
4 anticipation of litigation?  
5 **MS. RECKER:** Object to the form. Object  
6 to the extent that the answer reveals  
7 attorney-client privileged information and work  
8 product information.  
9 **A.** On advice of counsel, I cannot answer that  
10 question.  
11 BY MS. BERLIN:  
12 **Q.** And Mr. Pauciulo, how many lawyers are  
13 representing you here today?  
14 **A.** I don't know.  
15 **Q.** We have Ms. Recker, that's one. Melanie  
16 Damian, I see her name, that's two, correct?  
17 Allison Leonard is three.  
18 Is Amy Carver another one of your lawyers?  
19 **A.** Yes.  
20 **Q.** Four. And Jay Dubow.  
21 That's five, correct?  
22 **A.** That is correct.  
23 **Q.** And you have two attorneys here,  
24 Ms. Damian and Ms. Leonard, who are -- who are  
25 actually members of the Bar here and presumably are

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1 familiar with our local rules, correct?  
2 **A.** I can't speak to their experience or  
3 capabilities.  
4 **Q.** Well, you hired them.  
5 Are you aware of the fact that they are  
6 Florida lawyers and that they practice law in Miami,  
7 Florida?  
8 **A.** (Shaking head.)  
9 **Q.** You don't know? You're shaking your head.  
10 You don't know?  
11 **MS. RECKER:** Object to the form.  
12 BY MS. BERLIN:  
13 **Q.** Am I correct -- you just have to give a  
14 verbal answer.  
15 You don't know; is that correct, from you  
16 shaking your head?  
17 **MS. RECKER:** Object to the form.  
18 **A.** I have no direct knowledge of their board  
19 admissions or where they practice. I understand  
20 from one of my lawyers that --  
21 **MS. RECKER:** Objection. To the extent  
22 that you're going to reveal attorney-client  
23 privileged information, please don't.  
24 **A.** I can't answer your question further.  
25

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1 BY MS. BERLIN:  
2 Q. Okay, understood.  
3 So on your attorney work product  
4 privilege, I understand you won't disclose whether  
5 you drafted it in anticipation of litigation.  
6 With respect to your other -- the -- your  
7 invocation of the privilege, does it concern any  
8 oral communications?  
9 MS. RECKER: Object to the form.  
10 BY MS. BERLIN:  
11 Q. Are you asserting privilege in response to  
12 my question about whether you're drafting the  
13 Fallcatcher PPM by August 2018 on the basis of oral  
14 communications?  
15 MS. RECKER: Object to the form.  
16 A. I don't understand the question. I don't  
17 understand what information you're trying to elicit.  
18 BY MS. BERLIN:  
19 Q. I'm trying to elicit the information  
20 that's provided in our local rule that is supposed  
21 to be provided when you assert a privilege. So I  
22 apologize, I can tell it's frustrating you, but --  
23 but if you'll just bear with me. And if you don't  
24 know the answer, you can just say so. And if I am  
25 not clear, please tell me and I'll try to rephrase.

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1 Okay? Do you understand?  
2 A. I'm not frustrated. I'm trying to answer  
3 your questions to the best of my -- I'm trying to  
4 answer your questions to the best of my ability.  
5 Q. Okay. So are you -- when I asked you --  
6 the question that's been pending for a while is just  
7 whether you drafted the PPM for Fallcatcher, whether  
8 you were drafting that by August 2018.  
9 With respect to your attorney-client  
10 privilege, is that based on oral communications --  
11 MS. RECKER: Object to the form.  
12 BY MS. BERLIN:  
13 Q. -- with the client?  
14 A. I don't understand your question.  
15 Q. You're asserting the attorney-client  
16 privilege with respect to whether you drafted a  
17 document.  
18 And so my question is, is it with respect  
19 to oral or written communications with the client or  
20 none of the above?  
21 MS. RECKER: Object to the form.  
22 A. I don't recall.  
23 BY MS. BERLIN:  
24 Q. Okay.  
25 MS. BERLIN: Can we please -- Natalie, can

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1 you please show Exhibit 5.  
2 MS. SILVER: Okay.  
3 MS. BERLIN: Thank you.  
4 (Thereupon, marked as Exhibit 5.)  
5 BY MS. BERLIN:  
6 Q. Mr. -- Mr. Pauciulo, this is one of your  
7 invoices to -- that you sent to Mr. Vagnozzi in 2018  
8 from Eckert Seamans, correct?  
9 A. Yes, that's what it appears to be.  
10 Q. Thank you.  
11 MS. BERLIN: Natalie, can you please turn  
12 to Exhibit 5, PDF page 5.  
13 Thank you. And so can you scroll down one  
14 more page, Natalie. Thank you.  
15 Natalie, can you go back up to page 1.  
16 I'm sorry, PDF page -- wait. Wait. Down one.  
17 Thank you.  
18 BY MS. BERLIN:  
19 Q. Now, in this -- in this invoice -- and do  
20 your invoices accurately reflect the work you're  
21 doing on matters?  
22 A. Yes.  
23 Q. Okay. So if -- if one of your invoices  
24 shows that you're drafting the Fallcatcher PPM or  
25 billing for it, is it safe to assume that you

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1 actually were drafting a PPM on that date?  
2 A. It's a reasonable assumption.  
3 Q. So we can see -- let's -- we'll look at a  
4 few things in Exhibit 5. The first is, do you see  
5 on April 5, 2018 it states that you're meeting with  
6 agents? Do you see that?  
7 A. I see that time entry, yes.  
8 Q. Okay. And what agents are you meeting  
9 with in April of 2018?  
10 MS. RECKER: Objection to form.  
11 A. The word "agent" there refers to  
12 individuals who were interested in forming an  
13 investment fund.  
14 BY MS. BERLIN:  
15 Q. And is that an investment fund that would  
16 issue promissory notes to people in exchange for  
17 money?  
18 MS. RECKER: Object to the form.  
19 A. I don't recall whether -- at that point  
20 sort of the structure of what the nature of the  
21 securities would be issued, whether a debt  
22 investment or an equity investment.  
23 BY MS. BERLIN:  
24 Q. Okay. Did you ever -- did you ever meet  
25 with any agent funds that you were billing

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1 Mr. Vagnozzi for or ABFP for that were offering a  
 2 security other than a promissory note?  
 3 MS. RECKER: Object to the form.  
 4 MR. MILLER: Join.  
 5 A. I'm sorry, can you repeat the question,  
 6 please?  
 7 BY MS. BERLIN:  
 8 Q. Yeah. Hold on one -- just one moment,  
 9 though.  
 10 MS. BERLIN: Natalie, can you take down  
 11 this exhibit for a moment.  
 12 BY MS. BERLIN:  
 13 Q. Now, the Fallcatcher investigation -- and  
 14 when I say "Fallcatcher investigation," do you  
 15 understand that I'm referring to the matter you  
 16 represented ABFP, A Better Financial Plan and  
 17 Mr. Vagnozzi in before the Securities and Exchange  
 18 Commission in 2018 and 2019 and 2020?  
 19 I -- I'm trying to give you a quick  
 20 definition. Do you know -- if I say -- how about  
 21 this, Mr. Pauciulo, because you look puzzled. If I  
 22 say "the Fallcatcher investigation," I am referring  
 23 to the matter that ultimately resulted in an order  
 24 against your client in July 2020 in connection with  
 25 the Fallcatcher offering.

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1 Do you understand what I mean when I say  
 2 "the Fallcatcher matter"?  
 3 A. I understand what you mean when you say  
 4 the Fallcatcher matter.  
 5 Q. Thank you.  
 6 Now, the Fallcatcher matter ultimately  
 7 ended in a settled order being entered against  
 8 Mr. Vagnozzi on July 14, 2020; is that correct?  
 9 A. That is correct.  
 10 MS. BERLIN: Natalie, could you please  
 11 show Exhibit 6.  
 12 MS. SILVER: Okay.  
 13 MS. BERLIN: Thank you.  
 14 (Thereupon, marked as Exhibit 6.)  
 15 BY MS. BERLIN:  
 16 Q. So this is a declaration of an investor.  
 17 Mr. Beebe is his name.  
 18 MS. BERLIN: And I wonder, Natalie, if you  
 19 could please turn to PDF page 97.  
 20 BY MS. BERLIN:  
 21 Q. Mr. Pauciulo, do you see that on page 97  
 22 of Exhibit 6 it is an e-mail dated July 17, 2020  
 23 from Dean Vagnozzi?  
 24 Do you see right below the line it says  
 25 from Dean Vagnozzi, sent Friday, July 17, 2020 to

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1 Dean Vagnozzi, subject, ABFP press release. Please  
 2 read? Do you see that?  
 3 A. Yes, I see that.  
 4 Q. Have you seen this e-mail before today?  
 5 A. No, I have not.  
 6 Q. So you did not review a draft of this  
 7 e-mail message?  
 8 MS. RECKER: Object to the form. And to  
 9 the extent that your answer reveals  
 10 attorney-client privileged or work product  
 11 privilege, I instruct you not to answer.  
 12 A. I cannot answer that question.  
 13 BY MS. BERLIN:  
 14 Q. And -- and why? Can you -- can you state  
 15 whatever -- if you're asserting a privilege, could  
 16 you please state the privilege and the basis for the  
 17 privilege?  
 18 A. It's attorney-client privileged  
 19 communication. You're asking me to disclose  
 20 attorney-client privileged communication.  
 21 Q. Mr. Pauciulo, did you -- did you read  
 22 Mr. Vagnozzi's testimony in this case?  
 23 MS. RECKER: Objection to the form.  
 24 BY MS. BERLIN:  
 25 Q. Do you understand the question,

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1 Mr. Pauciulo?  
 2 A. I understand your question, and I am -- I  
 3 am thinking about it.  
 4 I do not recall reading the transcript of  
 5 Mr. Vagnozzi's testimony in this current matter.  
 6 Q. But your testimony is that you are seeing  
 7 this e-mail message that we have on PDF page 97 of  
 8 Exhibit 6 for the first time today, correct?  
 9 A. My testimony is that I have not seen this  
 10 specific e-mail that you're displaying as Exhibit 6  
 11 before.  
 12 Q. And it's on PDF page 97 of Exhibit 6,  
 13 correct? Do you see that?  
 14 A. I don't see the page reference, but I  
 15 haven't seen this specific e-mail before.  
 16 Q. Okay. I'm just trying to make sure the  
 17 record is clear, because this is a very lengthy  
 18 exhibit. I am -- for the record, I am showing you  
 19 PDF page 97 of 100. And if you look where the arrow  
 20 is pointed, Natalie is pointing to you where it says  
 21 the page number.  
 22 Do you see that?  
 23 A. I see that.  
 24 Q. Okay. Great.  
 25 So let's look at a few things in this

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1 e-mail message. If we could look -- do you see the  
 2 heading Number 1 that says the SEC? Do you see  
 3 that?  
 4 **A.** I see that.  
 5 **Q.** Okay. And do you see that under that  
 6 heading in the second full paragraph Mr. Vagnozzi is  
 7 discussing the SEC's Fallcatcher investigation?  
 8 **MR. MILLER:** I object to form.  
 9 **A.** I don't see -- maybe I'm just not seeing  
 10 it, but I don't --  
 11 **BY MS. BERLIN:**  
 12 **Q.** Okay, no problem. Let me help you. Let  
 13 me help you.  
 14 Do you see, under the SEC heading, the  
 15 paragraph that reads, "Like many of you, the SEC  
 16 heard my commercials on the radio three years ago  
 17 and started an investigation. We cooperated fully  
 18 with them. We gave them everything they wanted.  
 19 They looked at all my bank transactions since 2013.  
 20 We gave 85,000 pages of documents, including all  
 21 internal e-mails, client e-mails, and potential  
 22 client e-mails. They called many of you and spoke  
 23 with you. I went to New York twice and answered  
 24 questions for hours and hours. I spent \$300,000 in  
 25 legal fees during this process."

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1 Do you see that paragraph?  
 2 **A.** Yes, I see that paragraph.  
 3 **Q.** Did I read that correctly?  
 4 **A.** I believe you read the words on the page  
 5 correctly.  
 6 **Q.** Okay. Do you see the last sentence where  
 7 it says, "I spent \$300,000 in legal fees during this  
 8 process"? Do you see that?  
 9 **A.** I do see that sentence.  
 10 **Q.** Is that true?  
 11 **MS. RECKER:** Object to the form.  
 12 **A.** The specific amount -- the specific amount  
 13 may not be exactly correct, but I believe it's a  
 14 reasonable approximation.  
 15 **BY MS. BERLIN:**  
 16 **Q.** So approximately how much did you make --  
 17 or how much in legal fees did Mr. Vagnozzi pay you  
 18 for your work on the Fallcatcher investigation?  
 19 **MS. RECKER:** Object to the form.  
 20 **A.** I don't recall the specific amount. I  
 21 just don't know.  
 22 **BY MS. BERLIN:**  
 23 **Q.** Can you provide an approximation?  
 24 **MS. RECKER:** Object to the form.  
 25 **A.** The fees were in the hundreds of thousands

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1 of dollars. Beyond that, I -- I don't know offhand.  
 2 I would have to review, you know, our billing  
 3 records to give you a more specific answer.  
 4 **BY MS. BERLIN:**  
 5 **Q.** Okay. And did Mr. Vagnozzi pay you for  
 6 the Fallcatcher investigation personally or did one  
 7 of his entities pay your fees for the Fallcatcher  
 8 investigation work?  
 9 **MS. RECKER:** Object to the form.  
 10 **A.** I don't know -- I don't know through what  
 11 account, whether it was an entity or a Dean Vagnozzi  
 12 personal account. I don't know from what accounts  
 13 payments were made.  
 14 **BY MS. BERLIN:**  
 15 **Q.** Could it have been A Better Financial Plan  
 16 that paid these legal fees?  
 17 **MS. RECKER:** Objection. To the extent  
 18 that this requires you to reveal  
 19 attorney-client privileged information, I would  
 20 instruct you not to answer.  
 21 **A.** On advice of counsel, I cannot answer that  
 22 question.  
 23 **BY MS. BERLIN:**  
 24 **Q.** So to clarify, are you claiming that  
 25 whether or not A Better Financial Plan paid your

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1 legal fees is attorney-client privileged  
 2 information?  
 3 **A.** On advice of counsel, I cannot answer that  
 4 question.  
 5 **Q.** Okay. Well, what -- what specifically are  
 6 you asserting is attorney-client privileged?  
 7 **A.** The fact of what party may or may not have  
 8 paid Eckert Seamans' legal fees.  
 9 **Q.** And is that based on a -- an  
 10 attorney-client communication? Is that the basis  
 11 for you claiming it's attorney-client privileged?  
 12 **A.** I think the form of payment itself is a  
 13 form of client communication subject to  
 14 attorney-client privilege.  
 15 **Q.** And was the -- so you're claiming that the  
 16 payment itself -- the form of the payment is itself  
 17 a form of communication that is attorney-client  
 18 privileged? Is that -- am I understanding you  
 19 correctly?  
 20 **A.** Yes, that's correct.  
 21 **Q.** Can we please look at the next paragraph  
 22 in this e-mail message?  
 23 Do you see where it says -- the second  
 24 sentence where Mr. Vagnozzi writes, "The SEC  
 25 reviewed all of ABFP's bank records"?

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1 Do you see it's -- the last paragraph on  
 2 the page it says, "Further" -- the second paragraph,  
 3 do you see it? We could maybe put an arrow there if  
 4 you can't see it. "Further, the SEC reviewed all of  
 5 ABFP's bank records."  
 6 Do -- do you see what I'm -- unfortunately  
 7 we're in two different locations and I can't -- I  
 8 can't point on the document. But it's the last  
 9 paragraph on the page, second sentence, and it's in  
 10 bold -- bold-faced type. Do you see it?  
 11 "Further, the SEC reviewed all of ABFP's  
 12 bank records and found that no investor funds were  
 13 mishandled or misused."  
 14 Do you see that sentence?  
 15 **A.** Yes, I see that sentence.  
 16 **Q.** Did the SEC make a finding that no  
 17 investor funds were mishandled or misused?  
 18 **MR. MILLER:** I'll object to the form.  
 19 **BY MS. BERLIN:**  
 20 **Q.** Mr. Pauciulo?  
 21 **A.** Yes, I'm considering your question.  
 22 **Q.** Oh, okay, sorry.  
 23 **A.** I apologize for trying to be thoughtful.  
 24 **Q.** No, please don't. I couldn't tell if you  
 25 were delayed or muted or if you were thinking. So

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1 please take all the time that you need.  
 2 The question is, did the SEC communicate  
 3 to you a finding that no investor funds were  
 4 mishandled or misused?  
 5 **MS. RECKER:** Object to the form.  
 6 **MR. MILLER:** Join.  
 7 **A.** Yes.  
 8 **BY MS. BERLIN:**  
 9 **Q.** Okay. And -- and what -- tell me about --  
 10 **A.** At least with respect to the scope of the  
 11 investigation that the SEC staff was conducting at  
 12 that time.  
 13 **Q.** I apologize. I couldn't make out what you  
 14 were just saying.  
 15 **A.** At least with respect to the investigation  
 16 that the SEC staff was conducting at that time.  
 17 **Q.** Okay. And where is that finding located?  
 18 Is that in writing anywhere, that the SEC made a  
 19 finding that no investor funds were mishandled or  
 20 misused in connection with the Fallcatcher  
 21 investigation?  
 22 **A.** That was not your question.  
 23 **Q.** That was exactly my question.  
 24 Did the SEC communicate to you a finding  
 25 that no investor funds were mishandled or misused?

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1 And I will add, we were talking about the  
 2 Fallcatcher investigation.  
 3 **MS. RECKER:** Object to the form.  
 4 **BY MS. BERLIN:**  
 5 **Q.** Your lawyer seems to think I'm being very  
 6 confusing with the questions. So let me try to be  
 7 clearer for you, Mr. Pauciulo. And I apologize if  
 8 I'm being confusing in any way. I'm just trying to  
 9 use the language that's used in your client's  
 10 e-mail. I'm going to ask it again.  
 11 Did the SEC make a finding that no  
 12 investor funds were mishandled or misused in  
 13 connection with the Fallcatcher offering?  
 14 **MS. RECKER:** Object to the form.  
 15 **MR. MILLER:** Join.  
 16 **A.** I'm not sure what you mean by the phrase  
 17 "finding." They make a finding. I know that they  
 18 didn't assert a claim that investor funds had been  
 19 misused, and I had conversations with the SEC staff  
 20 in which I and other colleagues asked the SEC staff  
 21 whether they had concerns around mishandling or  
 22 misuse of investor funds and was told that they did  
 23 not.  
 24 **BY MS. BERLIN:**  
 25 **Q.** And the staff of the SEC -- staff people

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1 at the SEC told you that they personally didn't have  
 2 those concerns.  
 3 Is that what you're saying?  
 4 **A.** Correct.  
 5 **Q.** Okay. You understand because you used to  
 6 work at the SEC. The SEC is an agency and the SEC  
 7 speaks only through the commissioners of the SEC.  
 8 You understand that, don't you?  
 9 **MR. MILLER:** Object to the form.  
 10 **BY MS. BERLIN:**  
 11 **Q.** Do you understand that, Mr. Pauciulo?  
 12 **A.** As a technical matter, I appreciate the  
 13 point you're making.  
 14 **Q.** Okay. So we're going to talk about the --  
 15 when I ask about the SEC, I'm not talking about a  
 16 specific staff person or an individual who might  
 17 work there. I'm talking about the SEC. As you  
 18 know, all orders and findings are made only by the  
 19 SEC as a commission.  
 20 Do you understand that?  
 21 **MS. RECKER:** Object to the form.  
 22 **MR. MILLER:** Join.  
 23 **BY MS. BERLIN:**  
 24 **Q.** Mr. Pauciulo, do you understand that the  
 25 SEC only makes findings through the commissioners of

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1 the SEC?  
 2 MR. MILLER: Same objection.  
 3 BY MS. BERLIN:  
 4 Q. Mr. Pauciolo, are you there?  
 5 A. I am -- I am here and I am thinking about  
 6 your question.  
 7 Q. Okay. Mr. Pauciolo, we're going to move  
 8 on. I'm on page 6 of a 36-page outline. I wasn't  
 9 anticipating it was going to take this long. So  
 10 we're just -- we're going to skip that and we're  
 11 going to talk about the staff that supposedly told  
 12 you that there was a finding of the SEC that -- that  
 13 there were no concerns about mishandling or misuse  
 14 of funds.  
 15 What staff told you that and when?  
 16 MS. RECKER: Object to the form.  
 17 A. That's not -- that's not -- that's not my  
 18 testimony. That was not what I said.  
 19 BY MS. BERLIN:  
 20 Q. Okay.  
 21 A. That was not my testimony.  
 22 Q. So what -- you said that -- your testimony  
 23 is on the record. You referred in your testimony to  
 24 staff.  
 25 So what staff were you referring to in

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1 your answer?  
 2 A. The staff to whom I was referring is Steve  
 3 Rawlings.  
 4 Q. Okay.  
 5 A. Other members of the New York --  
 6 Q. And --  
 7 A. Other members of the New York SEC staff  
 8 were present for conversations, but the  
 9 communication was with Steve Rawlings primarily.  
 10 Q. And when did Steve Rawlings tell you that?  
 11 A. I don't recall the specific dates on which  
 12 Steve Rawlings told me that.  
 13 Q. Did he write it down or did he tell it to  
 14 you verbally?  
 15 A. He told me that verbally.  
 16 Q. Was anyone else present?  
 17 A. Yes.  
 18 Q. Who?  
 19 A. I recall that Dave Laigaie, who is an  
 20 attorney with Eckert Seamans, was present, and I  
 21 recall that one or more other members of the SEC  
 22 staff were present. I don't recall specifically  
 23 who.  
 24 Q. Megan Genet?  
 25 A. Megan Genet who was involved in the matter

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1 may well have been present for that conversation,  
 2 but I don't specifically recall whether she was.  
 3 Q. And did Mr. Rawlings, did he tell you that  
 4 the SEC actually found that there was -- I'm sorry.  
 5 Let me ask that again.  
 6 Did Mr. Rawlings tell you that the SEC  
 7 found that no investor funds were mishandled or  
 8 misused?  
 9 A. Steve Rawlings did not use those words in  
 10 that way.  
 11 Q. Well, did he communicate to you maybe not  
 12 verbatim, but did he communicate to you that the SEC  
 13 had found that no investor funds were mishandled or  
 14 misused in connection with the Fallcatcher matter?  
 15 A. Steve Rawlings did not use that language.  
 16 Q. Again, I'm not asking verbatim,  
 17 Mr. Pauciolo. I'm asking if he communicated that  
 18 message to you. He might have used different words.  
 19 If you could please just listen and answer the  
 20 question. I'm not asking verbatim, if he said these  
 21 words to you verbatim.  
 22 Did Mr. Rawlings communicate to you that  
 23 SEC had found that no investor funds were mishandled  
 24 or misused?  
 25 A. Dave Laigaie and I asked Steve Rawlings

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1 whether he had concerns about the use or misuse of  
 2 investor funds, and Mr. Rawlings conveyed in some  
 3 form or fashion that that was not an area of  
 4 concern.  
 5 Q. Mr. Rawlings is an attorney in the New  
 6 York office of the SEC, correct?  
 7 A. That's my understanding, yes.  
 8 Q. He's not a commissioner of the SEC and he  
 9 doesn't -- he is not the SEC.  
 10 Do you understand that?  
 11 A. He's certainly a representative of the  
 12 SEC. He's a member of the SEC staff.  
 13 Q. So did Mr. Rawlings communicate to you  
 14 that he had made a finding that no investor funds  
 15 were mishandled or misused?  
 16 A. I don't recall Steve Rawlings using those  
 17 exact words that he made a, quote, finding. Again,  
 18 I had a conversation with Mr. Rawlings in which we  
 19 asked whether that was an area of concern for the  
 20 staff and Mr. Rawlings, as a member of the SEC  
 21 staff, told us that that was not an area of concern.  
 22 Q. Did you have an understanding that the SEC  
 23 was conducting an investigation concerning the use  
 24 of investor funds and whether they were handled  
 25 properly or not?

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1 A. I was generally aware that the SEC staff  
 2 had obtained copies of bank records for accounts  
 3 controlled by Mr. Vagnozzi whether directly or  
 4 through his affiliates.  
 5 Q. Okay. That's not my question. My  
 6 question is -- and maybe you don't know. But I'm  
 7 not asking about what you think they might have  
 8 received.  
 9 My question is, you were the lawyer on the  
 10 investigation. Was the investigation about  
 11 Mr. Vagnozzi's mishandling or misuse of funds?  
 12 MR. MILLER: Object to the form.  
 13 BY MS. BERLIN:  
 14 Q. Mr. Pauciulo, was it?  
 15 A. I'm -- I'm thinking. Thank you.  
 16 To my understanding, and based on the  
 17 lines of questioning and our interactions with the  
 18 New York SEC staff, that that was not an area of  
 19 concern. They had other areas of concern, but they  
 20 were not -- they didn't -- they did not focus on  
 21 misappropriation of funds or misuse of funds or  
 22 anything like that.  
 23 Q. Just one minute.  
 24 And in fact, you were present for  
 25 Mr. Vagnozzi's deposition, and they didn't ask him

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1 any -- in his investigative testimony, he was not  
 2 asked about his use or misuse of investor funds,  
 3 correct?  
 4 MS. RECKER: Object to the form.  
 5 MR. MILLER: Join.  
 6 A. I was not present for Mr. Vagnozzi's  
 7 investigative testimony in the New York SEC matter.  
 8 BY MS. BERLIN:  
 9 Q. But you reviewed it, didn't you?  
 10 A. No, I did not.  
 11 Q. So if your invoices -- I just want to be  
 12 clear again. Anything that's in your invoices we  
 13 can assume is accurate, because if you're billing  
 14 for time, then it should accurately reflect what you  
 15 were actually doing.  
 16 Would you agree with me in general?  
 17 A. I do agree with that in general. I'll  
 18 qualify my answer and say I don't have any  
 19 recollection of reviewing the record or transcript  
 20 of Mr. Vagnozzi's investigative testimony.  
 21 Q. Okay. Did you communicate to Mr. Vagnozzi  
 22 that the SEC had found that no investor funds were  
 23 mishandled or misused?  
 24 MS. RECKER: Objection. To the extent the  
 25 answer requires privileged communications, I

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1 would instruct you not to answer.  
 2 MR. MILLER: And I join.  
 3 A. I cannot answer that question.  
 4 BY MS. BERLIN:  
 5 Q. Well, is the -- I asked you did you  
 6 communicate something to Mr. Vagnozzi.  
 7 And so is the communication you're  
 8 asserting privilege over one that you -- one that  
 9 you had with Mr. Vagnozzi directly?  
 10 MS. RECKER: Objection to form and to  
 11 whether or not the answer may reveal privileged  
 12 communication. I would instruct you not to  
 13 answer.  
 14 A. I cannot answer that question.  
 15 BY MS. BERLIN:  
 16 Q. Okay. And during the time when the  
 17 communication that you're claiming was privileged  
 18 was made, was anyone else present? Were there any  
 19 third parties there that weren't your clients?  
 20 A. No.  
 21 Q. And when and where did this communication  
 22 that you're asserting is privileged, where did it  
 23 take place and when?  
 24 A. I don't recall when. It would have been  
 25 in this general time frame.

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1 Q. And was it by phone or e-mail or where did  
 2 it take place? Was it in public? Where was it?  
 3 A. I don't recall. Either a telephone  
 4 conversation or face-to-face meeting with  
 5 Mr. Vagnozzi.  
 6 Q. And what was the general subject matter of  
 7 this communication that you're claiming is  
 8 privileged?  
 9 A. I don't think I can answer that based on  
 10 privilege. You're asking me to tell you what we  
 11 talked about.  
 12 Q. And just to be clear, you're not claiming  
 13 that Mr. Rawlings told you that he had made an  
 14 affirmative finding that there was no misuse or  
 15 misappropriation of funds.  
 16 Am I correct in understanding that he  
 17 conveyed to you that that was not part of the scope  
 18 of the investigation?  
 19 MR. MILLER: Object to the form.  
 20 A. Again, I think I've already offered  
 21 testimony on this point and I'll reference my prior  
 22 answer, but we'll just reiterate that when we asked  
 23 the staff about the scope of their concerns, we were  
 24 told that misuse, misappropriation of investor funds  
 25 was beyond the scope of their areas of concern.

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1 BY MS. BERLIN:  
2 Q. But I'm trying -- you understand there's a  
3 difference between someone saying we're not looking  
4 at that or we're not considering that versus we have  
5 reviewed it and made a finding that there is no  
6 misuse or misappropriation? Do you agree with me  
7 that those are two different things?  
8 A. I'm not sure that I do.  
9 Q. Okay. Now, did the SEC make a finding  
10 that all investments offered by A Better Financial  
11 Plan were carried out in a manner consistent with  
12 the information provided to investors?  
13 A. I don't know what you mean by the word  
14 "finding."  
15 Q. I'm looking at your client's press  
16 release. So we're going back -- let's go back to  
17 the language that's in the press release. Your  
18 client wrote this press release where he states  
19 that -- it's in bold in the original. It says --  
20 starts -- it's the last sentence of the page that's  
21 in front of you and it says, "Also determined that  
22 all investments offered by ABFP were carried out in  
23 a manner consistent with the information provided to  
24 investors."  
25 Do you see that sentence?

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1 A. I see that sentence.  
2 Q. Okay. Did the SEC make that determination  
3 in the Fallcatcher investigation?  
4 MR. MILLER: Object to the form.  
5 A. The SEC staff perhaps did not use the  
6 exact language as shown in the document here, but  
7 again, in conversations when asked about whether  
8 there were concerns about the use of investor money  
9 and whether the actual use of the investor money was  
10 consistent with disclosure documents provided to  
11 investors, we were advised by the SEC staff that  
12 they did not have concerns that investor money had  
13 been misused or used in a manner inconsistent with  
14 the disclosure documents.  
15 BY MS. BERLIN:  
16 Q. Okay. And was that Mr. Rawlings who  
17 communicated that to you?  
18 A. Yes.  
19 Q. Okay. And so Mr. Rawlings communicated to  
20 you that he had figured out that all investments  
21 offered by ABFP, meaning A Better Financial Plan,  
22 were carried out in a manner consistent with the  
23 information provided to investors?  
24 MS. RECKER: Object to the form.  
25 A. Can you repeat the question, please?

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1 BY MS. BERLIN:  
2 Q. Sure.  
3 Did Mr. Rawlings convey to you that he  
4 determined that all investments offered by A Better  
5 Financial Plan were carried out in the manner  
6 consistent with the information provided to  
7 investors?  
8 A. Mr. Rawlings conveyed that with respect to  
9 the ABFP offerings that were within the scope --  
10 within the scope of their investigation at that  
11 time.  
12 Q. So what ABFP -- I'm sorry, are you  
13 claiming that Mr. Rawlings and the New York SEC  
14 staff conducted an investigation in the Fallcatcher  
15 matter that went beyond the Fallcatcher offering and  
16 included other of Mr. Vagnozzi's offerings?  
17 MS. RECKER: Object to the form.  
18 MR. MILLER: Join.  
19 A. Yes, I am.  
20 BY MS. BERLIN:  
21 Q. Okay. And what offerings do you believe  
22 they were investigating other than Fallcatcher?  
23 A. My understanding is that the New York SEC  
24 staff investigated offerings made by a number of  
25 Mr. Vagnozzi's entities including Pillar Life

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1 Settlement Fund, Pillar Life Settlement Fund II,  
2 Pillar Life Settlement 4, and so on.  
3 Q. And it's your understanding that they came  
4 to a conclusion that -- that these investments were  
5 carried out in a manner consistent with the  
6 information provided to investors and that  
7 Mr. Rawlings conveyed that you to verbally.  
8 Am I understanding correctly?  
9 A. Yes, you're understanding correctly.  
10 Q. Okay.  
11 A. They asked on multiple occasions or had  
12 concerns of whether funds raised for those  
13 investment funds were in fact used in a manner  
14 described in the private placement memoranda.  
15 Q. Okay. And these communications with  
16 Mr. Rawlings, did they happen in the SEC's office?  
17 A. Yes.  
18 Q. So you were --  
19 A. There were -- there were multiple  
20 conversations, some of which were in the office of  
21 the SEC in New York and some of which were by  
22 telephone.  
23 Q. But some of them were actually in our  
24 physical office space in New York?  
25 A. Yes, that's correct.

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1 Q. And around what time frame?  
 2 A. I don't recall.  
 3 Q. Okay.  
 4 A. Obviously before -- obviously before  
 5 July 2020. I think I could say sometime during 2019  
 6 in terms of the face-to-face meetings and then  
 7 telephone conversations in the months preceding the  
 8 ultimate settlement agreement. And I guess I should  
 9 say -- clarify that the SEC investigation out of New  
 10 York was ultimately resolved through a settlement  
 11 and the terms of that settlement were negotiated  
 12 over the course of some number of months.  
 13 Q. I'm not asking that. I was just trying to  
 14 pin down when Mr. Rawlings, when you claim he made  
 15 these representations about the SEC's findings to  
 16 you. So --  
 17 A. No, I understand. I'm trying to provide  
 18 you --  
 19 Q. Yeah.  
 20 A. -- with a time frame because we were back  
 21 and forth with meetings and telephone conversations  
 22 with the SEC staff over many months.  
 23 Q. Okay. Understood.  
 24 MS. BERLIN: Can you please turn to PDF  
 25 page 99 within this exhibit.

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1 THE WITNESS: It's 2:00. Can we take  
 2 five?  
 3 MS. BERLIN: Sure. Yeah. We can take  
 4 five.  
 5 THE WITNESS: Thank you.  
 6 MS. BERLIN: Sure, no problem.  
 7 (A discussion was held off the record.)  
 8 MS. BERLIN: Natalie, could you put  
 9 Exhibit 6 back up.  
 10 MS. SILVER: Okay.  
 11 MS. BERLIN: And could you please turn to  
 12 PDF page 99. I think that's where we left off.  
 13 Thank you.  
 14 BY MS. BERLIN:  
 15 Q. Mr. Pauciulo, have you seen -- I'm showing  
 16 you a press release from ABFP. It's PDF page 99 of  
 17 Exhibit 6.  
 18 Have you seen this press release before  
 19 today?  
 20 A. I don't recall seeing this final form of  
 21 the press -- this press release.  
 22 Q. Okay. Do you -- have you seen the  
 23 substance of this press release before? Did you  
 24 see -- let me ask it another way.  
 25 Did you see a draft of this press release?

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1 A. Yes, I did.  
 2 Q. And did you provide any edits to it before  
 3 it was published?  
 4 MS. RECKER: Objection. To the extent  
 5 that your answer would implicate  
 6 attorney-client privileged information, I would  
 7 instruct you not to answer.  
 8 A. I cannot -- I cannot answer that question.  
 9 BY MS. BERLIN:  
 10 Q. Did you -- and is it on grounds of  
 11 attorney-client privilege? Is that what I'm  
 12 gathering?  
 13 A. Yes, it's on the grounds of  
 14 attorney-client privilege.  
 15 Q. Okay. And is the communication that  
 16 you're claiming privilege over with Mr. Vagnozzi as  
 17 the client?  
 18 A. Yes, that's correct.  
 19 Q. And was it in anticipation of any  
 20 litigation?  
 21 A. Yes.  
 22 Q. And with whom?  
 23 A. Claims that might be asserted by investors  
 24 in any one of Mr. Vagnozzi's funds.  
 25 Q. And what was the date and the place of the

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1 communication with Mr. Vagnozzi that you're claiming  
 2 is privileged?  
 3 A. I don't recall the date. The place would  
 4 have been either the Better Financial Plan's offices  
 5 or might have been communication via telephone.  
 6 MS. BERLIN: Okay. And if we could scroll  
 7 to just the bottom of the press release. Thank  
 8 you. Right there.  
 9 BY MS. BERLIN:  
 10 Q. Do you see the last sentence in the press  
 11 release where it says, "The findings of these  
 12 proceedings have also paved the way for the company  
 13 to restructure as a public company, which will  
 14 alleviate advertising restrictions in the future"?  
 15 Do you see that?  
 16 A. I see that sentence.  
 17 Q. Okay. So was there a -- a plan for A  
 18 Better Financial Plan to restructure as a public  
 19 company?  
 20 MS. RECKER: Objection. To the extent  
 21 that the answer implicates attorney-client  
 22 privileged information, I would instruct you  
 23 not to answer.  
 24 A. I cannot answer that question based on  
 25 attorney-client privilege.

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1 BY MS. BERLIN:  
2 Q. And is the client -- who is the client in  
3 the communications you're claiming are privileged?  
4 A. Dean Vagnozzi.  
5 Q. And was anyone else present when you had  
6 these communications?  
7 A. When you say "these communications," to  
8 what are you referring?  
9 Q. The communications you are claiming are  
10 privileged. You're claiming attorney-client  
11 privilege over whether or not there was a plan to  
12 restructure A Better Financial Plan as a public  
13 company as this press release states.  
14 So I'm asking, was anyone else present  
15 during any oral communication that you're claiming  
16 are privileged in response to my question?  
17 A. Yes, there were other people present.  
18 Q. Okay. And -- were any of them individuals  
19 who were not your clients?  
20 A. Yes.  
21 MS. BERLIN: Okay. We can remove  
22 Exhibit 6 from the screen. Thank you, Natalie.  
23 BY MS. BERLIN:  
24 Q. Now, in connection with Fallcatcher, you  
25 also represented an individual named Henry Ford; is

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1 that correct?  
2 A. I represented a Fallcatcher entity. I  
3 don't know that I represented Henry Ford  
4 individually.  
5 Q. If you have a retainer agreement with an  
6 individual, would that reflect that you were his  
7 attorney?  
8 A. Yes, it would.  
9 Q. Okay. Now, Mr. Ford, was he the main  
10 principal of Fallcatcher?  
11 MS. RECKER: Object to the form.  
12 BY MS. BERLIN:  
13 Q. Mr. Pauciulo, you're taking a pause. If  
14 you don't understand the question, just let me know  
15 and I'll rephrase it.  
16 A. No, I understand your question. I'm --  
17 I'm thinking through whether there's attorney-client  
18 privileged issues with regard to communications that  
19 I had with Henry Ford.  
20 Q. Okay. I'm asking you if Mr. Ford was a  
21 principal of Fallcatcher.  
22 MS. RECKER: Object to the form.  
23 A. Mr. Ford was involved with Fallcatcher.  
24 He was a shareholder or an owner, an equity owner in  
25 Fallcatcher.

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1 BY MS. BERLIN:  
2 Q. Okay. And his real name was actually  
3 Cleothus Lefty Jackson?  
4 MS. RECKER: Object to the form.  
5 A. I have no direct knowledge of that. I  
6 mean, I came to hear about that at some point later.  
7 BY MS. BERLIN:  
8 Q. Okay. So you -- when did you find out  
9 that Mr. Henry Ford was actually an individual named  
10 Cleothus Lefty Jackson?  
11 A. I don't recall.  
12 Q. Was it in 2019? Do you remember a year?  
13 A. It would have been 2018 or 2019. I don't  
14 recall.  
15 Q. Okay. And if Mr. Vagnozzi testified that  
16 he told you information about Henry Ford and  
17 Cleothus Lefty Jackson at some time between June 22,  
18 2018 and mid August 2018, would you have any reason  
19 to doubt that statement?  
20 MS. RECKER: Object to the form.  
21 A. To the extent you're asking about  
22 conversations that I had with Dean Vagnozzi, I think  
23 those are subject to attorney-client privilege and I  
24 cannot answer that.  
25

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1 BY MS. BERLIN:  
2 Q. The way -- my question isn't about your  
3 communication. My question is about if Mr. Vagnozzi  
4 testified himself about the fact that he told you  
5 information about Henry Ford and Cleothus Lefty  
6 Jackson between June 22, 2018 and mid August 2018,  
7 would you have a reason to doubt Mr. Vagnozzi's  
8 testimony?  
9 MS. RECKER: Object to the form.  
10 MR. MILLER: Join.  
11 A. So I -- I don't think I can answer your  
12 question as presented. You're saying if. So it's  
13 conjecture.  
14 BY MS. BERLIN:  
15 Q. Yes.  
16 A. And would I, yeah, I don't know whether I  
17 would or would not.  
18 Q. Okay. Now, before the Fallcatcher  
19 offering, Henry Ford, who is actually Cleothus Lefty  
20 Jackson, he pleaded guilty to one count of  
21 conspiracy to commit wire fraud in a federal  
22 criminal proceeding and was sentenced to prison,  
23 correct?  
24 MS. RECKER: Object to the form.  
25 A. I was aware that Henry Ford had a prior

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1 criminal conviction.  
 2 BY MS. BERLIN:  
 3 Q. Okay. And you learned about that at some  
 4 point in 2018, correct?  
 5 A. I don't recall when I learned that, but  
 6 there did come a time when I did learn that.  
 7 Q. Okay. And you learned that information  
 8 before you drafted the Fallcatcher PPM, correct?  
 9 A. I don't know that it was before. It may  
 10 have been before or during. But again, there did  
 11 come a time when I did learn that information.  
 12 Q. Okay. And if Mr. Vagnozzi testified in a  
 13 deposition in this very case that he told you about  
 14 that criminal history and that he told you at some  
 15 time between June 22, 2018 and mid August 2018, do  
 16 you have any reason to doubt his sworn testimony?  
 17 MS. RECKER: Object to the form.  
 18 MR. MILLER: Join.  
 19 A. I'm not entirely sure I understand your  
 20 question, but if you're asking me did I have reason  
 21 to doubt information Mr. Vagnozzi was conveying to  
 22 me?  
 23 BY MS. BERLIN:  
 24 Q. No. I'm asking you, if Mr. Vagnozzi  
 25 testified in his deposition in this case on pages

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1 479 and pages 633 of his transcript that he told you  
 2 about Henry Ford's criminal conviction between  
 3 June 22, 2018 and mid August 2018, do you have a  
 4 reason to believe that he's wrong --  
 5 MS. RECKER: Object to the form.  
 6 BY MS. BERLIN:  
 7 Q. -- in testifying that way?  
 8 MR. MILLER: Join.  
 9 A. I can't comment on Mr. Vagnozzi's  
 10 testimony. His testimony is his testimony.  
 11 BY MS. BERLIN:  
 12 Q. My question is, do you have reason to  
 13 question what he says under oath that he told you  
 14 between June and August 2018 that Henry Ford has a  
 15 criminal record?  
 16 MS. RECKER: Object to the form.  
 17 MR. MILLER: I'll join.  
 18 A. Again, I don't -- I can't comment on  
 19 Mr. Vagnozzi's testimony.  
 20 BY MS. BERLIN:  
 21 Q. Well, I'm asking you to. I'm asking  
 22 questions.  
 23 Are you refusing to answer that question?  
 24 A. I don't know how to answer your question.  
 25 I'm not familiar with the testimony. I guess I'm

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1 relying on your presentation and that the reflection  
 2 of testimony is accurate.  
 3 Q. I will posit to you that Mr. Vagnozzi --  
 4 Mr. Pauciulo, Mr. Vagnozzi testified that he found  
 5 out about the criminal history of Henry Ford shortly  
 6 after meeting in June 21, 2018, sometime between  
 7 then and mid August 2018, that he told his counsel,  
 8 and in his transcript elsewhere he discusses that  
 9 you are his counsel.  
 10 So my question is not -- I'm just asking  
 11 you. You said you don't remember when you learned.  
 12 So I'm asking, Mr. Vagnozzi testified that he told  
 13 you about it between this two-month period.  
 14 Does that sound right? Does that sound  
 15 wrong? Do you think that's right or wrong? And if  
 16 you could just answer, so we can move on. And if  
 17 you don't know, then just say so.  
 18 MS. RECKER: Object to the form.  
 19 A. I don't have any recollection of such  
 20 conversations with Mr. Vagnozzi regarding Mr. Ford's  
 21 criminal conviction in that time frame.  
 22 BY MS. BERLIN:  
 23 Q. Okay. Did the Fallcatcher PPM disclose  
 24 Mr. Ford's criminal record?  
 25 A. I don't recall.

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1 Q. It did not, did it?  
 2 MS. RECKER: Object to the form.  
 3 A. I don't recall.  
 4 BY MS. BERLIN:  
 5 Q. You drafted the PPM, and you don't recall  
 6 if you included a section on Mr. Ford actually being  
 7 named Cleothus Lefty Jackson with a criminal -- a  
 8 felony criminal conviction?  
 9 A. I don't recall.  
 10 Q. But you would agree with me that that  
 11 information would be important information to  
 12 include in a PPM?  
 13 MS. RECKER: Object to the form.  
 14 MR. MILLER: Join.  
 15 A. Not necessarily.  
 16 BY MS. BERLIN:  
 17 Q. You believe it's not necessarily important  
 18 for investors to know that an owner of the company  
 19 they're investing in is a -- has a criminal  
 20 conviction for mortgage fraud and was sentenced by a  
 21 federal judge to prison?  
 22 MS. RECKER: Object to the form.  
 23 MR. MILLER: Join.  
 24 A. No, not necessarily. It depends on how  
 25 old the conviction was, whether the conviction

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1 related to the nature of the business of the current  
 2 offering.  
 3 BY MS. BERLIN:  
 4 Q. So did you know about Mr. Ford's criminal  
 5 conviction and decide not to include it in the PPM?  
 6 MS. RECKER: Object to the form.  
 7 A. Yes, that's correct.  
 8 BY MS. BERLIN:  
 9 Q. A few minutes ago you couldn't remember if  
 10 the PPM didn't include that. Now you remember that  
 11 you made an affirmative decision not to include it?  
 12 I just want to make sure I'm understanding.  
 13 A. You said on the record that in fact the  
 14 PPM did not. So you looked at it more recently than  
 15 I have. So you told me that it did not. If it did  
 16 not, then I made the decision on consultation with  
 17 the client that it was not material.  
 18 Q. Okay. So if the PPM did not, but you  
 19 don't recall whether or not it did, then you would  
 20 have made an affirmative decision. Am I  
 21 understanding -- not to include it.  
 22 Am I understanding correctly?  
 23 MS. RECKER: Object to the form.  
 24 A. Yes.  
 25

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1 BY MS. BERLIN:  
 2 Q. Okay. Did you -- you met with potential  
 3 investors or actual investors in the Fallcatcher  
 4 offering, correct?  
 5 MS. RECKER: Object to the form.  
 6 A. I didn't -- I was present at meetings with  
 7 prospective Fallcatcher investors. I would not say  
 8 that I met with them.  
 9 BY MS. BERLIN:  
 10 Q. If your invoices state and you billed time  
 11 for meeting with investors or potential investors,  
 12 would you have -- would those invoices accurately  
 13 reflect what you were doing on that day and for that  
 14 amount of time?  
 15 A. Well, again, I think it may be a question  
 16 of language. I'm saying that I was present where  
 17 investors were present, but I didn't meet with them  
 18 in the sense that I sat down and met with them one  
 19 on one.  
 20 Q. It could have just been that you were  
 21 present during the time that someone else was  
 22 speaking with the investors.  
 23 Am I understanding correctly?  
 24 A. Yes, that's correct.  
 25 Q. Okay. Are you familiar with the radio

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1 show called The Better Financial Plan Show?  
 2 A. No. I'm aware that at one point Dean  
 3 Vagnozzi had a radio show, but I don't recall that  
 4 that -- I don't remember what the name of the show  
 5 was.  
 6 Q. Okay. But you went on that show, you  
 7 spoke on that show, correct?  
 8 A. Yes, correct.  
 9 Q. You talked about the Fallcatcher offering  
 10 on that show?  
 11 A. Not that I recall.  
 12 Q. You talked about the Fallcatcher --  
 13 Fallcatching -- Fallcatcher offering and the  
 14 legal -- the legal aspects of the offering, correct?  
 15 MS. RECKER: Object to the form.  
 16 A. Not that I recall.  
 17 BY MS. BERLIN:  
 18 Q. Do you recall what you talked about on the  
 19 show?  
 20 A. No.  
 21 Q. Why were you as an attorney on a radio  
 22 show talking about an investment offering to the  
 23 general public? How did that come about?  
 24 A. Mr. Vagnozzi invited me to appear on the  
 25 show.

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1 Q. And during the show he's pitching his  
 2 Fallcatcher offering?  
 3 MR. MILLER: Object to the form.  
 4 A. I don't recall --  
 5 BY MS. BERLIN:  
 6 Q. Excuse me, Mr. Pauciulo?  
 7 A. I said I don't recall whether Mr. Vagnozzi  
 8 discussed the Fallcatcher investment on the program  
 9 on which I also appeared. I just don't recall that.  
 10 Q. Well, maybe not on that day, but -- we'd  
 11 have to listen to the audio together to figure that  
 12 out.  
 13 But you're familiar with the radio show.  
 14 So are you familiar with the fact that  
 15 Mr. Vagnozzi -- Mr. Vagnozzi used that radio show to  
 16 pitch different investment offers?  
 17 MR. MILLER: Object to the form.  
 18 MS. RECKER: Object to the form.  
 19 A. I'm not aware of what Mr. Vagnozzi may  
 20 have said on any number of radio broadcasts.  
 21 BY MS. BERLIN:  
 22 Q. Did you ever -- did you ever listen to his  
 23 radio show?  
 24 A. Other than the show in which I appeared,  
 25 no.

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1 Q. Did he tell you why he wanted you to  
2 appear on the radio show with him?  
3 MS. RECKER: Object to the form.  
4 A. Well, I also think it calls for  
5 attorney-client privileged communication.  
6 BY MS. BERLIN:  
7 Q. Are you claiming that you being on a radio  
8 show talking about an offering to the general public  
9 is attorney work product, or is your legal work?  
10 MS. RECKER: Object to the form.  
11 A. No, but I don't think that's what the --  
12 that's not what your -- your question was why did I  
13 appear on the show, and my answer to that question  
14 is, I had a conversation with Mr. Vagnozzi. You  
15 then asked me what did he say. And again, I think  
16 that communication is subject to attorney-client  
17 privilege.  
18 BY MS. BERLIN:  
19 Q. Okay.  
20 A. I'm not sure I understood your question.  
21 Q. So I'd like to know why you think that's  
22 attorney -- what the basis is for claiming that  
23 that's an attorney-client privileged communication,  
24 your client asking you to go on a radio show. Why  
25 is that attorney -- can you state the basis for

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1 claiming that that's attorney-client privilege,  
2 please?  
3 A. Because it was -- because it was  
4 communication between Dean Vagnozzi and I.  
5 Q. You understand that not -- you're an  
6 attorney.  
7 Do you understand that not all  
8 communications between you and a client are  
9 attorney-client privileged?  
10 A. The scope and nature of the privilege I  
11 will leave to others to decide.  
12 Q. You're an attorney and you're the one  
13 asserting it on his behalf.  
14 Are you claiming that when he asked you to  
15 come on his radio show, that you were providing or  
16 he was seeking any sort of legal advice or legal  
17 opinion from you?  
18 MS. RECKER: Objection. To the extent  
19 that your answer would implicate  
20 attorney-client privileged information, I'm  
21 instructing you not to answer.  
22 And you -- you've raised the point,  
23 Ms. Berlin, that he is asserting it on behalf  
24 of a client and consequently he's got to be  
25 able to be as protective as possible because

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1 it's the client -- the client's interpretation  
2 and the client's decision about what is and  
3 isn't privileged.  
4 MS. BERLIN: And we don't debate on the  
5 record, but we do have to go through, and we  
6 have our local rule on this issue that I  
7 referred everyone to multiple times today, any  
8 inquiries that are required to be made, that we  
9 are permitted to be made, and the things that  
10 you were required to state when you raise a  
11 privilege. And if you don't state them under  
12 our local rule, then I am asking you to state  
13 them.  
14 BY MS. BERLIN:  
15 Q. So I am asking you, tell me the general  
16 subject matter of the communication between you and  
17 Mr. Vagnozzi about going on this radio show that you  
18 claim is attorney-client privileged.  
19 A. I have the same answer. It's a  
20 conversation between Mr. Vagnozzi and I, and my  
21 understanding is those -- those communications are  
22 subject to attorney-client privilege.  
23 Q. And did the communication about the radio  
24 show involve giving any legal advice or requesting  
25 any legal advice?

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1 A. Again --  
2 Q. I'm not asking what it was. I'm just  
3 asking whether it included -- whether it concerned  
4 that or whether it concerned the radio show, a  
5 public radio show.  
6 A. I can't -- I don't see the distinction  
7 that you're trying to make.  
8 Q. Okay. Did you ever disclose to any  
9 investor that Henry Ford a/k/a Cleothus Lefty  
10 Jackson was a convicted felon?  
11 MS. RECKER: Object to the form.  
12 A. Well, to the extent that Dean Vagnozzi was  
13 an investor of Fallcatcher, again, I don't think I  
14 can say more than that because that's  
15 attorney-client privileged communication.  
16 BY MS. BERLIN:  
17 Q. Okay. So other than your clients that you  
18 still have a privilege with, not the 30 or so that  
19 we've gone over who don't, who have waived their  
20 privilege with you, so as to any client who waived  
21 their privilege or anyone who is not a client with a  
22 privilege, did you ever disclose to anyone, to  
23 anyone that you don't have an attorney-client  
24 privilege, who is not your client with a privilege  
25 intact, that Henry Ford a/k/a Cleothus Lefty Jackson

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1 was a convicted felon?  
 2 MS. RECKER: Object to the form.  
 3 A. Not that I recall.  
 4 BY MS. BERLIN:  
 5 Q. Okay. When you attended these investor --  
 6 these meetings with investors or potential investors  
 7 regarding Fallcatcher, did you -- did you ever say  
 8 that Henry Ford was an alias for Cleothus Lefty  
 9 Jackson or tell the investors or potential investors  
 10 his true identity?  
 11 MS. RECKER: Object to the form.  
 12 A. I did not.  
 13 BY MS. BERLIN:  
 14 Q. Okay. And in fact, Cleothus Lefty  
 15 Jackson, Henry Ford, and Dean Vagnozzi were both  
 16 your clients in connection with the Fallcatcher  
 17 offering, and they both had retainer agreements with  
 18 you, correct?  
 19 A. Both Dean Vagnozzi and Henry Ford retained  
 20 me in connection with raising capital to invest in  
 21 Fallcatcher.  
 22 Q. And you prepared the Fallcatcher filings  
 23 that were filed with the SEC?  
 24 A. To what filings are you referring? Are  
 25 you referring to the Form D that was filed?

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1 Q. Any filing.  
 2 Did you -- did you create or file any  
 3 filing for Fallcatcher with the SEC? It doesn't  
 4 matter what it was.  
 5 A. Well, to the extent a Form D was filed, I  
 6 did not file it, although someone from Eckert  
 7 Seamans may have filed it at my direction.  
 8 Q. Would you have reviewed it?  
 9 A. Would I have or did I?  
 10 Q. If your name is on it, would you have  
 11 reviewed it?  
 12 A. Not necessarily.  
 13 Q. Did you disclose to the SEC in any filings  
 14 for Fallcatcher that Henry Ford was Cleothus Lefty  
 15 Jackson, or did you file under his alias?  
 16 A. Again, your question assumes that there  
 17 were required filings with the SEC.  
 18 Q. My question does not assume anything.  
 19 It's a very direct simple question. When you  
 20 file -- if you filed anything with the SEC for  
 21 Fallcatcher. I'm not saying it's mandatory. Please  
 22 don't read anything into it. This is a very simple  
 23 question.  
 24 If you filed something on behalf of  
 25 Fallcatcher, did you disclose -- did you file it

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1 using the name Henry Ford or Cleothus Lefty Jackson?  
 2 A. I don't recall reviewing any particular  
 3 filings made with the SEC in connection with the  
 4 Fallcatcher offering and I don't recall whether the  
 5 name Henry Ford is required to be included in any  
 6 such filing and I don't recall whether his name was  
 7 included in such a filing.  
 8 Q. Okay. We're going to now turn to another  
 9 individual with an alias, Joseph LaForte.  
 10 Who is Joe Mack?  
 11 A. I understand Joe Mack to be the same  
 12 person as Joseph LaForte.  
 13 Q. And how did you come to learn that Joseph  
 14 Mack and Joseph LaForte are the same people?  
 15 MS. RECKER: Objection. To the extent  
 16 that that implicates attorney-client privileged  
 17 information, I would instruct you not to  
 18 answer.  
 19 A. I don't recall when I learned that  
 20 Joseph -- the individual that had been introduced to  
 21 me as Joe Mack or Joey Mack, his legal name was  
 22 Joseph LaForte.  
 23 BY MS. BERLIN:  
 24 Q. Do you remember a year?  
 25 A. I think it was 2017.

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1 Q. Did you ever come to learn that Joseph  
 2 LaForte had a criminal record?  
 3 A. Yes.  
 4 Q. And did you learn that during your due  
 5 diligence of Par Funding?  
 6 A. No.  
 7 Q. When did you learn it?  
 8 A. Sometime in 2017.  
 9 Q. Did you learn what the criminal record was  
 10 for or what the convictions --  
 11 THE COURT REPORTER: You cut out.  
 12 MS. BERLIN: Oh.  
 13 BY MS. BERLIN:  
 14 Q. Did you learn what the criminal  
 15 convictions were?  
 16 A. There came a time when I learned the  
 17 nature of the criminal convictions, but I don't know  
 18 that I became aware of that when I first learned of  
 19 the criminal convictions. I remember being informed  
 20 that there were such, but I don't recall having more  
 21 sort of information about the nature of those  
 22 convictions upon my first learning about them.  
 23 BY MS. BERLIN:  
 24 Q. Did you look him up? Did you do any  
 25 research to find out who this guy was once you found

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1 out his real name?  
2 **A.** Not that I recall.  
3 **Q.** Did you read any of the -- any newspaper  
4 articles about Mr. LaForte and his criminal record?  
5 **A.** I recall reading a newspaper article that  
6 was published sometime in late 2018.  
7 **Q.** Okay. But you knew about the criminal  
8 record before then, before the Philadelphia Inquirer  
9 published it in its paper, correct?  
10 **A.** I'm -- I'm remembering an article that was  
11 published by -- by Bloomberg.  
12 **Q.** I'm sorry. I -- you're right, it was  
13 Bloomberg. Yeah.  
14 You knew about the criminal record before  
15 then, correct?  
16 **A.** I knew the existence of a criminal record  
17 before then; that is correct.  
18 **Q.** Okay. And you communicated with Joseph  
19 LaForte via e-mail where he's using his alias Joe  
20 Mack, correct?  
21 **MS. RECKER:** Object to the form.  
22 **A.** Yeah, and I wouldn't use the word "alias."  
23 Joe LaForte held himself out to be Joe Mack. I was  
24 initially introduced to him as Joe McElhone, and I  
25 understood Joe Mack or Joey Mack to be a diminutive

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1 or a nickname.  
2 **BY MS. BERLIN:**  
3 **Q.** Why did you believe it was -- well, okay.  
4 So I call it an alias, you call it a nickname. I  
5 think that's about the same thing. He has a  
6 different name that he uses sometimes including in  
7 his e-mails with you.  
8 Do you agree with me on that?  
9 **MS. RECKER:** Object to the form.  
10 **A.** I recall the individual again using the  
11 firm -- using the name Joe Mack, Joey Mack, and also  
12 using the name Joe McElhone.  
13 **BY MS. BERLIN:**  
14 **Q.** Okay. And have you ever communicated with  
15 Mr. LaForte -- when I say "Mr. LaForte," I mean,  
16 Joseph LaForte, a/k/a Joe Mack, a/k/a Joseph  
17 McElhone, and he's got some other ones.  
18 So you know who I'm referring to when I  
19 say Joseph LaForte of Complete Business Solutions  
20 Group?  
21 **A.** I know to whom you're referring.  
22 **Q.** We'll agree on one name to use for him.  
23 So with respect to Mr. LaForte, have you  
24 ever communicated with him by text message?  
25 **A.** Not that I recall.

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1 **Q.** Okay. And have you ever met him in  
2 person?  
3 **A.** Yes.  
4 **Q.** You -- you've flown on his plane with him?  
5 **A.** Yes.  
6 **Q.** You guys have in -- was it 2020, early  
7 2020, you and Mr. LaForte were going on frequent  
8 trips together on the plane, correct?  
9 **MS. RECKER:** Object to the form.  
10 **A.** I don't know what -- what you mean by  
11 "frequent," but I flew on Joseph LaForte's plane on  
12 two occasions.  
13 **BY MS. BERLIN:**  
14 **Q.** You're saying only two ever?  
15 **A.** Correct.  
16 **Q.** And where did you go together on those two  
17 occasions?  
18 **A.** Well, there were a number of other  
19 individuals present. It wasn't just Joe.  
20 **Q.** That's not my question.  
21 Where did you go together? Where did you  
22 and LaForte go? And I'm not asking about who else  
23 went with you. Where did you go on those two  
24 occasions? So the first occasion, when was it and  
25 where did you go?

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1 **A.** We flew from Philadelphia to Bradenton,  
2 Florida. We flew from Bradenton, Florida to an  
3 airport located in the Panhandle of Florida the next  
4 day. And then we flew from the Panhandle of Florida  
5 to an airport located in western Virginia. And then  
6 that same day we flew from western Virginia back to  
7 Philadelphia.  
8 **Q.** Okay. And what was in Bradenton? Why did  
9 you all go to Bradenton? What did you do there?  
10 **A.** In Bradenton we met -- we had several  
11 business meetings with an individual named David  
12 Chessler.  
13 **Q.** And that was about an investment with  
14 Complete Business Solutions Group, correct? David  
15 Chessler's Group?  
16 I'm simplifying it. If we want, we can go  
17 into all the details. I don't care about the  
18 nitty-gritty details of Chessler's, but can you give  
19 me -- because I know you're going to disagree with  
20 my use of the word "investment."  
21 Can you please generalize what it was that  
22 Mr. Chessler -- was Mr. Chessler going to contribute  
23 funds for Complete Business Solutions Group?  
24 **MS. RECKER:** Object to the form.  
25 **A.** We met with -- I was present in a

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1 conference room with Mr. Chessler and others for  
 2 several hours, and during those discussions lots of  
 3 different business opportunities were discussed.  
 4 BY MS. BERLIN:  
 5 Q. But the purpose of the meeting was a deal  
 6 where Mr. Chessler was going to transact business  
 7 with Complete Business Solutions Group, correct?  
 8 A. Not correct. That was not my  
 9 understanding.  
 10 Q. So why were you where?  
 11 A. Dean Vagnozzi asked me to attend.  
 12 Q. Was Dean Vagnozzi on this trip?  
 13 A. Yes.  
 14 Q. Were you all discussing -- what was the  
 15 purpose of the transaction? Was it a bank  
 16 investment? Was it a CBSG investment?  
 17 A. Again, there were any number of potential  
 18 business transactions discussed. The main  
 19 discussion with Mr. Chessler was whether Dean  
 20 Vagnozzi or others were interested in investing in  
 21 Mr. Chessler's company. And I'd understood through  
 22 that meeting that Mr. Chessler had a private equity  
 23 fund and Mr. Chessler spoke at length about some of  
 24 Mr. Chessler's portfolio companies. And there was  
 25 very broad, high-level discussion as to the nature

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1 of those businesses and whether there was any  
 2 interest whether from Dean Vagnozzi or others in  
 3 investing in his business.  
 4 Q. And so why were you there? Were you  
 5 presenting to Mr. Chessler?  
 6 A. I was there at the request of my client.  
 7 I did not make a presentation.  
 8 Q. So then next you all flew to the  
 9 Panhandle.  
 10 And what did you do in the Panhandle with  
 11 Mr. LaForte?  
 12 A. Mr. LaForte, Dean Vagnozzi, myself and  
 13 several other individuals traveled to a limestone  
 14 quarry.  
 15 Q. What was the purpose of that?  
 16 A. It was a site visit to see the quarry.  
 17 Q. For what purpose? Were you guys on a  
 18 field trip because you were interested in lime  
 19 quarries, or was it in connection with a business  
 20 opportunity or something else?  
 21 A. My understanding was that Mr. LaForte  
 22 directly or indirectly had an ownership interest in  
 23 the limestone quarry. It was a site visit to see  
 24 the operation and to provide an opportunity to learn  
 25 more about it as a preliminary discussion as to

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1 whether Dean Vagnozzi or others might be interested  
 2 in investing in the lime -- the limestone quarry  
 3 operation.  
 4 Q. Was this going to be another offering to  
 5 solicit investors, to contribute in something or  
 6 another PPM involving the lime quarry?  
 7 MS. RECKER: Object to the form.  
 8 A. The site visit was very preliminary, so  
 9 there was no determination as to what, if anything,  
 10 would be done.  
 11 BY MS. BERLIN:  
 12 Q. Was a PPM or anything else ever created in  
 13 connection with the lime quarry or an investment in  
 14 a company concerning lime quarry?  
 15 A. Not that I was involved in.  
 16 Q. Okay. What was the name of the company  
 17 that was involved with the lime quarry?  
 18 A. I don't understand your question.  
 19 Q. So typically -- you know, did Mr. LaForte  
 20 own this himself, or was there like a name of a  
 21 company that he held -- that he owned or that he had  
 22 that owned this lime quarry? So do you understand a  
 23 little bit better? Was it Mr. LaForte individually  
 24 that you all were looking at doing business with in  
 25 connection with the lime quarry, or was there a name

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1 of a company of any kind or a fund of any kind that  
 2 had the lime quarry?  
 3 MS. RECKER: Object to the form.  
 4 BY MS. BERLIN:  
 5 Q. If you don't understand the question, just  
 6 let me know.  
 7 A. I'll try to answer your question to the  
 8 best of my ability. I don't recall being told the  
 9 name of an entity that owned the quarry, and I don't  
 10 recall at that point any -- any information with  
 11 respect to who owned or what entity owned the  
 12 quarry.  
 13 Q. Okay. Next you all went to West Virginia.  
 14 And by the way, when -- what time period  
 15 is this trip where you went from Philadelphia to  
 16 Bradenton to the Panhandle to West Virginia and back  
 17 to Philadelphia? What month and year was that?  
 18 A. It was June of 2021 -- excuse me, June of  
 19 2020.  
 20 Q. Okay. And then what was in West Virginia?  
 21 A. We traveled to West Virginia to visit a  
 22 coal mine.  
 23 Q. Okay. And what coal mine was that? Was  
 24 there an entity name associated with that coal mine?  
 25 A. I don't recall being told the name of a

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1 coal mine. I just don't remember.  
2 **Q.** Okay. So were there any other trips you  
3 went on on the -- by the way, this was the CBSG or  
4 the Complete Business Solutions Group plane that you  
5 were flying on during this June 2020 trip that you  
6 just testified about; is that correct?  
7 **MS. RECKER:** Object to the form.  
8 **A.** I don't know who owned the plane. I  
9 was -- I was told it was Joe LaForte's plane, but  
10 you know, you would have to look at the pilot log  
11 information to determine what person or entity  
12 actually owned the plane.  
13 **Q.** Understood. I got it.  
14 Okay. Did you ever ride with Mr. -- did  
15 you ever travel with Mr. LaForte again or before  
16 that -- that trip in June 2020 that you just  
17 testified about?  
18 **A.** I did not.  
19 **Q.** Okay. Did you ever tell anyone that  
20 Mr. LaForte had a criminal record?  
21 **MS. RECKER:** Objection. To the extent  
22 that the answer implicates attorney-client  
23 privilege, I will instruct you not to answer.  
24 **BY MS. BERLIN:**  
25 **Q.** Let me ask you another way. Let me ask

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1 you another way. So you know, the whole group of  
2 individuals that we went over at the beginning of  
3 the case, that I said I'm going to refer to these as  
4 your clients who have waived their privilege. Do  
5 you remember the long list? It's all the plaintiffs  
6 in the malpractice case? They're represented by  
7 Clifford Haines. Do you know who I'm referring to?  
8 **A.** I recall, yes. I understand -- I  
9 understand to whom you are referring.  
10 **Q.** Okay. Because that was a long list so I  
11 don't have to read it again.  
12 That group of individuals, did you tell  
13 any of them that Mr. LaForte had a criminal record?  
14 **A.** I don't recall whether I told any of those  
15 individuals that, but I do recall having discussions  
16 around that with some -- some of those individuals.  
17 **Q.** Who?  
18 **A.** I recall having a discussion with Paul  
19 Nick. I recall a discussion with Dave Gollner.  
20 **Q.** Uh-huh.  
21 **A.** There may have been others, but I recall  
22 speaking with them.  
23 **Q.** When did the conversation with Paul Nick  
24 happen?  
25 **A.** I don't recall.

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1 **Q.** Do you remember the year?  
2 **A.** 2018.  
3 **Q.** Okay.  
4 **A.** Or 2019. I mean...  
5 **Q.** Did you tell -- you drafted the PPM for  
6 Paul Nick's fund, correct?  
7 **A.** Yes, I did.  
8 **Q.** Did you tell him about Mr. LaForte's  
9 criminal record before or after that PPM was  
10 finalized?  
11 **A.** I don't recall.  
12 **Q.** Was anyone else present when you told Paul  
13 Nick about the -- about LaForte's criminal record?  
14 **A.** Well, again, I -- the phrasing of your  
15 question is that I told him and I don't --  
16 **Q.** Oh, correct me then. I apologize,  
17 Mr. Pauciulo. I could see how I sort of assumed  
18 something that you didn't say, so let me back up.  
19 I apologize for that.  
20 Did you tell Paul Nick that Joseph LaForte  
21 had a criminal record?  
22 **A.** I don't recall whether I told Paul Nick  
23 that Joseph LaForte had a criminal record.  
24 **Q.** Okay. And what about with respect to  
25 David Gollner? Did you tell him that Mr. LaForte

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1 had a criminal record?  
2 **A.** I don't recall telling Mr. Gollner that  
3 Mr. LaForte had a criminal record.  
4 **Q.** So what was discussed in the two  
5 conversations that you just testified about with  
6 Mr. Nick and Mr. Gollner where the issue of  
7 Mr. LaForte's criminal record would have come up?  
8 Like why -- why did you -- why did you in your  
9 testimony answer raise discussions with Paul Nick  
10 and David Gollner? What specifically did you  
11 discuss?  
12 **A.** I just seemed to recall having a general  
13 discussion about it.  
14 **Q.** When you say "it," what do you mean?  
15 **A.** I seem to recall them asking me about it  
16 and what the significance of such conviction might  
17 mean.  
18 **Q.** And what was it? What was that? What do  
19 you mean what it might mean? Can you elaborate a  
20 little bit?  
21 **A.** You know, we discussed materiality and  
22 whether that conviction was material and something  
23 that could or should be disclosed to existing or  
24 potential investors.  
25 **Q.** Did you write a legal opinion about that

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1 issue for them?  
2 **A.** No, I did not.  
3 **Q.** Did you put together a legal memo or any  
4 research that you sent them on that issue?  
5 **A.** No, I did not.  
6 **Q.** Did you write -- is there anything in  
7 writing memorializing that discussion or was it  
8 verbal?  
9 **A.** It was a verbal discussion.  
10 **Q.** Okay. So aside from those two  
11 discussions, you know, the ones that you just  
12 testified about with Mr. Paul Nick and Mr. David  
13 Gollner, set those aside, did you -- did you ever  
14 tell anyone that you don't currently have an  
15 attorney-client privilege with that Joseph LaForte  
16 had a criminal record?  
17 **MS. RECKER:** Object to the form.  
18 **A.** Not that I recall.  
19 **BY MS. BERLIN:**  
20 **Q.** Okay. Did you tell Mr. Vagnozzi that?  
21 **MS. RECKER:** Objection. To the extent  
22 that it implicates attorney-client privileged  
23 discussions, I would instruct you not to  
24 answer.  
25 **A.** I can't answer that question based on

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1 attorney-client privilege.  
2 **BY MS. BERLIN:**  
3 **Q.** Okay. So you're asserting attorney-client  
4 privilege as to any communication you would have had  
5 with Mr. Vagnozzi where you would have discussed  
6 Mr. LaForte's criminal record.  
7 **Am I correct in understanding that?**  
8 **A.** Yes, that's correct.  
9 **Q.** Okay. And the communications that you're  
10 asserting privilege to, approximately when and where  
11 did they occur?  
12 **A.** I don't recall when. And it would have  
13 been either telephone conversations with  
14 Mr. Vagnozzi or face-to-face meetings with  
15 Mr. Vagnozzi.  
16 **Q.** Okay. And did -- was anyone else present  
17 during any of those conversations?  
18 **A.** Not that I recall.  
19 **Q.** Okay. You were -- I'm just going to  
20 switch gears.  
21 You were A Better Financial Plan's lawyer  
22 until the court appointed a receiver over A Better  
23 Financial Plan last year, correct?  
24 **A.** Yes, I think that's correct.  
25 **Q.** Okay. And A Better Financial Plan and Par

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1 Funding, did they engage in any business  
2 transactions together?  
3 **MS. RECKER:** Object to the form.  
4 **A.** I guess I would have to ask you to be a  
5 little bit more specific. There's a number of  
6 different A Better Financial Plan entities.  
7 **Are you referring to any particular**  
8 **entity?**  
9 **BY MS. BERLIN:**  
10 **Q.** Any of them. Any of them. I'm just  
11 trying to lay a foundation for more questions.  
12 **So A Better Financial Plan 1, 2, 4, 6, any**  
13 **of them, any of Mr. Vagnozzi's entities, did any of**  
14 **Mr. Vagnozzi's entities have business relationships**  
15 **with Par Funding at any time?**  
16 **MS. RECKER:** Object to the form.  
17 **A.** Yes.  
18 **BY MS. BERLIN:**  
19 **Q.** And so when -- and was the relationship  
20 that A Better Financial Plan had offerings through  
21 PPMs where it issued promissory notes to investors  
22 and then A Better Financial Plan would use the  
23 investor money to purchase promissory notes from  
24 CBSG that CBSG issued to ABFP? Does that sort of  
25 summarize it?

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1 **MS. RECKER:** Object to the form.  
2 **A.** Yes, Dean Vagnozzi created entities, which  
3 raised funds from investors, proceeds of which were  
4 used to acquire promissory notes issued by Par  
5 Funding.  
6 **BY MS. BERLIN:**  
7 **Q.** And approximately when did that begin,  
8 that process begin? Was it in roughly early 2018?  
9 **A.** My recollection is that -- well, I believe  
10 it began in late 2017, December of 2017.  
11 **Q.** Okay. And prior to that time,  
12 Mr. Vagnozzi and Par Funding had a business  
13 relationship -- a relationship that you knew about  
14 as his counsel, correct?  
15 **MS. RECKER:** Object to the form.  
16 **A.** There was a time when I became aware that  
17 Mr. Vagnozzi had a business relationship with Par  
18 Funding.  
19 **BY MS. BERLIN:**  
20 **Q.** And when was that?  
21 **A.** I don't recall.  
22 **Q.** Do you recall a year?  
23 **A.** Sometime in 2017.  
24 **Q.** And you didn't know about it before then?  
25 **MS. RECKER:** Object to the form.

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1 A. I only recall that I learned about the  
 2 business relationship after the business  
 3 relationship had been established.  
 4 BY MS. BERLIN:  
 5 Q. Okay. And so you learned about their  
 6 business relationship together sometime after --  
 7 whether it was late 2017, early 2018, sometime in  
 8 that time range.  
 9 Is that accurate?  
 10 MS. RECKER: Object to the form.  
 11 BY MS. BERLIN:  
 12 Q. Am I accurately summarizing what -- what  
 13 you testified to or not?  
 14 MS. RECKER: Object to the form.  
 15 A. Yeah, I believe my testimony is that  
 16 again, at some point in 2017, I became aware that  
 17 Mr. Vagnozzi had a relation- -- a business  
 18 relationship with Par Funding.  
 19 BY MS. BERLIN:  
 20 Q. Okay. And what business relationship did  
 21 you discover?  
 22 A. I came to learn that Mr. Vagnozzi was  
 23 acting as a finder on behalf of Par Funding.  
 24 Q. And you didn't know that until sometime in  
 25 late 2017 or early 2018; is that right?

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1 MS. RECKER: Object to the form.  
 2 A. I believe my testimony is that I learned  
 3 about it sometime during 2017.  
 4 BY MS. BERLIN:  
 5 Q. Okay. Understood. Sorry for mixing it.  
 6 So sometime in 2017.  
 7 Now, did you conduct due diligence of Par  
 8 Funding at any time?  
 9 A. Yes.  
 10 Q. And why did you conduct due diligence  
 11 concerning Par Funding?  
 12 MS. RECKER: Objection. To the extent  
 13 that the answer reveals attorney-client  
 14 privileged information, I would instruct you  
 15 not to answer.  
 16 A. On advice of counsel I cannot answer your  
 17 question based on attorney-client privilege.  
 18 BY MS. BERLIN:  
 19 Q. What was the purpose of the due diligence  
 20 that you performed of Par Funding?  
 21 MS. RECKER: Objection. To the extent  
 22 that the answer implicates attorney-client  
 23 privilege, I would instruct you not to answer.  
 24 A. I cannot answer your question based on  
 25 attorney-client privilege.

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1 BY MS. BERLIN:  
 2 Q. Now, you conducted due diligence of Par  
 3 Funding on behalf of the Pillar Life Management  
 4 Company; is that accurate?  
 5 MS. RECKER: Objection. To the extent  
 6 that that implicates attorney-client privileged  
 7 information, I would instruct you not to  
 8 answer.  
 9 MS. BERLIN: As stated earlier today,  
 10 Pillar Life Settlement waived the privilege.  
 11 Mr. Kolaya came on to this -- this hearing and  
 12 he waived it.  
 13 MS. RECKER: And I understand that  
 14 Mr. Vagnozzi has asserted a joint privilege.  
 15 As to what extent the content of that privilege  
 16 are implicated by your question, I can't answer  
 17 that.  
 18 MS. BERLIN: Okay. All right. But my  
 19 question is not about Mr. Vagnozzi. My  
 20 question was only about Pillar.  
 21 BY MS. BERLIN:  
 22 Q. My question is, did Pillar Life Settlement  
 23 Management Company retain you to conduct due  
 24 diligence concerning Par Funding?  
 25 MS. RECKER: Same objection. To the

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1 extent that the answer implicates a joint  
 2 attorney-client privilege, I would instruct you  
 3 not to answer.  
 4 BY MS. BERLIN:  
 5 Q. Mr. Pauciulo?  
 6 MR. MILLER: I join in the objection.  
 7 BY MS. BERLIN:  
 8 Q. Mr. Pauciulo?  
 9 MR. KOLAYA: Let me just note for the  
 10 record the receiver disagrees that a joint  
 11 privilege exists.  
 12 BY MS. BERLIN:  
 13 Q. So Mr. Pauciulo, I wonder if you could  
 14 answer the question. Whether you're asserting a  
 15 privilege or giving an answer, whatever it is that  
 16 you're doing, could you -- I wonder if you are  
 17 prepared to do that so we can proceed.  
 18 A. On advice of counsel I cannot answer your  
 19 question based on attorney-client privilege.  
 20 Q. Okay. And who is the client that you're  
 21 asserting the privilege for?  
 22 A. Dean Vagnozzi.  
 23 Q. Okay. And what communications -- the  
 24 communications that you're claiming are privileged  
 25 about due diligence, are they -- were those between

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1 you and Mr. Vagnozzi?  
 2 **A.** Yes.  
 3 **Q.** And approximately when and where were the  
 4 communications made?  
 5 **A.** I don't recall specific dates. It would  
 6 have been in March through August of 2016 and in --  
 7 **Q.** And in fact --  
 8 **A.** -- conversation either by face-to-face or  
 9 telephone and perhaps --  
 10 **Q.** And by e-mail -- and by e-mail as well,  
 11 correct?  
 12 **A.** I don't recall specifically, but certainly  
 13 possible.  
 14 **Q.** Okay. And in fact, you e-mailed with Dean  
 15 Vagnozzi, Joe Cole, Joseph LaForte, Jerry Nave and  
 16 others about this due diligence process that you are  
 17 asserting as privileged today, correct?  
 18 Did you e-mail with all of those third  
 19 parties who are not your clients about the due  
 20 diligence that you conducted of -- of CBSG in 2016?  
 21 **MS. RECKER:** Objection. And to the extent  
 22 that your answer implicates a joint privilege,  
 23 I would instruct you not to answer.  
 24 **BY MS. BERLIN:**  
 25 **Q.** And so that you're understanding,

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1 Mr. Pauciulo, I'm asking you about your  
 2 communications with Joseph LaForte, Joseph Cole and  
 3 others who are not your clients.  
 4 **MS. RECKER:** Object to the form.  
 5 **BY MS. BERLIN:**  
 6 **Q.** Do you understand the question,  
 7 Mr. Pauciulo?  
 8 **A.** Frankly, I lost track of what the question  
 9 is.  
 10 **Q.** Yeah, that's why I -- that's why I asked  
 11 you. That was a lot of objections. That was a lot  
 12 of back and forth.  
 13 So my question to you is this: The  
 14 information -- you were communicating about the Par  
 15 Funding due diligence and the Pillar Life Settlement  
 16 due diligence with Joseph LaForte and Joe Cole and  
 17 others who are not your clients in 2016, correct?  
 18 **A.** I had communications with Joseph Cole and  
 19 with Joe LaForte and other representatives of Par  
 20 Funding with respect to the due diligence review  
 21 that I was conducting into Par.  
 22 **Q.** And those -- so Joseph LaForte, has he  
 23 ever been your client?  
 24 **A.** I'm sorry, can you repeat that?  
 25 **Q.** Has Joseph LaForte ever been your client?

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1 **A.** No, I've never represented Joseph LaForte.  
 2 **Q.** What about Joseph Cole? Has he ever been  
 3 your client?  
 4 **A.** No, I've never represented Joseph Cole.  
 5 **Q.** Alan Candell, has he ever been your  
 6 client?  
 7 **A.** No, I've never represented Alan Candell.  
 8 **Q.** And in fact, this due diligence process  
 9 that you spent a lot of time earlier today asserting  
 10 your privilege over, actually you produced your due  
 11 diligence correspondence in response to the SEC  
 12 subpoena to you and Eckert Seamans, correct?  
 13 **MS. RECKER:** Objection. To the extent --  
 14 **MS. BERLIN:** I'll just show you. I  
 15 withdraw that question. I'll just show you.  
 16 I wonder if we could please show on the  
 17 screen what I premarked as Exhibit 7.  
 18 **MS. SILVER:** Okay.  
 19 **MS. BERLIN:** Thank you, Natalie.  
 20 (Thereupon, marked as Exhibit 7.)  
 21 **BY MS. BERLIN:**  
 22 **Q.** So I'm showing you Exhibit 7. This is  
 23 your e-mail to Joseph Cole of Par Funding of  
 24 April 19, 2016 with the subject line of "Due  
 25 Diligence Request List."

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1 Do you see that?  
 2 Do you see what I'm saying to you on the  
 3 screen? On your screen in front of you,  
 4 Mr. Pauciulo, just so the record is clear that we're  
 5 showing you the exhibit, do you see a document that  
 6 says, with a yellow sticker, Deposition Exhibit 7.  
 7 And then at the top it says from John W. Pauciulo  
 8 sent Tuesday, April 19, 2016 to Joe Cole at  
 9 parfunding.com, subject, due diligence request list.  
 10 Do you see that on your screen?  
 11 **A.** Yes, I do.  
 12 **Q.** Okay. Great.  
 13 And in these e-mails you are writing to  
 14 them, "Attached is a list of due diligence items  
 15 which we would like to review. As we discussed, I  
 16 will see you at 2:00 on Friday in your offices. If  
 17 you have any questions regarding the list, please  
 18 contact me. Regards, John."  
 19 Do you see that? That's your e-mail?  
 20 **A.** I do see that.  
 21 **Q.** Okay. Great.  
 22 **MS. BERLIN:** Can we scroll down, please.  
 23 One more page. One more page. Thanks,  
 24 Natalie. One more. I think it's PDF 4.  
 25 Perfect.

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1 BY MS. BERLIN:  
 2 Q. This is your attachment, the due diligence  
 3 request list, of the documents you sought from Par  
 4 Funding in your April 20, 2016 request list.  
 5 Is that accurate?  
 6 A. That's the due diligence request list that  
 7 I sent to Par Funding.  
 8 Q. And did Par Funding provide everything  
 9 that you requested on this due diligence request  
 10 list?  
 11 A. No, I don't think they provided everything  
 12 that we requested.  
 13 Q. Okay. So did they provide you with  
 14 audited financial statements?  
 15 A. They did not.  
 16 Q. Okay. Did you -- did you ask them whether  
 17 they had audited financial statements, whether any  
 18 existed?  
 19 A. Yes.  
 20 Q. And what did they tell you?  
 21 A. In 2016 I was told that Par Funding did  
 22 not have audited financial statements.  
 23 Q. Did they -- did anyone from CBSG ever  
 24 provide you any audited financial statements?  
 25 A. No.

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1 Q. Okay. Were you -- when CBSG told you  
 2 during due diligence that there were no audited  
 3 financial statements, were you concerned about that?  
 4 A. I was not concerned about the absence of  
 5 audited financial statements.  
 6 Q. In the PPMs you drafted, there are -- or  
 7 in -- in these offerings concerning Par Funding,  
 8 representations are made about the success and  
 9 profitability of Par Funding or of the MCA company,  
 10 the anonymous MCA company that's being invested in.  
 11 Would you agree with me?  
 12 MS. RECKER: Object to the form.  
 13 A. I did not understand your question and you  
 14 broke up a little bit there. So I didn't -- I don't  
 15 think I heard all of it.  
 16 BY MS. BERLIN:  
 17 Q. Sure.  
 18 Mr. Pauciulo, in any PPM that you drafted  
 19 for any client who hasn't raised a -- who has waived  
 20 their privilege, is it ever disclosed that Par  
 21 Funding lacks audited financial statements?  
 22 A. There's no disclosure as to whether Par  
 23 Funding has audited financial statements.  
 24 MS. BERLIN: Okay. I wonder if we could  
 25 please turn to PDF page 6 of 9.

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1 BY MS. BERLIN:  
 2 Q. Just to be clear, when you asked them for  
 3 the audited financial statements and they told you  
 4 they didn't have them, did I -- did I catch that  
 5 correctly, that was in 2016?  
 6 A. Correct.  
 7 Q. Okay. Do you see where your due diligence  
 8 request in Item 6, officers and directors,  
 9 employees, benefit plans and labor disputes, and  
 10 there A and B are highlighted. The names and  
 11 addresses of each director and officer of the  
 12 company is something that you requested.  
 13 Why -- why did you request that  
 14 information in your due diligence?  
 15 A. Just so we had knowledge of who could  
 16 speak and act on behalf of the company.  
 17 Q. Is it important to know who is controlling  
 18 a company, who the directors and officers are?  
 19 MS. RECKER: Object to the form.  
 20 MR. MILLER: Join.  
 21 A. It's information that you would want to  
 22 have.  
 23 BY MS. BERLIN:  
 24 Q. Yeah. In fact, didn't you give a  
 25 presentation recently, like in February, to -- in

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1 Philadelphia online about due diligence and about  
 2 how you conduct due diligence?  
 3 MS. RECKER: Object to the form.  
 4 A. Yes.  
 5 BY MS. BERLIN:  
 6 Q. Okay. And I mean, getting information  
 7 about who runs the company and what's going on at  
 8 the company is sort of the purpose of due diligence.  
 9 Would you agree with me that's one of the  
 10 purposes of due diligence?  
 11 A. That is one of the -- that's one that is a  
 12 purpose.  
 13 Q. A purpose is to find out who you're doing  
 14 business with and to find out what the potential  
 15 liabilities and risks are with the company that  
 16 you're performing due diligence on.  
 17 Would you agree with me on that?  
 18 A. Yes, to some extent. I'm really more  
 19 focused, again, on who has power and authority to  
 20 speak and act on behalf of the entity.  
 21 Q. Okay. And in 2016, who did you learn or  
 22 who did you come to understand from your  
 23 interactions with them had the power and authority  
 24 over Complete Business Solutions Group?  
 25 A. Lisa McElhone as president or CEO and

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1 Joseph Cole as chief financial officer, and I was  
 2 also told some of the names of the board of --  
 3 members of the board of directors at that time.  
 4 **Q.** Now, what about Mr. -- but you were,  
 5 during the same time period, running everything by  
 6 Joseph LaForte by e-mail, correct?  
 7 **MS. RECKER:** Object to the form.  
 8 **A.** No, I don't think that's correct.  
 9 **BY MS. BERLIN:**  
 10 **Q.** Okay. And in fact, you never e-mailed  
 11 Lisa McElhone in connection with your due diligence  
 12 or anything else, did you?  
 13 **A.** I don't recall exchanging e-mails with  
 14 Lisa McElhone in the 2016 time frame.  
 15 **Q.** And in fact, you went to Pennsylvania, you  
 16 conducted interviews and you met with management of  
 17 Par Funding, correct, in 2016 as part of your due  
 18 diligence process?  
 19 **A.** In 2016, I visited the office of Par  
 20 Funding and I met individuals who held themselves  
 21 out to be management of Par Funding.  
 22 **Q.** And who did you meet with?  
 23 **A.** I arranged to meet with Joseph Cole and  
 24 visited the Par offices, at which time I asked for  
 25 and was introduced to Joseph Cole. Joseph Cole gave

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1 me a brief tour of the office and led me to a  
 2 conference room. I met Lisa McElhone in that  
 3 conference room and several other individuals.  
 4 **Q.** You met Joe Mack or Joseph LaForte?  
 5 **A.** I met Joe Mack. I met -- I met an  
 6 individual who was introduced to me as Joseph  
 7 McElhone as part of that visit.  
 8 **Q.** Right.  
 9 And you later learned that that's Joseph  
 10 LaForte?  
 11 **A.** I came to learn later that his name was  
 12 Joseph LaForte.  
 13 **Q.** Okay. And in fact, Joseph LaForte was the  
 14 person that you were communicating -- well, at that  
 15 time he was -- you were e-mailing with him as Joe  
 16 Mack, but that's who you were communicating with and  
 17 sending your drafts and coming up with plans and  
 18 packages in 2016.  
 19 It was with Joseph LaForte and Joe Cole  
 20 and not Lisa McElhone, correct?  
 21 **MS. RECKER:** Object to the form.  
 22 **A.** I recall having primary contact with  
 23 Joseph Cole in this time frame. Joe McElhone was  
 24 part of that communication. Again, I don't recall  
 25 communicating directly with Lisa McElhone during

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1 this time frame. I also recall interacting with --  
 2 the fellow's last name is Candell, I forget. I  
 3 think his first name is Alan. I think it's Alan  
 4 Candell.  
 5 (Technical interruption.)  
 6 **MS. RECKER:** I would like to take a break,  
 7 if possible.  
 8 **MS. BERLIN:** Let's do it then. Why  
 9 don't -- is a five-minute break enough, or do  
 10 you need longer?  
 11 **MS. RECKER:** Perfect. No, that's perfect.  
 12 **MS. BERLIN:** Okay. Okay. Sounds good.  
 13 (A discussion was held off the record.)  
 14 **MS. BERLIN:** Natalie, I wonder if you  
 15 could put Exhibit 7 back up on the screen and  
 16 if you could pull it back to PDF page 6 where  
 17 we were.  
 18 **BY MS. BERLIN:**  
 19 **Q.** Mr. Pauciulo, in your -- I'm showing you  
 20 this is your April 2016 discovery list. You also  
 21 requested information about litigation; is that  
 22 right?  
 23 **A.** Yes, that's correct.  
 24 **Q.** Okay. And I highlighted at 7E you asked  
 25 for a list and brief description of threatened or

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1 pending claims and lawsuits.  
 2 Did -- do you see that on the page?  
 3 **A.** I do.  
 4 **Q.** Did Par Funding provide that to you?  
 5 **A.** They didn't provide a list of claims. I  
 6 do recall representative of Par Funding just  
 7 remarking about collections and efforts sort of  
 8 generally and that that was, you know, part -- part  
 9 and parcel of the business that they were in.  
 10 **Q.** Okay. Now, in connection -- just going  
 11 back briefly to the officers and directors.  
 12 Did you do any research into Lisa McElhone  
 13 since you thought she was -- you understood she was  
 14 the president and CEO at that time?  
 15 **A.** I don't recall.  
 16 **Q.** Okay. Did you ever come to learn that she  
 17 had a -- my dog is barking. Just a minute.  
 18 **A.** Yeah, and the connection is breaking up.  
 19 It's been fine --  
 20 **Q.** Oh, no.  
 21 **A.** -- but your last question was very choppy.  
 22 **Q.** I'll repeat it. Let me know if it happens  
 23 again and I'll make sure to repeat.  
 24 Did -- did you -- did you ever come to  
 25 learn that Ms. McElhone had any sort of history,

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1 criminal or regulatory?  
2 **A.** No, I did not.  
3 **Q.** Did you ever come to learn of any -- any  
4 proceedings against her whatsoever?  
5 **A.** No, I did not.  
6 **Q.** Did you do any background searches on  
7 anyone at Par Funding?  
8 **A.** Not that I recall.  
9 **Q.** Did Par Funding provide you with -- you  
10 requested tax returns on -- on the list that we're  
11 looking at on Exhibit 7.  
12 Did Par Funding provide you with any tax  
13 returns in connection with your due diligence  
14 request?  
15 **A.** No, they did not.  
16 **Q.** Did they tell you why?  
17 **A.** Not that I recall.  
18 **Q.** Did you do any Westlaw searches or any --  
19 any other research about litigation that Par Funding  
20 was involved in?  
21 **A.** No, I did not.  
22 **Q.** Did you ever come to learn that Par  
23 Funding had actions pending against entities and  
24 individuals that Par Funding claimed owed money to  
25 Par Funding?

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1 **A.** In what time frame?  
2 **Q.** Any. The question was ever.  
3 Did you ever come to learn about such  
4 lawsuits or such actions?  
5 **A.** Yes.  
6 **Q.** And when did you come to learn about that?  
7 **A.** Well, as I testified previously, I was  
8 generally aware based on representations made to me  
9 by Par that they were involved in litigations to  
10 collect, you know, their -- their cash advances.  
11 Later I came to learn that affirmative  
12 defenses in some of those litigations had been  
13 asserted by their -- their customers or their  
14 clients that Par was engaged in lending and subject  
15 to banking regulations and the like.  
16 At some point I think I came to learn  
17 there may have been some kind of class action  
18 lawsuit involving those same issues.  
19 **Q.** Okay. And did you learn about a lawsuit  
20 alleging RICO violations against Par Funding and  
21 others?  
22 **MS. RECKER:** Object to the form.  
23 **A.** I don't recall learning about a lawsuit  
24 involving RICO allegations involving Par Funding.  
25

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1 **BY MS. BERLIN:**  
2 **Q.** Okay. Did you -- understood.  
3 Did you ever learn about the -- that Par  
4 Funding had hundreds of actions against individuals  
5 who -- and entities who Par Funding claimed were in  
6 default, that they had hundreds of such actions  
7 pending?  
8 **A.** Yes.  
9 **Q.** When did you come to learn that?  
10 **A.** In March or April of 2020.  
11 **Q.** How did you come to find that out?  
12 **A.** I had a telephone conversation with an  
13 attorney who represented Par Funding.  
14 **Q.** Brett Berman?  
15 **A.** Yes, that's correct.  
16 **Q.** Have you ever read any of the articles,  
17 whether in Bloomberg or the Philadelphia Inquirer or  
18 anywhere else, about Par Funding's collection  
19 practices?  
20 **MS. RECKER:** Object to the form.  
21 **A.** I recall reviewing or reading the article  
22 that was published by Bloomberg that we referenced  
23 earlier today.  
24 **BY MS. BERLIN:**  
25 **Q.** And that was an article that discussed,

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1 among other things, the collections practices at Par  
2 Funding?  
3 **A.** I recall that being an item covered in the  
4 article, yes.  
5 **Q.** And you -- and I'm sorry if you -- if you  
6 answered this already, I don't recall if you did.  
7 Did -- did you review that article shortly  
8 after it was published?  
9 **A.** I don't know that I can say shortly. I  
10 don't think there was -- you know, maybe a matter of  
11 weeks or a month between the published date and the  
12 date I read it.  
13 **MS. BERLIN:** Okay. I wonder, Natalie, if  
14 you could please show Exhibit 8.  
15 (Thereupon, marked as Exhibit 8.)  
16 **BY MS. RECKER:**  
17 **Q.** Exhibit 8 is an e-mail from Joe Cole to  
18 you. The subject is "Due diligence request list."  
19 It's from April of 2016.  
20 Do -- do you see that on your screen?  
21 **A.** Yes, I do see it.  
22 **Q.** Okay. And in this e-mail Mr. Cole is  
23 attaching a series of documents. They're all  
24 identified. I won't -- I'm not going to read them  
25 into the record, but they're all listed on this

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1 message.  
 2 Did Mr. -- is this all that Mr. Cole, or  
 3 CBSG, rather, provided to you in response to your  
 4 discovery request list that we just saw in  
 5 Exhibit 6?  
 6 **A.** I don't recall.  
 7 **Q.** Is it possible they could have made  
 8 further disclosures or productions to you?  
 9 **MS. RECKER:** Object to the form.  
 10 **A.** Yes, it's possible.  
 11 **BY MS. BERLIN:**  
 12 **Q.** Okay. And it's copying -- the CC is  
 13 the -- you see Joe Mack. Hold on.  
 14 **MS. BERLIN:** Can you scroll up, please,  
 15 Natalie. Thank you. From Joe Cole to you.  
 16 Could you scroll down, Natalie. Keep  
 17 scrolling. Thank you.  
 18 **BY MS. BERLIN:**  
 19 **Q.** So in this message --  
 20 **MS. BERLIN:** Sorry. Go back up to the  
 21 top. Thank you. Go right up to the very first  
 22 sentence on this -- on the message. Perfect.  
 23 Thank you.  
 24 **BY MS. BERLIN:**  
 25 **Q.** Do you see where Mr. Cole writes to John,

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1 "Thanks again for taking the time to discuss our  
 2 company and possible partnership with Dean and his  
 3 group yesterday."  
 4 Do you see that?  
 5 **A.** Yes, I do see that.  
 6 **Q.** And did you meet with Mr. Cole on  
 7 April 22, 2016?  
 8 **A.** I don't recall the specific date of the  
 9 meeting. Obviously the e-mail suggests that that  
 10 happened. No reason to think that that e-mail is  
 11 incorrect.  
 12 **Q.** Is -- would this meeting, if it -- you  
 13 know, whenever it occurred, but around the time of  
 14 April 23, the meeting that Mr. Cole is referencing,  
 15 would that be the meeting that you testified about  
 16 earlier where you went into a conference room, you  
 17 met Lisa McElhone and Joe Cole and -- and the person  
 18 holding himself at that time out as Joe Mack and  
 19 others?  
 20 **A.** Yes, I believe so.  
 21 **Q.** Okay. And now after receiving the e-mail  
 22 in Exhibit 8 -- we can remove Exhibit 8 -- you  
 23 requested additional documents from Par Funding?  
 24 **A.** I don't recall.  
 25 **Q.** Okay.

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1 **MS. BERLIN:** Natalie, can we show  
 2 Exhibit 9, please.  
 3 **MS. SILVER:** Okay.  
 4 **MS. BERLIN:** Thank you.  
 5 (Thereupon, marked as Exhibit 9.)  
 6 **BY MS. BERLIN:**  
 7 **Q.** Is Exhibit 9, your message -- it's  
 8 Thursday, April 28, 2016 from you to Joe Cole and  
 9 the subject is regarding the due diligence request  
 10 list.  
 11 Do you see that on your screen?  
 12 **A.** Yes, I do.  
 13 **Q.** Okay. And in this e-mail you're  
 14 requesting additional items. You've requested a  
 15 list of the names of the officers with titles, the  
 16 directors and shareholders and copies of any  
 17 documents concerning the ownership of the shares.  
 18 Do you see that?  
 19 **A.** Excuse me. Sorry. It's allergy season in  
 20 Philadelphia.  
 21 Yes, I do see that.  
 22 **Q.** And did -- did -- did Mr. Cole or anyone  
 23 from Par Funding provide you with these additional  
 24 documents that you were requesting?  
 25 **A.** I don't recall.

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1 **Q.** Did you ever get any documents concerning  
 2 the ownership or any documents concerning the names  
 3 of the officers and directors or the ownership of  
 4 Par Funding?  
 5 And to be clear, I'm asking about at any  
 6 time, not necessarily in response to this e-mail,  
 7 but did you ever get those documents?  
 8 **A.** Not that I recall.  
 9 **MS. BERLIN:** Okay. We can remove  
 10 Exhibit 9.  
 11 **BY MS. BERLIN:**  
 12 **Q.** During your meeting, during the due  
 13 diligence period, did you speak with Par Funding  
 14 representatives about their default rate?  
 15 **MS. RECKER:** Object to the form.  
 16 **BY MS. BERLIN:**  
 17 **Q.** Do you know what I mean by "default rate,"  
 18 Mr. Pauciulo?  
 19 **A.** Yes, I do. I remember in -- in the  
 20 meeting there was a presentation made by Joe Cole  
 21 and I recall there being some information about  
 22 default rate generally.  
 23 **Q.** Okay. Did you ever review any of the  
 24 documents that would reflect what the actual default  
 25 rates were?

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1 For example, were you provided transaction  
2 documents and accounting statements or anything else  
3 where you could discern what the actual default rate  
4 was?  
5 **A.** No.  
6 **Q.** And during these meetings at Par Funding,  
7 did you all discuss the management experience of the  
8 people who were running Par Funding?  
9 **MS. RECKER:** Object to the form.  
10 **A.** As part of the presentation made by Joe  
11 Cole, I recall there being some presentation about,  
12 you know, the executive team generally.  
13 **BY MS. BERLIN:**  
14 **Q.** Okay. And who was discussed as part of --  
15 do you remember just generally like what that  
16 executive team discussion was and who they discussed  
17 in that presentation at the executive team?  
18 **A.** I only recall that Lisa McElhone was  
19 identified as the CEO and Joe Cole was identified as  
20 the CFO.  
21 **Q.** And how long total -- how long was the  
22 presentation that Mr. Cole gave, roughly? And I  
23 realize this is, what, five years ago. So if you --  
24 if you could remember about how long it was.  
25 **A.** To the best of my recollection, roughly an

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1 hour, 45 minutes to an hour.  
2 **Q.** Okay. So after -- at any time after the  
3 initial due diligence process of 2016, did you ever  
4 do any other fact-finding concerning Par Funding?  
5 **A.** Yes.  
6 **Q.** Okay. And what was that?  
7 **A.** In 2020 Par Funding had sent an e-mail to  
8 certain of its investors that Par Funding was  
9 suspending payments under its outstanding notes.  
10 And in the wake of that I had conversations with  
11 counsel for Par Funding and ultimately was provided  
12 some additional documentation from Par Funding.  
13 **Q.** Okay. And we -- we'll talk about that a  
14 bit later.  
15 **A.** Aside from that -- that funding in 2020,  
16 did you ever do any other fact-finding other than  
17 the due diligence in 2016 and then the fact-finding  
18 in 2020?  
19 **A.** Not that I recall.  
20 **Q.** Okay. At any time prior to the SEC filing  
21 its case against -- the instant case that you're  
22 testifying in today against Par Funding and others,  
23 did you ever learn about an action pending against,  
24 or an action and order issued against Lisa McElhone  
25 in Oregon?

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1 **A.** Not that I recall, no.  
2 **Q.** Okay. What about did you ever, at any  
3 time before the SEC filed this case, learn about an  
4 action -- the Fleetwood action pending in the  
5 Eastern District of Pennsylvania against Par Funding  
6 and others?  
7 **A.** Yes.  
8 **Q.** And when did you learn about that lawsuit?  
9 **A.** In the -- excuse me. I'm sorry. I have a  
10 tickle in my throat -- the March, April 2020 time  
11 frame.  
12 **Q.** And what about -- prior to the SEC filing  
13 its suit, did you know that Par Funding had  
14 thousands of lawsuits pending against merchants that  
15 it claimed were in default?  
16 **A.** I did not know the number of cases that  
17 Par Funding had against its merchants or customers.  
18 **Q.** Okay. So I'm not asking -- like, just to  
19 be clear, I'm not asking you to give me the precise  
20 number, but that in general it was like thousands of  
21 them, or you know -- did you know that before the  
22 SEC filed its case?  
23 **A.** No, I was unaware of the number of cases.  
24 Again, after the preliminary due diligence done in  
25 2016, I was aware that there was -- excuse me --

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1 some collection litigation to collect funds from  
2 their customers.  
3 **Q.** And you spoke with Brett Berman, counsel  
4 for CBSG, about -- about some of those lawsuits,  
5 correct?  
6 **A.** I recall speaking with Brett Berman about  
7 the Fleetwood lawsuit.  
8 **Q.** Okay. Oh, and about the Fleetwood  
9 lawsuit.  
10 **A.** Is that how -- was that in March or April  
11 of 2020?  
12 **A.** Yes.  
13 **Q.** At any time did you learn that there was  
14 an adverse opinion audit of Par Funding?  
15 **A.** I'm sorry, could you repeat the question?  
16 I'm not sure I understood you.  
17 **Q.** Sure.  
18 **A.** At any time did you learn that Par Funding  
19 had received an -- had an audit done and had an  
20 adverse opinion?  
21 **MS. RECKER:** Object to the question to the  
22 extent that it would -- an answer would  
23 implicate attorney-client privileged  
24 information.  
25 **A.** On advice of counsel, I don't think I can

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1 answer that question based on attorney-client  
 2 privilege.  
 3 BY MS. BERLIN:  
 4 Q. Okay. And who is the client that you're  
 5 asserting the privilege for?  
 6 A. Dean Vagnozzi, Albert Vagnozzi, Paul  
 7 Terence Kohler, and their respective affiliated  
 8 entities.  
 9 Q. Okay. And when and where did those  
 10 communications take place, the communications you're  
 11 claiming are privileged?  
 12 A. I don't recall when conversations that I  
 13 may have had with Dean Vagnozzi about the audit, and  
 14 I don't recall whether they were part of  
 15 face-to-face meetings with Dean Vagnozzi or  
 16 telephone calls with Dean Vagnozzi. I had  
 17 conversations with Albert Vagnozzi and Paul Terence  
 18 Kohler about the audit in the March, April, May 2020  
 19 time frame.  
 20 Q. Okay. And do you have the year when you  
 21 and Mr. Vagnozzi would have discussed this  
 22 privileged conversation, like a general month and  
 23 year when it would have occurred?  
 24 A. I don't recall when it was.  
 25 Q. But it was while you were representing

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1 him, not after the SEC filed its case when you  
 2 stopped representing him, correct?  
 3 A. Yes, correct.  
 4 Q. Did you ever come to learn that -- and by  
 5 the way, did you ever discuss the -- what we're  
 6 calling the adverse opinion, which was a 2017  
 7 financial audit, just to make sure that we're all on  
 8 the same page?  
 9 Did you ever discuss that audit with  
 10 anyone who wasn't a client who still has an  
 11 attorney-client privilege with you?  
 12 So for example, nonclients or any of the  
 13 dozens of clients who have waived their privilege  
 14 with you.  
 15 MS. RECKER: Object to the form.  
 16 BY MS. BERLIN:  
 17 Q. Did you come to learn that the -- that  
 18 individuals at Par Funding had a profit-sharing  
 19 arrangement amongst themselves?  
 20 A. No. I don't know anything about that.  
 21 Q. Okay. At any time did you come to learn  
 22 that Lisa McElhone was paying herself through a  
 23 consulting firm that she owned called Eagle or that  
 24 she had several consulting firms that were getting  
 25 paid by Par Funding to be consultants?

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1 A. I don't know anything about that.  
 2 Q. At any time did you come to learn that Par  
 3 Funding was paying consulting firms, but that those  
 4 consulting firms were actually owned by Joe Cole and  
 5 Perry Abbonizio or Lisa McElhone?  
 6 A. No.  
 7 Q. At any time did you learn -- did you come  
 8 to know about Par Funding -- the -- the individual  
 9 defendants in this case, did you ever come to learn  
 10 about them using Par Funding funds to invest in real  
 11 estate or to purchase real estate?  
 12 MR. MILLER: Object to the form.  
 13 A. No, I was -- no.  
 14 BY MS. BERLIN:  
 15 Q. Did A Better Financial Plan and Complete  
 16 Business Solutions Group have a written agreement?  
 17 MS. RECKER: Object to the form.  
 18 A. I'm aware of a written finder's agreement.  
 19 I just don't recall whether the party -- excuse me,  
 20 sorry. I recall there was a written finder's  
 21 agreement between CBSG. I just don't recall whether  
 22 it was Dean Vagnozzi individually or Dean Vagnozzi  
 23 the affiliated entity. I'm aware of that agreement.  
 24 I'm not aware of any other.  
 25

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1 BY MS. BERLIN:  
 2 Q. Okay.  
 3 MS. BERLIN: Natalie, I wonder if we could  
 4 please show Exhibit 10.  
 5 MS. SILVER: Okay.  
 6 (Thereupon, marked as Exhibit 10.)  
 7 BY MS. BERLIN:  
 8 Q. And do you see Exhibit 10 is a -- it's an  
 9 e-mail from you to AlanSQ47, which I will tell you  
 10 is Alan Candell, a lawyer for Par Funding, and  
 11 you're copying Dean Vagnozzi and Jerry Nave, and the  
 12 subject is "CBSG Agreement."  
 13 Do you see that?  
 14 It says, "Attached is a draft services  
 15 agreement. Please review and call me with any  
 16 questions or comments you may have. In the interest  
 17 of time, I am sending this draft to you and my  
 18 client simultaneously and, accordingly, this draft  
 19 remains subject to my client's review."  
 20 Is that what you see on your screen as  
 21 well?  
 22 A. Yes, it is.  
 23 MS. BERLIN: Can we scroll down to the  
 24 next page, please, Natalie.  
 25

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1 BY MS. BERLIN:  
2 Q. And then we see on PDF page 2 at the top  
3 it says "Services Agreement," and it's -- it states  
4 in the first paragraph that it's between A Better  
5 Financial Plan, LLC and Complete Solution Business  
6 Group.  
7 Do you see that?  
8 A. Yes, I do.  
9 Q. And in paragraph 1 there's a paragraph  
10 about services that states that CBSG will issue  
11 notes to a -- to the fund with the following  
12 repayment terms and interest rates, and then it has  
13 sort of set terms and interest rates, a rate of  
14 17 1/2 percent per year with interest payable  
15 monthly in arrears, and then two-year notes bearing  
16 interest at the rate of 21 percent per year, and  
17 three-year notes bearing interest at the rate of  
18 23 1/2 percent.  
19 Do you see that?  
20 A. Yes, I do.  
21 Q. Okay. And so was this -- you -- you  
22 ultimately sent this on to Mr. LaForte?  
23 A. Not that I recall.  
24 Q. Okay. And was this agreement ultimately  
25 executed?

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1 A. To my knowledge, it was not.  
2 Q. Why? Why -- why wasn't it?  
3 MS. RECKER: Objection. To the extent  
4 that the answer reveals attorney-client  
5 privileged information, I instruct you not to  
6 answer.  
7 A. On advice of counsel, I cannot answer your  
8 question based on attorney-client privilege.  
9 BY MS. BERLIN:  
10 Q. Okay. And so is the client Dean Vagnozzi?  
11 A. Yes.  
12 Q. Okay. And so you're -- you're claiming  
13 your privilege with Dean Vagnozzi extends to this --  
14 to my question.  
15 And when is the -- the communication over  
16 which you claim is privileged, when and where did  
17 that occur with Mr. Vagnozzi?  
18 A. Communication was in the April through  
19 August 2016 time frame. I don't recall whether it  
20 was through face-to-face meeting or telephone  
21 conversation or other form of communication.  
22 Q. Was anyone else present for those  
23 communications?  
24 A. Not that I recall.  
25 Q. Ultimately after this 2016 draft was

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1 circulated, an agreement was reached with  
2 Mr. Vagnozzi where he would receive a certain  
3 percentage on his promissory notes from Par Funding,  
4 correct?  
5 MS. RECKER: Object to the form.  
6 MR. MILLER: Join.  
7 A. Again, I'm familiar with the finder  
8 agreement. I'm not sure if that's the agreement to  
9 which you're referring.  
10 BY MS. BERLIN:  
11 Q. It -- it is not, but -- but that's okay if  
12 you're not aware of that. I don't need to go there.  
13 MS. BERLIN: Let's -- let's take this down  
14 and take a look at Exhibit 11.  
15 (Thereupon, marked as Exhibit 11.)  
16 BY MS. BERLIN:  
17 Q. Exhibit 11 is -- starts with a message  
18 from Mr. Vagnozzi to Joe Mack and you and Alan  
19 Candell. So really Joseph LaForte, you and Alan  
20 Candell who is the counsel for Par Funding at this  
21 time. It's from May 17, 2017. The subject is  
22 "Terms."  
23 Do you see that?  
24 A. I do see that.  
25 Q. Okay.

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1 MS. BERLIN: Natalie, could you please  
2 scroll down. Actually, scroll up a little bit,  
3 I'm sorry. Perfect. Stop.  
4 BY MS. BERLIN:  
5 Q. So we see it's from Joe Mack to you,  
6 Mr. Pauciulo, and Alan Candell and copying Vagnozzi,  
7 Abbonizio and Cole and Nave. It says, "Gentlemen, I  
8 understand what you're saying, but the deal is not  
9 completed."  
10 Actually, to give you some context, would  
11 you like us to scroll down this document so you  
12 could see the pages beneath to see what he's  
13 referring to, Mr. Pauciulo?  
14 A. I'm -- I'm fine. I'm just looking. I  
15 don't think --  
16 Q. Okay.  
17 A. I don't think that's necessary.  
18 Q. Okay. If for any of these exhibits you  
19 need us to scroll down or up, you know, you hear me  
20 asking Natalie to do it, but you can also make the  
21 request as well. I know it's hard to look at  
22 documents on a screen.  
23 MS. RECKER: To that point, Ms. Berlin, I  
24 would like to ask if they could be made a  
25 little bit larger. Terrific. Thank you.

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1 MS. BERLIN: Is that better?  
 2 BY MS. BERLIN:  
 3 Q. So in a -- prior messages on the page  
 4 before there's an issue about wanting to do a joint  
 5 presentation coming up for CBSG and A Better  
 6 Financial Plan, and I, you know, rely on -- it is  
 7 what it is. It's stated below, but you can't see it  
 8 on your screen.  
 9 MS. BERLIN: Natalie, why don't you just  
 10 scroll up a bit, so he can glance at it. I  
 11 mean scroll down in the document, sorry. Thank  
 12 you.  
 13 BY MS. BERLIN:  
 14 Q. So this is your message that we see here  
 15 to Mr. Candell from you, Mr. Pauciulo, where you're  
 16 talking about that there was a concern about the  
 17 disclosure and the representations and that there  
 18 was supposed to be a preliminary meeting scheduled  
 19 for that day and Thursday to speak to prospective  
 20 investors at a general level. And then you go on to  
 21 discuss what the fund was going to discuss versus  
 22 what CBSG was going to discuss at this meeting, and  
 23 that the purpose of the meeting is to gauge interest  
 24 in a possible investment. And there's -- you talk  
 25 in your message here, you can see, about getting

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1 some pushback from CBSG.  
 2 MS. BERLIN: So can we scroll back up  
 3 again, Natalie. Thank you.  
 4 BY MS. BERLIN:  
 5 Q. So Joe Mack, which is Joe LaForte, writes  
 6 to you all and says, "Gentlemen, I understand what  
 7 you were saying, but the deal is not completed.  
 8 Respectfully, John, it was your responsibility to  
 9 put together the package. We are going to have our  
 10 attorney review and then we could continue our  
 11 relationship. You never sent the agreement. I  
 12 cannot put my company at risk because you guys were  
 13 unprepared. You have the insurance product to sell  
 14 tonight. CBSG will not participate until we have an  
 15 agreement and an opinion from our counsel at  
 16 Stradley. I am anxious to do the deal, but I must  
 17 be prudent on protecting the company."  
 18 Do you see that?  
 19 A. Yes, I do see that.  
 20 Q. Okay. And so it's Joe Mack is -- is  
 21 writing to you.  
 22 And what package is it that he's saying  
 23 you were supposed to be putting together?  
 24 A. I don't recall.  
 25 Q. Okay. He also writes to you, you guys

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1 were unprepared. He says that you guys have the  
 2 insurance products to sell tonight.  
 3 What is he referring to there? What is  
 4 the insurance product that you -- you all were  
 5 supposed to sell that night?  
 6 A. I don't know --  
 7 MS. RECKER: Object to the form.  
 8 A. Yeah, I don't know to what Joe Mack was  
 9 referring to in that e-mail.  
 10 BY MS. BERLIN:  
 11 Q. You didn't understand what he was  
 12 referring to?  
 13 A. I don't know whether I understood at the  
 14 time one way or the other. As I sit here today, I'm  
 15 not sure to what he is referring.  
 16 Q. Okay.  
 17 MS. BERLIN: And can we scroll down -- can  
 18 we scroll to the next page, Natalie.  
 19 BY MS. BERLIN:  
 20 Q. So do you see in the second and third  
 21 paragraphs of this e-mail that you sent, it's in  
 22 20 -- May of 2016, where you're telling Mr. Candell,  
 23 counsel for Par Funding, what's supposed to happen  
 24 at the investor meeting that night.  
 25 Did you come up with the agendas for these

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1 meetings?  
 2 MS. RECKER: Object to the form.  
 3 A. No, I did not create and prepare an agenda  
 4 for this meeting.  
 5 BY MS. BERLIN:  
 6 Q. Okay. And you wrote -- in the last  
 7 sentence of the second full paragraph of your  
 8 message you wrote to him, "We expected that CBSG  
 9 would present some general nonconfidential  
 10 information about its business."  
 11 And you're writing about that in context  
 12 of this investor meeting.  
 13 What -- were you making decisions about  
 14 what CBSG was going to present at these investor  
 15 meetings versus what A Better Financial Plan was  
 16 going to be presenting at these investor meetings?  
 17 MS. RECKER: Object -- I'm sorry. Have  
 18 you finished?  
 19 Object to the form.  
 20 A. I don't know that I understood the  
 21 question.  
 22 BY MS. BERLIN:  
 23 Q. Read the last sentence of the second full  
 24 paragraph. I'll read it to you. It says, "We  
 25 expected that CBSG would present" -- hold on. I'll

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1 back up one more sentence.  
 2 You wrote, "At these meetings, the fund  
 3 does not intend to and will not distribute any kind  
 4 of confidential information such as financial  
 5 statements. We expected that CBSG would present  
 6 some general nonconfidential information about its  
 7 business. The purpose of these meetings is to gauge  
 8 interest in the possible investment. The attendees  
 9 at these meetings are people with whom A Better  
 10 Financial Plan has an existing business  
 11 relationship."  
 12 Do you see that?  
 13 **A.** Yes, I do.  
 14 **Q.** And do you see the very first sentence of  
 15 the paragraph, the second full paragraph of your  
 16 message, you write that -- you're talking about,  
 17 "The first phase including preliminary meetings such  
 18 as those scheduled for today and Thursday, A Better  
 19 Financial Plan intends to speak to prospective  
 20 investors at a general level."  
 21 Do you see that? Do you see those words  
 22 on the screen in front of you?  
 23 **A.** I'm -- I'm -- I'm trying to read while  
 24 you're talking and I'm not good at doing two things  
 25 at once. I'm trying to listen to your question. If

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1 you'll give me an opportunity to read the e-mail, I  
 2 will read it.  
 3 **Q.** You know what, because we're pressed for  
 4 time, the message sort of speaks for itself.  
 5 Mr. Pauciulo, did you ever have any  
 6 involvement in deciding what was going to be  
 7 discussed at -- at meetings with potential  
 8 investors?  
 9 MS. RECKER: Object to the form.  
 10 **A.** Any meeting ever at any time?  
 11 BY MS. BERLIN:  
 12 **Q.** Yes.  
 13 MS. RECKER: Object to the form.  
 14 **A.** I think the answer to the question is  
 15 seeking information that's subject to  
 16 attorney-client privilege.  
 17 BY MS. BERLIN:  
 18 **Q.** What about with all of those clients who  
 19 waived their privilege or ABFP or any of the  
 20 receivership entities, if you think that's  
 21 privileged, any of the entities that have waived  
 22 their privilege, did you ever participate in any  
 23 discussion about what would be discussed at their  
 24 meetings with prospective investors?  
 25 MS. RECKER: Objection. To the extent

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1 that your answer reveals attorney-client  
 2 privilege held jointly with another client, I  
 3 would instruct you not to answer.  
 4 **A.** On the advice of counsel I can't answer  
 5 that question with regard to clients who have not  
 6 waived the attorney-client privilege.  
 7 With respect to those former clients who  
 8 have waived the attorney-client privilege, and I  
 9 don't know if we all agree, the list of folks that  
 10 you rattled off earlier today, I don't recall ever  
 11 having any discussions with any of them about  
 12 meetings with any of their prospective investors.  
 13 BY MS. BERLIN:  
 14 **Q.** Okay. And with respect to the privilege  
 15 assertion, is that with respect to the client Dean  
 16 Vagnozzi?  
 17 **A.** Yes, it is.  
 18 **Q.** Okay. And would the communications have  
 19 been with Mr. Vagnozzi and anyone else present?  
 20 Would anyone else have been present during those  
 21 communications?  
 22 **A.** Not that I recall.  
 23 **Q.** Okay. And was the purpose of these  
 24 discussions to provide legal advice or guidance to  
 25 Mr. Vagnozzi?

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1 **A.** Yes, in part and no, in part.  
 2 **Q.** Okay. Can you -- can you explain what the  
 3 part is that's not? Where you said "no, in part,"  
 4 what are you referring to?  
 5 **A.** I need to seek advice of counsel.  
 6 **Q.** Sure.  
 7 (A discussion was held off the record.)  
 8 **A.** I would like to try to respond to your  
 9 question. I think I heard your question include the  
 10 word "planning" and I certainly had discussions with  
 11 Dean Vagnozzi about logistics. And when I heard the  
 12 word "planning," so we talked about, you know, time  
 13 and place and what time could I get there and how  
 14 long -- would I talk for five minutes. And so --  
 15 so, you know, we had discussions around that. I  
 16 don't know if that really answers your question.  
 17 BY MS. BERLIN:  
 18 **Q.** Okay.  
 19 MS. BERLIN: Exhibit -- can we show  
 20 Exhibit 12, please.  
 21 (Thereupon, marked as Exhibit 12.)  
 22 BY MS. BERLIN:  
 23 **Q.** So Exhibit 12 is May 18, 2016  
 24 correspondence between you and Joe LaForte and  
 25 others.

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1 Do you see that?  
2 **A.** Yes, I see that.  
3 **Q.** Okay. And you're writing -- do you see at  
4 the same subject line, it says "Re: Terms"? If we  
5 scroll down, it's -- following up it is the same  
6 e-mail string as the -- where you sent the draft  
7 agreement, the draft service agreement between Par  
8 Funding and ABFP?  
9 **MS. RECKER:** Object to the form.  
10 **MS. BERLIN:** What's that?  
11 **MS. RECKER:** I was objecting to the form.  
12 I'm not following.  
13 **MS. BERLIN:** You're not following?  
14 Okay. Megan -- I'm sorry, Natalie, can  
15 you scroll down or scroll up so I can show  
16 them -- just scroll to the third page and then  
17 scroll down slowly. There you go.  
18 **BY MS. BERLIN:**  
19 **Q.** So you might recognize some of this. This  
20 is your message of May 17 that we just talked about.  
21 Do you see that? It's on PDF pages 2 and  
22 3.  
23 **A.** Yes.  
24 **Q.** Okay. Great.  
25 **MS. BERLIN:** Keep scrolling, please.

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1 Scrolling up towards the top. Towards page 1.  
2 **BY MS. BERLIN:**  
3 **Q.** And then we see -- stop. We see Mr. Mack  
4 sending a message on Tuesday, May 17. He says the  
5 deal was not completed. John, it was your  
6 responsibility -- are you seeing that this is the  
7 same string that we just looked at -- looked at two  
8 exhibits ago?  
9 **A.** Yes, I see that.  
10 **Q.** Okay. Great.  
11 It has the same subject line, "Terms."  
12 Do you see that?  
13 **A.** Yes, I see that.  
14 **Q.** Okay. Great. So you write --  
15 **MS. BERLIN:** Can we scroll to the top,  
16 please. Thanks.  
17 **BY MS. BERLIN:**  
18 **Q.** Do you see that you're writing to Joe Mack  
19 and Alan Candell on May 18, 2016 saying, "Please let  
20 me know when we can expect to receive comments to  
21 the document we circulated on Monday evening with  
22 corrective copies sent Tuesday morning, a copy of  
23 which is attached for your convenience."  
24 And you send that to Joe Mack and Alan  
25 Candell, the Par Funding attorney. And then

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1 Mr. Mack, do you see at the top, he responds to you  
2 Wednesday, May 18 -- tell me to slow down if you're  
3 not following -- but do you see where he responds to  
4 you Wednesday, May 18, 2016 and he writes to you and  
5 Alan Candell and says, "Gentlemen, the contract was  
6 forwarded to Bill Sasso at Stradley Ronnin. He will  
7 review and get this done. Great job, men?"  
8 Do you see that?  
9 **A.** Yes.  
10 **Q.** And this -- why did you e-mail to Joe Mack  
11 on May 18, 2016 asking when you would receive  
12 comments to a document that you had circulated to  
13 him?  
14 **MS. RECKER:** Object to the form.  
15 **A.** I don't think I can answer that based on  
16 attorney-client privilege.  
17 **BY MS. BERLIN:**  
18 **Q.** Okay. Were you writing -- you mean the  
19 privilege would be with Dean Vagnozzi?  
20 **A.** Yes, that's correct.  
21 **Q.** Okay. And so you're claiming that while  
22 you're e-mailing Joseph LaForte on May 18, 2016 that  
23 that's privileged information held by Dean Vagnozzi.  
24 Am I understanding correctly?  
25 **A.** Yes.

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1 **Q.** Okay.  
2 **A.** Yes, correct.  
3 **Q.** Okay. And in connection with this  
4 communication you're claiming is privileged with  
5 Mr. Vagnozzi, when and where did it occur?  
6 **MS. RECKER:** I'm sorry, I didn't hear  
7 that.  
8 **A.** Yeah, you broke up a bit.  
9 **BY MS. BERLIN:**  
10 **Q.** In connection with your communication with  
11 Mr. Vagnozzi that you claim is privileged, when and  
12 where did it occur?  
13 **A.** Tuesday, May 17 or Wednesday, May 18 of  
14 2016. I don't recall whether that was a telephone  
15 conversation, a face-to-face meeting or some other  
16 form of communication.  
17 **Q.** And why were you e-mailing to Mr. LaForte  
18 as opposed to anyone else at Par Funding? Is it --  
19 why -- why Mr. LaForte specifically?  
20 **A.** I think because he had initiated the  
21 e-mail further down in the string, but I'm not sure.  
22 **Q.** Well, was Mr. LaForte the person who was  
23 making decisions for Par Funding at this time on the  
24 matters in which you were involved?  
25 **MS. RECKER:** Object to the form.

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1 A. He appeared to be a decision-maker.  
 2 MS. BERLIN: I wonder if we could  
 3 please -- we could take down Exhibit 12. Could  
 4 we please put up Exhibit 13.  
 5 Thank you, Natalie.  
 6 (Thereupon, marked as Exhibit 13.)  
 7 BY MS. BERLIN:  
 8 Q. I'm showing you Exhibit 13. It's an  
 9 e-mail between Joe Cole and Joe LaForte from  
 10 December of 2016.  
 11 MS. BERLIN: Can we scroll down to the  
 12 second page?  
 13 BY MS. RECKER:  
 14 Q. Does this organizational chart of Par  
 15 Funding, is that something that you've ever seen  
 16 before?  
 17 A. Not that I recall, no.  
 18 Q. Have you ever seen an organizational chart  
 19 for Par Funding?  
 20 A. I don't recall ever seeing an  
 21 organizational chart of Par Funding. Although, they  
 22 may have -- in the meeting that I attended in 2016  
 23 they may have shown something. I just don't  
 24 remember.  
 25 Q. Okay. And did you ever have the sense

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1 from your interactions with Par Funding that  
 2 Mr. Mack was -- well, just look at the top row. Joe  
 3 Cole, CFO; Joe Mack, president; Perry Abbonizio,  
 4 investor relations; Alan Candell, general counsel;  
 5 Nate Trunfio, director of sales.  
 6 In the 2016 time frame, did -- were these  
 7 individuals that we see in the top row in blue  
 8 boxes, were they engaging in sort of that -- the  
 9 role that's designated under their names based on  
 10 your experience?  
 11 MS. RECKER: Object to the form.  
 12 BY MS. BERLIN:  
 13 Q. If you -- if you don't understand, Mr. --  
 14 Mr. Pauciulo, I could do one by one. I'm just  
 15 trying to go faster, and I think you understand what  
 16 I'm asking, but if you want, I could go one by one  
 17 and I could ask you about each of them.  
 18 Do you understand the question or would  
 19 you like me to go one by one?  
 20 A. I think I understand your question. And I  
 21 think what I hear you asking me is that did my  
 22 interactions with these individuals, was it  
 23 consistent with the roles shown on the chart versus  
 24 the roles that they had described to me.  
 25 Q. Yes.

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1 A. It's kind of an either/or question.  
 2 Certainly my interaction with Joe Cole seemed  
 3 consistent with my understanding of what a chief  
 4 financial officer does.  
 5 I had limited interaction with Perry  
 6 Abbonizio in this, again, we're talking about the  
 7 2016 time frame, but he was introduced to me as  
 8 somebody involved with investor relations.  
 9 I did have interactions with Alan Candell  
 10 in the 2016 time. And Mr. Candell held himself out  
 11 to be an attorney, but I don't recall him saying  
 12 that he was general counsel for CBSG. He had also  
 13 described himself as an investor.  
 14 And obviously I had some e-mail exchange  
 15 with Joe Mack, but it was not my understanding at  
 16 that time that he was the president of CBSG. As I  
 17 testified earlier, it was represented to me that  
 18 Lisa McElhone was.  
 19 Q. No, I understand what was represented to  
 20 you. I'm asking if -- when you interacted with Joe  
 21 Mack, was he interacting with you? You're sending  
 22 him drafts, he's giving you feedback, he's telling  
 23 you good job. You're e-mailing with him throughout  
 24 2016.  
 25 Is he interacting with you the way someone

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1 would who was operating a company, either as the  
 2 president or as a principal of the business?  
 3 MS. RECKER: Object to the form.  
 4 A. I can't say that his actions were  
 5 consistent with the actions of somebody holding the  
 6 title of president.  
 7 BY MS. BERLIN:  
 8 Q. Okay. Were Lisa McElhone's?  
 9 A. I was not interacting with Lisa McElhone  
 10 in this time frame.  
 11 Q. So who was -- who -- what person at CBSG  
 12 was acting like the president during this time  
 13 period?  
 14 MS. RECKER: Object to the form.  
 15 A. I can only testify to my interactions with  
 16 these individuals.  
 17 BY MS. BERLIN:  
 18 Q. Yes. And so out of -- who -- you're  
 19 interacting with a company. You're doing due  
 20 diligence. You're interacting with them and going  
 21 to certain people with certain requests and  
 22 negotiating agreements and we've seen all of that.  
 23 In your opinion, who is in charge? Like,  
 24 not that they're telling you who is charge, but what  
 25 is your sense of who was in charge?

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1 MS. RECKER: Object to the form.  
 2 **A.** I didn't have a sense of any one person  
 3 being in charge. There was obviously a team and I'm  
 4 interacting with groups of people at the same time.  
 5 BY MS. BERLIN:  
 6 **Q.** Have you ever received any threats  
 7 about -- from anyone, received any threats based on  
 8 anything having to do with Par Funding or Joseph  
 9 LaForte?  
 10 **A.** What do you mean by "threat"?  
 11 **Q.** I mean that as broadly as you can  
 12 interpret it. I think we all know the plain meaning  
 13 of threat.  
 14 Has anyone ever threatened you? Had you  
 15 ever received something that looked like a threat?  
 16 Have you ever felt threatened?  
 17 I think that you know what I mean by  
 18 threat. Threat as a general definition. So I mean  
 19 it in a general sense, not in any sort of legal  
 20 definition.  
 21 But has anyone ever threatened you?  
 22 **A.** Well, I'm the subject of several different  
 23 litigations, and prior to the filing of those  
 24 litigations, we received claims asserting -- you  
 25 know, threatening litigation.

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1 **Q.** What about threatening your safety?  
 2 **A.** No.  
 3 **Q.** So initially --  
 4 MS. BERLIN: We can take -- we can take  
 5 down this exhibit.  
 6 BY MS. BERLIN:  
 7 **Q.** So initially, Mr. Vagnozzi [sic], you  
 8 testified there was a finder agreement with Par  
 9 Funding. And then sometime in 2017 or '18 Par  
 10 Funding stopped using the finder agreement and began  
 11 accepting money from investment funds.  
 12 Would you agree with me in that general  
 13 statement?  
 14 MS. RECKER: Object to the form.  
 15 **A.** I -- I agree that there came a time when  
 16 Par Funding was willing to accept investments from  
 17 entities that had pooled money.  
 18 BY MS. BERLIN:  
 19 **Q.** Okay. And do you also understand that  
 20 there came a time when Par Funding stopped operating  
 21 under the agreements it had -- they were called  
 22 finder agreements -- that they stopped operating  
 23 under their finder agreements, whether they canceled  
 24 them or rescinded them or just said they're not  
 25 working anymore? They stopped operating under

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1 those. Do you understand that?  
 2 MS. RECKER: Object to the form.  
 3 **A.** In what time frame?  
 4 BY MS. BERLIN:  
 5 **Q.** At any time frame. At some point,  
 6 Mr. Pauciulo. At some point -- here. Let me put it  
 7 another way.  
 8 You testified earlier Mr. Vagnozzi had a  
 9 finder agreement with Par Funding, yes?  
 10 **A.** Yes, Mr. Vagnozzi had a finder's agreement  
 11 with Par Funding.  
 12 **Q.** He doesn't now, correct? There's no  
 13 longer a finder's agreement in place, correct?  
 14 **A.** As far as I know, that's correct.  
 15 **Q.** At a certain point, instead of operating  
 16 under a finder's agreement, Mr. Vagnozzi started  
 17 opening up his own funds and operating -- and  
 18 overseeing investment funds instead.  
 19 Would you agree with me?  
 20 MS. RECKER: Object to the form.  
 21 MR. MILLER: Object to the form.  
 22 **A.** There came a time when Dean Vagnozzi  
 23 created a fund for the purpose of investing in  
 24 merchant cash businesses including Par Funding.  
 25

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1 BY MS. BERLIN:  
 2 **Q.** And when Par Funding started using  
 3 investment funds to raise money instead of using the  
 4 finder agreements.  
 5 MS. RECKER: Object to the form.  
 6 **A.** I don't have any knowledge of Par  
 7 Funding's, you know, capital raising methods other  
 8 than, you know, the knowledge I have in connection  
 9 with representing my clients.  
 10 BY MS. BERLIN:  
 11 **Q.** Well, you -- you testified earlier that  
 12 you have knowledge of the Pennsylvania and the New  
 13 Jersey lawsuits about those finder's agreements,  
 14 correct?  
 15 **A.** Correct, which is why I asked you earlier  
 16 what time frame are you talking about.  
 17 **Q.** And I said any. All I am trying to get --  
 18 this is like a baseline question.  
 19 Am I wrong that at some point Par Funding  
 20 stopped using the finder agreements and changed to a  
 21 model where they used investment funds instead?  
 22 And if you disagree, just say so and let's  
 23 move on.  
 24 **A.** I don't know if you're right or wrong  
 25 because I don't have information about --

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1 Q. Okay, great. So let me show you  
2 Exhibit 14.  
3 MS. BERLIN: Natalie, can you pop up  
4 Exhibit 14, please.  
5 MS. SILVER: Yes.  
6 MS. BERLIN: Thank you.  
7 (Thereupon, marked as Exhibit 14.)  
8 BY MS. BERLIN:  
9 Q. Exhibit 14 is an exhibit of Victoria  
10 Jacqmein.  
11 MS. BERLIN: Can you scroll to the next  
12 page, please.  
13 BY MS. BERLIN:  
14 Q. This is an e-mail from Dean Vagnozzi to  
15 Joe Mack which is Joseph LaForte, November 5, 2017.  
16 It says --  
17 MS. RECKER: Ms. Berlin, I can't read  
18 this. It's too small.  
19 MS. BERLIN: You can also increase the  
20 size of things on your own computer by like  
21 going to the -- I don't know how, but you can  
22 change the size of the text on your own screen  
23 too, but we've increased it. Is that better?  
24 MS. RECKER: Thank you.  
25 MS. BERLIN: Is that okay?

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1 BY MS. BERLIN:  
2 Q. For this one, it's a little fuzzy. So let  
3 me know if -- if anybody has a problem. But it says  
4 we are going to give agents two options. Okay, and  
5 then there's option 1, do their own MCA fund.  
6 MS. BERLIN: Can you scroll down, please.  
7 BY MS. BERLIN:  
8 Q. And then option 2, sell my MCA fund. And  
9 he notes on the first line there that his attorney  
10 loved that idea.  
11 Do you see this message on your screen  
12 that is Exhibit 14 to your deposition?  
13 A. I see it. The image is fuzzy, but I think  
14 I can make out the language.  
15 Q. Do you need me to read it to you?  
16 A. If you just hold it still --  
17 Q. Yeah.  
18 A. -- and just give me a chance to read it.  
19 Q. Okay.  
20 A. It's difficult to read a moving document.  
21 Okay. I've read what I can see on the  
22 screen.  
23 Q. Okay. Would you like us to scroll down so  
24 you could see the rest of the e-mail?  
25 A. Why don't I try to answer your question

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1 and then if we need to look further, I'll look  
2 further.  
3 Q. Okay. Okay. I got it. I think that's a  
4 good idea too.  
5 So did you come up with these -- with the  
6 two options that are laid out in this e-mail  
7 message? By "two options" I mean --  
8 MS. BERLIN: Natalie, can you scroll up a  
9 bit.  
10 BY MS. BERLIN:  
11 Q. -- Option 1, do their own MCA fund, Option  
12 2, sell my own MCA fund.  
13 Did you come up with these two ideas?  
14 MS. RECKER: Objection. To the extent  
15 that your answer implicates the attorney-client  
16 privilege, I would instruct you not to answer.  
17 A. On advice of counsel I cannot answer that  
18 question based on attorney-client privilege.  
19 BY MS. BERLIN:  
20 Q. Okay. And I assume you're talking about  
21 the client being Mr. Vagnozzi?  
22 A. Yes, that's correct.  
23 Q. Okay. And can you give me a general  
24 approximate time and location for the communications  
25 that you claim are privileged?

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1 A. No, I cannot.  
2 Q. Okay. A year?  
3 A. 2017.  
4 Q. Okay. So were you aware in 2000 -- during  
5 this time period in November 2017 that this idea --  
6 that the idea for using one of these two options was  
7 being discussed with Par Funding?  
8 A. I think your question asked  
9 attorney-client privileged information. I can't  
10 answer it.  
11 Q. Was this structure, the -- the fund  
12 structure, so beginning to use investment funds to  
13 raise money from investors through the sale of  
14 promissory notes. Okay? So I don't have to repeat  
15 that over and over, I'm just going to call that as  
16 the agent fund structure. Okay? That's what I'm  
17 going to call it.  
18 Do you understand what I mean when I just  
19 refer to the agent fund structure, or do you want me  
20 repeat it?  
21 A. Yeah, please repeat.  
22 Q. Okay. Agent fund structure, I am defining  
23 that term for purposes of today as this: Investment  
24 funds that issue securities in the form of  
25 promissory notes or otherwise to investors and then

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1 use those proceeds to acquire promissory notes from  
 2 Par Funding that Par Funding issues to the  
 3 investment fund.  
 4 Do you understand?  
 5 You could think of that little drawing  
 6 that you made in April that you showed all the  
 7 investors that we're going to look at in a little  
 8 bit. That is what I'm calling the agent fund.  
 9 Do you understand?  
 10 **A.** I understand what you said.  
 11 **Q.** Okay. So was the agent -- was the agent  
 12 fund structure, was it -- did Par Funding start  
 13 using the agent fund structure in order to avoid the  
 14 Securities Act limitations concerning accredited and  
 15 unaccredited investors?  
 16 **MS. RECKER:** Object to the form.  
 17 **MR. MILLER:** Join.  
 18 **MS. RECKER:** I'm sorry. To the extent  
 19 that there's privileged implications, I would  
 20 instruct you not to answer.  
 21 **MR. MILLER:** And that was just Mr. Miller  
 22 objecting to the form.  
 23 **MS. RECKER:** I didn't hear that objection.  
 24 **MR. MILLER:** I was objecting to the form.  
 25 **MS. RECKER:** Okay.

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1 **A.** Other than Par Funding issuing promissory  
 2 notes to investor -- investment funds in what you  
 3 have described as agent fund structure, I'm not  
 4 aware of what Par's intentions were in terms of  
 5 their capital raising in the 20- -- late 2017, early  
 6 2018 time frame.  
 7 **BY MS. BERLIN:**  
 8 **Q.** Well, what about for the agent funds? And  
 9 some of them were your clients? Was one of the  
 10 benefits of using your own agent fund structure --  
 11 and let's just talk about your clients who have  
 12 waived their privilege -- that one of the benefits  
 13 of utilizing the structure for the agent funds, your  
 14 clients who have waived their privilege, offer their  
 15 own promissory notes, is that they can circumvent  
 16 the Securities Act limitations on accredited versus  
 17 unaccredited investors?  
 18 **MS. RECKER:** Object to the form.  
 19 **A.** I don't know that I understand your  
 20 question.  
 21 **BY MS. BERLIN:**  
 22 **Q.** Okay. So I'm going to ask a question and  
 23 this question only concerns your clients who have  
 24 waived their privilege.  
 25 Do you understand that?

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1 **A.** I -- I understand that you're referring to  
 2 the long list of funds that we discussed earlier  
 3 today, yes.  
 4 **Q.** Okay. Great.  
 5 So with respect to the -- all of your  
 6 clients who are these agent funds, was the structure  
 7 that was created for those agent funds for your  
 8 clients who have waived the privilege, was that done  
 9 to avoid the Securities Act limitations concerning  
 10 accredited and unaccredited investors?  
 11 **MS. RECKER:** Object to the form.  
 12 **A.** Well, with regard to whom?  
 13 **BY MS. BERLIN:**  
 14 **Q.** You tell me. I'm asking -- you can answer  
 15 however you would like. Whatever your knowledge is,  
 16 Mr. Pauciulo. And if you have none, you can just  
 17 say that and we'll move on.  
 18 **A.** Well, I want to give clear and accurate  
 19 testimony, and I am trying to understand your  
 20 questions so I can give you the information that  
 21 you're seeking.  
 22 **Q.** I think it's pretty clear. So I asked if  
 23 you came up with this idea for the -- for the agent  
 24 fund structure. You asserted attorney-client  
 25 privilege.

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1 So I'm asking, concerning your clients who  
 2 have waived their privilege, okay, so based on  
 3 information you know or conversations you've had  
 4 with clients with whom you no longer have an  
 5 attorney-client privilege and who have waived it,  
 6 was the agent fund structure utilized to avoid the  
 7 Securities Act limitations concerning accredited and  
 8 unaccredited investors?  
 9 **MS. RECKER:** To the extent that an answer  
 10 would implicate attorney-client privilege or  
 11 joint privilege, I would instruct you not to  
 12 answer.  
 13 **BY MS. BERLIN:**  
 14 **Q.** And I'm explicitly excluding any client  
 15 you've ever had a privilege with. I think that's  
 16 very clear on the transcript.  
 17 **Mr. Pauciulo, if you --**  
 18 **MS. BERLIN:** Go ahead, Ms. Recker. What  
 19 else were you saying?  
 20 **MS. RECKER:** My objection includes to the  
 21 extent that the answer implicates a joint  
 22 privilege, I would instruct him not to answer.  
 23 **BY MS. BERLIN:**  
 24 **Q.** Mr. Pauciulo, I think you understand, I'm  
 25 talking about third parties, people that -- clients

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1 who you no longer have a privilege with. But if you  
 2 understand the question, I wonder if you could  
 3 please respond. And if you don't understand, tell  
 4 me, and I will phrase it for you a different way.  
 5 **A.** I'm not sure that I understand your  
 6 question.  
 7 **Q.** Okay. Mr. Pauciulo, I got it. Let me try  
 8 it again.  
 9 And again, because I don't want to have to  
 10 do this again, I am only asking about clients you  
 11 don't have a privilege with, people you've waived  
 12 the privilege with or third parties. I don't want  
 13 to know anything that implicates Mr. Vagnozzi and  
 14 his claim to an attorney-client privilege. So we  
 15 don't have to go through that whole thing. Just  
 16 your knowledge based on your -- the whole universe  
 17 other than Mr. Vagnozzi basically, I'm going to ask  
 18 you a question.  
 19 Are you ready for the question?  
 20 **A.** Yes, I'm ready for the question.  
 21 **Q.** Okay. The question is, whether or not  
 22 this agent fund fund structure, as I defined it  
 23 earlier in your testimony, whether that was utilized  
 24 to avoid Securities Act limitations concerning  
 25 accredited and unaccredited investors?

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1 **MS. RECKER:** Objection. To the extent  
 2 that the answer implicates any joint privilege,  
 3 I would instruct you not to answer.  
 4 **A.** On advice of counsel, I cannot answer your  
 5 question due to attorney-client privilege.  
 6 **BY MS. BERLIN:**  
 7 **Q.** Okay. And who is the joint -- is it an  
 8 attorney-client privilege or are you asserting a  
 9 joint privilege, like your attorney just signaled?  
 10 And could you please state specifically  
 11 what privilege with what client and then we'll take  
 12 it from there?  
 13 **A.** The client is Dean Vagnozzi.  
 14 **Q.** Okay. And is this a joint privilege  
 15 situation like your -- your attorney just said? And  
 16 if so, with whom?  
 17 **A.** I don't know how to answer that.  
 18 **Q.** Okay. Maybe it's not. I'm sorry. I  
 19 don't want to -- I don't want to ask you a question  
 20 that elicits something that might violate a  
 21 privilege.  
 22 So when were these communications -- were  
 23 these oral communications with Mr. Vagnozzi that  
 24 you're asserting privilege to?  
 25 **A.** Throughout 2017 into 2018.

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1 **Q.** Okay. And were any -- was anyone else  
 2 ever present or participating in these  
 3 communications other than you and Mr. Vagnozzi?  
 4 **A.** Not that I recall.  
 5 **Q.** Did the Pennsylvania securities  
 6 regulators' investigation of Par Funding or its case  
 7 against Par Funding in 2018, did that have any  
 8 bearing on the decision -- let me start over again  
 9 because I don't want to get you confused by saying  
 10 2018.  
 11 Did the Pennsylvania securities  
 12 regulators' investigation or case concerning Par  
 13 Funding have any bearing on the decision to utilize  
 14 an agent fund structure?  
 15 **MS. RECKER:** Objection. To the extent the  
 16 answer implicates attorney-client privilege, I  
 17 would instruct you not to answer.  
 18 **MR. MILLER:** Object to the form.  
 19 **A.** To my knowledge, no.  
 20 **BY MS. BERLIN:**  
 21 **Q.** Now, the -- one moment.  
 22 So when Mr. Vagnozzi had a finder's  
 23 agreement with Par Funding, he was receiving a  
 24 percentage of the investment amount as his  
 25 compensation, correct?

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1 **MS. RECKER:** Object to the form.  
 2 **MR. MILLER:** Join.  
 3 **A.** I -- I don't recall.  
 4 **BY MS. BERLIN:**  
 5 **Q.** What's that?  
 6 **MS. BERLIN:** We can take this down.  
 7 **BY MS. BERLIN:**  
 8 **Q.** The finder's agreement is already like in  
 9 the court record. It's public record. I will just  
 10 state that for those of you not familiar with it.  
 11 If you need me to put it on the screen, I will. But  
 12 Mr. Pauciulo, it's up to you, you drafted the  
 13 finder's agreement.  
 14 Do you agree with me that it states that  
 15 Mr. Vagnozzi will receive a percentage commission?  
 16 I don't mean using those words verbatim.  
 17 **MS. RECKER:** Object to the form.  
 18 **MR. MILLER:** Join.  
 19 **A.** Yeah, I don't know that I drafted the  
 20 finder's agreement between Dean Vagnozzi and CBSG.  
 21 **BY MS. BERLIN:**  
 22 **Q.** Did you ever -- did you see it?  
 23 **MS. RECKER:** Object -- objection. To the  
 24 extent the answer implicates attorney-client  
 25 privilege, I would instruct you not to answer.

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1 BY MS. BERLIN:  
 2 Q. All right. We'll put the finder's  
 3 agreement on the screen, and then we can just --  
 4 we'll just be able to get this down. Hold on. Let  
 5 me pull it from the court docket for you.  
 6 Let's see. Finder's agreement. Okay.  
 7 I'm going to share my screen. And I am showing you,  
 8 do you see on your screen a document at the top, it  
 9 says Case Number 20 Civil 81205-RAR? Do you see  
 10 that, Mr. Pauciulo, on your screen? I just want to  
 11 make sure I'm sharing correctly.  
 12 A. Yes, I do see it.  
 13 Q. Yes?  
 14 A. Yes.  
 15 Q. Okay. Great.  
 16 So we were just on the court docket, and  
 17 I'm not going to introduce it as an exhibit. We're  
 18 just going to tell you and state on the record, we  
 19 are showing Mr. Pauciulo Document Entry 28-3, which  
 20 is in the public filing, the finder's agreement that  
 21 was the subject of the attorney-client privilege  
 22 just a moment ago.  
 23 Mr. Pauciulo, do you see that this is a  
 24 finder's agreement between Complete Business  
 25 Solutions Group and A Better Financial Plan dated

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1 April 14, 2017?  
 2 A. Yes, I see the agreement shown on the  
 3 screen.  
 4 Q. Great.  
 5 And do you see where it discusses that  
 6 there is going to be -- the purpose of providing  
 7 service -- hold on. I'm just going to scan it for  
 8 you to help you out. First sentence -- it talks at  
 9 the end, it talks about in form of a loan, the  
 10 client for use in company operations in exchange for  
 11 a commission, fees paid by the client to the finder,  
 12 that this agreement states that the company A Better  
 13 Financial -- or Complete Business Solutions Group is  
 14 to going to pay a commission to the finder, which is  
 15 defined here to mean A Better Financial Plan.  
 16 Do you see that in the first paragraph of  
 17 the finder's fee agreement?  
 18 A. Yes, I do.  
 19 Q. Okay. And do you see down below,  
 20 commission structure; and there's a commission  
 21 structure paragraph?  
 22 A. Yes, I do.  
 23 Q. Do you see that right here, paragraph 3?  
 24 Yeah?  
 25 A. Yes, I see.

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1 Q. Okay. Super.  
 2 And then it's going to be -- and then  
 3 there's a percentage that they're going to be paid.  
 4 Do you see that?  
 5 I'm highlighting it for you. Paragraph  
 6 3A, page 3 of 4 of the court filing.  
 7 A. I see the text --  
 8 Q. Do you see it?  
 9 A. I see the text that you're highlighting.  
 10 Q. Okay. Perfect. So I'm going to stop  
 11 sharing my screen now. And when I refer to the  
 12 finder's agreement, I'm referring to that document.  
 13 Do you understand?  
 14 A. I do.  
 15 Before you take it down, could you scroll  
 16 to the bottom of the agreement, please?  
 17 Q. Sure. And there are many, many of these.  
 18 This is a public document. It is publicly filed.  
 19 It is out there for the world to see. So I'm going  
 20 to ask you about this briefly.  
 21 Are you -- do you want to see any other  
 22 portion of this document?  
 23 A. No, not at this time.  
 24 Q. Okay.  
 25 A. Based on your questions I may ask to see

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1 it again.  
 2 Q. Okay, no problem. I'm just going to stop  
 3 sharing so I can see you again. You let me know if  
 4 you want to see it again, and I'll put it back up.  
 5 This is my only question. There was a  
 6 finder's agreement that provided a commission based  
 7 on a percentage of -- of the transaction. I just  
 8 showed you one of the finder's agreements. It was  
 9 between Par Funding and A Better Financial Plan.  
 10 So do you agree with me that there was  
 11 a -- a commission arrangement with finders that Par  
 12 Funding had?  
 13 MR. MILLER: Object to the form.  
 14 MS. RECKER: Object to the form.  
 15 BY MS. BERLIN:  
 16 Q. Mr. Pauciulo, do you understand?  
 17 A. Well, you've just shown me a finder's  
 18 agreement and I acknowledge seeing the finder's  
 19 agreement and I saw that it had been signed by the  
 20 parties, so I'm aware that there is that finder's  
 21 agreement.  
 22 Q. Right.  
 23 And you're also aware of the Pennsylvania  
 24 case, the New Jersey case, about the use of these  
 25 finder's agreements and about your own client,

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1 Mr. Vagnozzi, having a Pennsylvania securities  
 2 regulatory action filed against him and being  
 3 sanctioned for his role under one of his agreements  
 4 with Par Funding, correct?  
 5 MS. RECKER: Object to the form.  
 6 A. Yes, I'm aware of those regulatory  
 7 actions.  
 8 BY MS. BERLIN:  
 9 Q. Okay. So I just want to be clear, you're  
 10 not hearing about this type of arrangement for the  
 11 first time in our conversation today, correct, or  
 12 are you, Mr. Pauciulo?  
 13 A. I'm considering your question. I  
 14 appreciate your patience. Thank you.  
 15 Q. No problem.  
 16 A. There came a time I became aware that Par  
 17 Funding had used finders for the purpose of raising  
 18 capital.  
 19 Q. Yes. And you actually have many e-mails  
 20 with Mr. Vagnozzi that have been produced where you  
 21 talk about his finder role, correct?  
 22 MS. RECKER: Object to the form.  
 23 MS. BERLIN: Strike that.  
 24 BY MS. BERLIN:  
 25 Q. I -- we don't have time to get into all of

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1 your -- the e-mails about the finder agreement.  
 2 My question is this: After the -- after  
 3 they ceased operating under finder's agreements and  
 4 they switched to the agent fund model, which is  
 5 defined as I explained it to you earlier today, how  
 6 did the people who were operating the agent funds  
 7 get compensated?  
 8 MS. RECKER: Object to the form.  
 9 BY MS. BERLIN:  
 10 Q. To -- to break it down for you,  
 11 Mr. Pauciulo, they were getting a commission based  
 12 on a percentage. Now, Mr. Vagnozzi and other  
 13 similar people who were finders, now they have an  
 14 agent fund.  
 15 So how did they get their compensation  
 16 under the agent fund structure?  
 17 MS. RECKER: Object to the form.  
 18 MR. MILLER: Join.  
 19 A. With regard to the individuals who have  
 20 waived privilege, they were being compensated on the  
 21 difference between the interest paid on the notes  
 22 issued by Par Funding and the interest on the notes  
 23 issued by their firm, what I would colloquially  
 24 refer to as the spread.  
 25 So simply by way of example and not with

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1 respect to any particular specific fund, if Par  
 2 Funding was issuing a note with an interest rate  
 3 of -- again, I'm just going to pull a number, I  
 4 don't know if this is an actual number --  
 5 15 percent, the individual funds would issue notes  
 6 to their investors at some lesser percent, and the  
 7 fund manager of -- the difference would be profit  
 8 distributable to the fund manager as the owner of  
 9 the LLC which had issued its notes to its investors.  
 10 BY MS. BERLIN:  
 11 Q. Understood.  
 12 So the amount that -- that -- I  
 13 understand, and I'm going to use your word, the  
 14 spread, for what that compensation is.  
 15 Did the spread vary from agent fund to  
 16 agent fund?  
 17 MS. RECKER: Object to the form.  
 18 BY MS. BERLIN:  
 19 Q. So the agent fund is determined based on a  
 20 few things.  
 21 You would agree with me it's based in part  
 22 on the percentage of -- the percentage that the fund  
 23 is offering in its own notes to investors, but it's  
 24 also then based on the percentage that Par Funding  
 25 is offering to that agent fund, correct?

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1 A. That's correct.  
 2 Q. Okay. And do those percentages vary from  
 3 agent fund to agent fund?  
 4 MS. RECKER: Object to the form.  
 5 A. Different agent funds issued their notes  
 6 at different rates.  
 7 BY MS. BERLIN:  
 8 Q. And Par Funding issued its notes at  
 9 different rates as well, correct?  
 10 MS. RECKER: Object to the form.  
 11 A. I don't have knowledge of that.  
 12 BY MS. BERLIN:  
 13 Q. Well, you've seen -- have you seen the  
 14 promissory notes that Par Funding issued to your  
 15 clients who have waived their privilege?  
 16 A. What time frame?  
 17 Q. Any time frame.  
 18 Have you ever seen a promissory note that  
 19 Par Funding issued to one of your many clients who  
 20 have waived their privilege?  
 21 A. Yes.  
 22 Q. Okay. And would you agree with me that  
 23 the interest that Par Funding provides on the  
 24 promissory note is not always the same?  
 25 So one promissory note from Par Funding

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1 might have one interest rate percentage -- one  
 2 interest rate, another promissory note to another  
 3 person could have a different interest rate.  
 4 Would you agree with me on that?  
 5 MS. RECKER: Object to the form.  
 6 **A.** I -- I have -- I have not reviewed all of  
 7 the promissory notes that may have been acquired by  
 8 agent funds issued by Par Funding. So I -- I can't  
 9 tell you that -- whether the interest rates vary and  
 10 to what extent they may vary.  
 11 BY MS. BERLIN:  
 12 **Q.** I'm not asking to what extent they may  
 13 vary, and I'm not asking if every single one is  
 14 different. Let me ask you another -- let me ask you  
 15 the opposite way since I see why you're not  
 16 answering.  
 17 In all the promissory notes you saw that  
 18 Par Funding issued, was the percentage always  
 19 exactly the same?  
 20 MS. RECKER: Object to the form.  
 21 **A.** I don't recall.  
 22 BY MS. BERLIN:  
 23 **Q.** Okay. Would there be a reason why some  
 24 agent funds would receive a higher interest rate  
 25 from Par Funding than other agent funds would

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1 receive?  
 2 MS. RECKER: Object to the form.  
 3 **A.** Assuming that there was variation, I don't  
 4 know why there is variation.  
 5 BY MS. BERLIN:  
 6 **Q.** Did you have any role in negotiating the  
 7 interest rates on the promissory notes?  
 8 **A.** I was not involved in negotiating the  
 9 interest rate on the promissory notes issued by Par  
 10 Funding to the so-called agent funds.  
 11 **Q.** Okay. What about with respect to  
 12 Mr. Vagnozzi and his funds?  
 13 **A.** I think your question asked me to share  
 14 information with you that's subject to the  
 15 attorney-client privilege held by Dean Vagnozzi.  
 16 **Q.** I'm -- I'm not asking what you negotiated  
 17 or what advice you gave. I want to make sure you  
 18 understand.  
 19 I'm just asking, did you or did you not  
 20 negotiate interest rates between Par Funding and  
 21 Mr. -- Mr. Vagnozzi and his funds?  
 22 **A.** I did not communicate directly with Par  
 23 Funding with regard to the interest rates -- excuse  
 24 me -- payable on promissory notes issued by Par  
 25 Funding.

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1 **Q.** Did you communicate with them indirectly?  
 2 **A.** Not that I recall.  
 3 MS. BERLIN: Okay. Can I -- can we please  
 4 show Exhibit 15.  
 5 MS. SILVER: Okay.  
 6 MS. BERLIN: Thank you, Natalie.  
 7 (Thereupon, marked as Exhibit 15.)  
 8 BY MS. BERLIN:  
 9 **Q.** Mr. Pauciulo, I am -- you're about to see  
 10 a document that's labeled "Agent Guide" at the top.  
 11 The Agent Guide, have you seen this  
 12 document before.  
 13 MS. RECKER: Objection. To the extent  
 14 that your answer implicates attorney-client  
 15 privilege, I would instruct you not to answer.  
 16 BY MS. BERLIN:  
 17 **Q.** The question is, have you seen this  
 18 document before? I want to be very clear. I'm not  
 19 asking if you gave advice about it. I'm not asking  
 20 you anything other than whether you have seen this  
 21 document prior to today.  
 22 **A.** Not that I recall.  
 23 **Q.** Okay. Were you aware -- so I guess you  
 24 weren't aware that this -- that -- you were not  
 25 aware of the existence of the document appearing as

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1 Exhibit 15 until this moment?  
 2 **A.** I was aware that there were materials  
 3 provided, but I don't recall seeing this particular  
 4 document that you're showing me now.  
 5 **Q.** Okay. Now, there was -- Mr. Vagnozzi --  
 6 MS. BERLIN: We can take this exhibit  
 7 down.  
 8 BY MS. BERLIN:  
 9 **Q.** Mr. Vagnozzi received a cut of most of  
 10 these agent funds spread, as you call it, the  
 11 spread. He received a cut of it between -- and just  
 12 a moment. Let me just quiet my dog. I'm so sorry.  
 13 Sorry about that.  
 14 Did you -- did you draft the ABFP  
 15 management agreement that was entered into by ABFP  
 16 management and various agent funds?  
 17 MR. MILLER: Object to the form.  
 18 **A.** Yes, I drafted it.  
 19 BY MS. BERLIN:  
 20 **Q.** Did you and Mr. Vagnozzi recruit people to  
 21 be agent -- to -- to have these agent funds or  
 22 create these agent funds?  
 23 MS. RECKER: Object to the form.  
 24 MR. MILLER: Join.  
 25

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1 BY MS. BERLIN:  
2 Q. I'm not asking about any legal advice.  
3 I'm asking whether you recruited people to -- to  
4 start agent funds.  
5 MS. RECKER: Object to the form.  
6 A. I did not recruit anyone to form an agent  
7 fund.  
8 BY MS. BERLIN:  
9 Q. Okay. Did you help Mr. Vagnozzi recruit  
10 anyone to start an agent fund?  
11 MS. RECKER: Object to the form.  
12 MR. MILLER: Join.  
13 A. I attended two or three sessions with  
14 people who were interested in funds and talked about  
15 my background and talked about Regulation D  
16 generally.  
17 BY MS. BERLIN:  
18 Q. And then if they were interested, you  
19 would do all the legal work for them and all the  
20 offering documents while Mr. Vagnozzi would help  
21 them with the marketing aspect of things.  
22 Is that accurate?  
23 MS. RECKER: Object to the form.  
24 MR. MILLER: I'll join.  
25 A. It's not wholly accurate. The first part

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1 of your question or statement I think is accurate in  
2 that the individuals would retain me to provide  
3 legal services for them. I don't know that it's  
4 accurate what Dean Vagnozzi did in terms of -- the  
5 phrase you used was marketing or anything like that.  
6 BY MS. BERLIN:  
7 Q. Okay. So you would do the legal aspect of  
8 it though, and you already established -- you're  
9 familiar -- when I say the ABFP management agreement  
10 that was in effect between ABFP and agent funds to  
11 provide ABFP management with private management  
12 services for those agent funds, are you -- you're  
13 familiar with that, correct?  
14 A. Yes, I am.  
15 MS. RECKER: Object to the form.  
16 BY MS. BERLIN:  
17 Q. Okay. So you would agree with me that you  
18 would provide the legal services and then -- for the  
19 agent funds who entered into those ABFP management  
20 agreements, then ABFP management and that entity  
21 would handle the management aspect of those agent  
22 funds.  
23 MS. RECKER: Object to the form.  
24 BY MS. BERLIN:  
25 Q. Do you agree with me or not?

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1 A. I think that's correct.  
2 Q. Okay. So was it -- it sounds sort of  
3 like -- almost like a franchise or a turnkey kind of  
4 thing. Like simple. They give you money. You  
5 create the offering documents. You set up their  
6 EIN. You -- they give you the name of the company.  
7 You'll do their SEC filings. And then Vagnozzi does  
8 all of the back office stuff. All they have to do  
9 is focus on selling.  
10 Is that accurate?  
11 MS. RECKER: Object to the form.  
12 MR. MILLER: I'll join.  
13 A. It's accurate to the extent that we  
14 provided legal services as described in our  
15 engagement letters, and it's correct to the extent  
16 that the management company provided management  
17 services under that contract.  
18 BY MS. BERLIN:  
19 Q. Well, it sounds like it's kind of like a  
20 turnkey operation. If people just come to you and  
21 Vagnozzi, you can handle everything. All they have  
22 to do is worry about the solicitation --  
23 MS. RECKER: Object to the form.  
24 BY MS. BERLIN:  
25 Q. -- correct?

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1 MR. MILLER: Join.  
2 A. I think there's more to it than that.  
3 BY MS. BERLIN:  
4 Q. Okay. What's the more to it?  
5 A. The fund managers were in direct contact  
6 with Par Funding, so they had to deal with Par  
7 Funding. The fund managers had responsibility for  
8 their relations with their investors.  
9 Q. Got it.  
10 Other than that, anything else?  
11 A. To my knowledge, no.  
12 MS. BERLIN: Okay. Could we please go to  
13 Exhibit 16.  
14 (Thereupon, marked as Exhibit 16.)  
15 BY MS. BERLIN:  
16 Q. Exhibit 16 is an e-mail from Mr. Vagnozzi  
17 to you. It is just March 30, 2018 telling you,  
18 "John, we have ten agents, five local that have the  
19 10K for a fund and we have thoroughly vetted them.  
20 Need you at Perry's office to talk about the  
21 process. This will lead to at least five PPMs, I  
22 assure you. I sent you an invite for next week the  
23 5th at 10:00 a.m., Dean."  
24 Is this one of the -- would this be  
25 relevant to one of the meetings you testified you

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1 attended where some of the agent funds prospectives  
2 were?  
3 **A.** Yes, if not this specific meeting, then --  
4 then a meeting, but yes. This was an invitation for  
5 me to attend a meeting with individuals who  
6 expressed interest in forming a fund.  
7 **Q.** Okay. And how much would you get paid for  
8 each of the -- by each of these agent funds? Did  
9 you have a flat fee for them to do the legal work  
10 for PPMs and your side of things or was it hourly?  
11 **A.** The fee structure was hourly.  
12 **Q.** The -- but every one of these, where he  
13 says we will have at least five PPMs, I assure you,  
14 basically that could be like five new clients for  
15 you, correct?  
16 MS. RECKER: Object to the form.  
17 **A.** That's correct.  
18 MS. BERLIN: Okay. Can we please show  
19 Exhibit 17.  
20 Oh, this is -- I'm so sorry. Natalie,  
21 this is a duplicate of Exhibit 5 that we shared  
22 earlier. There was a document that I had Vicky  
23 send you as a replacement, and it shows -- I  
24 don't know what she called it, but the first  
25 page is the -- it's a retainer with Henry Ford,

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1 and it has some invoices attached.  
2 I'm amazed that you just did that.  
3 Okay, thank you.  
4 (Thereupon, marked as Exhibit 17.)  
5 BY MS. BERLIN:  
6 **Q.** Okay. So this is now going to be  
7 Exhibit 17.  
8 MS. BERLIN: Can you scroll down, Natalie.  
9 I just want to see the Bates number. Oh, it  
10 says deposition exhibit, but we're going to fix  
11 it, 37. It's going to be 17. It has a Bates  
12 number -- can you scroll back so I can see  
13 again the Bates number -- BFP088413 in the  
14 bottom right. So we'll relabel that as  
15 Deposition Exhibit 17.  
16 Can you scroll back up to the top.  
17 BY MS. BERLIN:  
18 **Q.** Okay. I'm just going to hop back in time  
19 for a minute to earlier today. Mr. Pauciulo, we  
20 talked about your representation of Henry Ford and  
21 when that might have occurred.  
22 Is this your retainer agreement with Henry  
23 Ford a/k/a Cleothus -- that is quite a name. I  
24 can't even remember. But we'll just call him  
25 Mr. Jackson, because it's a very long name.

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1 Is this your retainer agreement with  
2 him -- with him?  
3 **A.** It's a retainer agreement with  
4 Fallcatcher.  
5 **Q.** Right.  
6 And it says Henry Ford, Fallcatcher, and  
7 you addressed the letter to Henry Ford or to  
8 Mr. Ford.  
9 Do you see that?  
10 **A.** I do see that.  
11 **Q.** Okay. Great.  
12 MS. BERLIN: Can we scroll down, please.  
13 Thank you. Keep scrolling. Sorry. Thank you,  
14 Natalie. Keep going. We can keep going.  
15 Thank you.  
16 So this was sent to Mr. Pauciulo and  
17 Mr. Ford, July 2018.  
18 And can we turn to the next page, the next  
19 PDF page. And scroll one more page. I think  
20 that this is one -- okay. Hold on. Scroll  
21 down one more page. Thank you.  
22 BY MS. BERLIN:  
23 **Q.** So we see here -- if you look on this  
24 page, do you see where it says August 6, 2018,  
25 prepare PPM? Do you see that, Mr. Pauciulo?

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1 **A.** Yes, I do.  
2 **Q.** Okay. Does that help to sort of refresh  
3 when you were working on the Fallcatcher PPM?  
4 **A.** Yes.  
5 **Q.** Okay. And JWP is you, correct?  
6 MS. RECKER: I'm sorry, I couldn't hear  
7 that question.  
8 BY MS. BERLIN:  
9 **Q.** Oh, J -- the initials JWP, under the  
10 attorney column, I was just asking, is that you,  
11 Mr. Pauciulo?  
12 **A.** Yes, it is.  
13 **Q.** Okay. Thank you.  
14 MS. BERLIN: We can remove Exhibit 17.  
15 Can we please show Exhibit 18. Well,  
16 actually, hold off for a second.  
17 BY MS. BERLIN:  
18 **Q.** Mr. Pauciulo, did you -- yeah.  
19 Did you -- did you ever report your  
20 progress in creating more PPMs or more agent funds  
21 to anyone at Par Funding?  
22 MS. RECKER: Object to the form.  
23 **A.** Yes.  
24 BY MS. BERLIN:  
25 **Q.** Okay. Who would you report to?

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1 A. Well, I -- I wouldn't use the word  
 2 "report." On occasion, Perry Abbonizio would -- had  
 3 contacted me and would ask me, you know, the status  
 4 of the matter.  
 5 Q. Okay. And is that because the PPMs that  
 6 you were drafting, they're created because they're  
 7 going to generate investor funds that go eventually  
 8 to Par Funding for the promissory notes that they  
 9 issue; is that right?  
 10 MS. RECKER: Object to the form.  
 11 A. Mr. Abbonizio didn't expressly say what  
 12 the purpose of his call was, but I think that's a  
 13 reasonable conclusion.  
 14 BY MS. BERLIN:  
 15 Q. Well, yeah, he's calling -- you're --  
 16 you're creating the PPMs that raise money from  
 17 investors that get funneled to CBSG. So I would say  
 18 that he has an interest in how many PPMs are in the  
 19 pipeline.  
 20 Would you agree with me?  
 21 A. Yes.  
 22 Q. Okay.  
 23 MS. BERLIN: Can we please show  
 24 Exhibit 18.  
 25 (Thereupon, marked as Exhibit 18.)

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1 BY MS. BERLIN:  
 2 Q. Is one of your clients -- was one of your  
 3 clients Joseph Gassman?  
 4 A. Yes, I represented Joseph Gassman in  
 5 connection with forming an investment fund.  
 6 Q. Okay. And the name of that fund is Wellen  
 7 fund; is that right?  
 8 A. Yes, I believe that's correct.  
 9 Q. And Wellen fund is one of those funds  
 10 that's waived its privilege, correct?  
 11 A. Correct, that's my understanding.  
 12 Q. And you drafted the PPM for the Wellen  
 13 fund, correct?  
 14 Did you -- did you draft the PPM for the  
 15 Wellen Fund?  
 16 A. I don't recall specifically. I either  
 17 drafted it or I reviewed a draft prepared by one of  
 18 my colleagues. I don't recall.  
 19 Q. All right. So by that you mean -- like  
 20 did you have associates who were working on these  
 21 matters with you?  
 22 A. Yes.  
 23 Q. Okay. And those associates, those are the  
 24 attorneys that are listed and whose initials appear  
 25 on the invoices, I imagine; is that correct?

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1 A. That's correct.  
 2 Q. Okay. Super.  
 3 So Exhibit 18, this is from Perry  
 4 Abbonizio to you, and you to Perry.  
 5 Do you see where it says, on Wednesday,  
 6 May 16, 2018 John Pauciulo wrote "Perry, I turned  
 7 his PPM today. It should be final or very close to  
 8 final"?  
 9 And do you see the subject line is  
 10 regarding Gassman?  
 11 A. Yes, I see that.  
 12 Q. Okay. So are you referring to the PPM for  
 13 the Wellen fund?  
 14 A. Yes.  
 15 Q. Okay. And then Perry Abbonizio, do you  
 16 see where he responds to you, May 16, 2018, "Thank  
 17 you, my friend. Doing a great job. Perry."  
 18 Do you see that?  
 19 A. Yes, I do.  
 20 Q. Okay. So were you in part kind of working  
 21 for Par Funding in drafting all these PPMs and  
 22 working with these agent funds?  
 23 MS. RECKER: Object to the form.  
 24 A. No, I was not representing Par Funding or  
 25 working for Par Funding in any way, shape or form.

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1 BY MS. BERLIN:  
 2 Q. Well, I know that you weren't representing  
 3 Par Funding, but I'm talking about were you part  
 4 of -- I mean, you're part of sort of the -- their  
 5 overall structure that helps bring investor money  
 6 into their business. So, you know, Mr. Abbonizio,  
 7 you're reporting to him that you're turning in  
 8 another PPM for CBSG and he's telling you you're  
 9 doing a great job.  
 10 So I mean, how do you -- how do you gel  
 11 this kind of reaction from Mr. Abbonizio with your  
 12 representation that you don't really work with or  
 13 for CBSG?  
 14 MS. RECKER: Object to the form.  
 15 A. I wasn't working for them. I wasn't  
 16 working at their direction. I wasn't receiving  
 17 compensation from them. I was representing clients  
 18 who had business with them.  
 19 BY MS. BERLIN:  
 20 Q. And so why would you -- why did you just  
 21 reach out to let him know that you turned the PPM  
 22 today and that you should be very close to  
 23 finalizing it? Is that because you're trying to let  
 24 Perry Abbonizio know that soon you and Mr. Vagnozzi  
 25 are going to have one more person out there on the

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1 streets raising money for Par Funding?  
 2 MS. RECKER: Object to the form.  
 3 MR. MILLER: Join.  
 4 A. I don't recall, but I'm looking at the  
 5 time when that e-mail -- I don't remember. Perry  
 6 Abbonizio would call me periodically and probably --  
 7 I don't recall specifically, but in all likelihood  
 8 he called me and left me a telephone message and I  
 9 sent him an e-mail responding to that telephone  
 10 message.  
 11 BY MS. BERLIN:  
 12 Q. Okay. Let's look at --  
 13 MS. BERLIN: We can take this exhibit  
 14 down.  
 15 BY MS. BERLIN:  
 16 Q. Did you tell any -- the next round of  
 17 questions I'm only asking you about -- I'm just  
 18 going to ask you only about the -- the agent funds  
 19 and the individuals who sued you for malpractice  
 20 that have waived their privilege. I am not asking  
 21 you about Dean Vagnozzi or any of his companies.  
 22 Do you understand?  
 23 A. Yes, I understand.  
 24 Q. Okay. So did you tell any of the -- these  
 25 agent funds who have waived their privilege with you

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1 that Par Funding had a regulatory history?  
 2 A. In what time frame?  
 3 Q. Any.  
 4 A. Well, at some point in 2020, I guess the  
 5 March, April time frame following the Par default,  
 6 Par produced a set of documents outlining revised  
 7 terms of the promissory notes that they had issued.  
 8 And within that document, there are disclosures  
 9 about the Texas regulatory action, the New Jersey  
 10 regulatory action and the Pennsylvania regulatory  
 11 action. And all of those folks, to the best of my  
 12 knowledge, received that.  
 13 Q. So let me just stop you. My question for  
 14 all of these, because I have a long way to go, and I  
 15 would love to finish today. I am only asking about  
 16 what you did. And again, I've defined this a few  
 17 times today. When I say "you," I mean John  
 18 Pauciulo. I don't mean the global you as you and  
 19 CBSG and Joseph LaForte. I just mean you  
 20 personally. You, Mr. John Pauciulo.  
 21 Did you, Mr. John Pauciulo, tell any of  
 22 the agent funds who have waived their privilege with  
 23 you that Par Funding had a regulatory history?  
 24 A. Not that I recall.  
 25 Q. Did you, John Pauciulo, tell any of the

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1 agent funds who have waived their privilege with you  
 2 that ABFP, meaning A Better Financial Plan, had a  
 3 regulatory history?  
 4 MS. RECKER: Object to the form.  
 5 MR. MILLER: Join in the objection.  
 6 A. I do recall speaking with some fund  
 7 managers about the New York SEC matter and I  
 8 certainly recall speaking with some of the agents  
 9 after the announcement of the New York SEC matter  
 10 with regard to Dean Vagnozzi and A Better Financial  
 11 Plan.  
 12 BY MS. BERLIN:  
 13 Q. The meeting after the -- after it became  
 14 public and it was in the newspaper you spoke with  
 15 them?  
 16 A. Certainly then, but I seem to recall  
 17 talking about some -- with some of the fund managers  
 18 about the existence of the pending investigation.  
 19 Q. Okay. And which of them -- which of them  
 20 did you discuss it with?  
 21 A. I don't recall.  
 22 Q. Hold on one second.  
 23 THE WITNESS: We need to take a break if  
 24 this is going on much longer.  
 25 MS. RECKER: We need to take a break.

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1 MS. BERLIN: Okay. Can we -- maybe if I  
 2 just -- if I just ask this one last question,  
 3 then that would be a perfect breaking point, so  
 4 I don't have to circle back. Because it's a  
 5 follow-on to the question. Can you hang in  
 6 there for one more question?  
 7 THE WITNESS: Of course.  
 8 BY MS. BERLIN:  
 9 Q. Okay. Thanks.  
 10 I'm going to share my screen again and  
 11 just ask you one question and then we'll take a  
 12 break.  
 13 Okay. Do you see -- it's just a page that  
 14 says "Complaint," and it's plaintiff, Joseph R.  
 15 Cacchione.  
 16 Is that what you see on your screen as  
 17 well?  
 18 A. Yes.  
 19 Q. I am apparently technologically  
 20 challenged, so I'm always -- I always get delighted  
 21 when I actually share my screen correctly.  
 22 So I thought this would make it easier. I  
 23 just put all the names of those agent funds and  
 24 agents who have waived their privileged, and I  
 25 thought this would be easy.

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1 Do you want to just scan this list of them  
 2 and tell me if you disclosed to any of them the  
 3 regulatory history of A Better Financial Plan, Dean  
 4 Vagnozzi?  
 5 **A.** I have some recollection of discussing the  
 6 New York SEC matter with respect to Dean Vagnozzi  
 7 and A Better Financial Plan with some of the fund  
 8 managers. I don't have a recollection specifically  
 9 as to whom or when.  
 10 **Q.** Okay. You don't remember which person?  
 11 **A.** That's correct, I don't remember which  
 12 person.  
 13 **Q.** Okay. Would it have been verbal or in  
 14 writing?  
 15 **A.** Verbal.  
 16 **Q.** Okay. I'll let you go. I'm sorry. I  
 17 went past one question.  
 18 **MS. BERLIN:** Let's take a break.  
 19 **THE WITNESS:** Thank you.  
 20 **MS. BERLIN:** Thank you. All right.  
 21 (A discussion was held off the record.)  
 22 **BY MS. BERLIN:**  
 23 **Q.** It might be helpful. I'm just going to  
 24 share my screen again so I can ask more quickly.  
 25 Does everybody -- can you all see my

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1 screen that has that paragraph with all of  
 2 the --  
 3 **BY MS. BERLIN:**  
 4 **Q.** Mr. Pauciulo, with your clients who waived  
 5 their privilege? Is that what you see on your  
 6 screen?  
 7 **A.** Yes, it is.  
 8 **Q.** Okay. Wonderful.  
 9 And this is just the -- the complaint that  
 10 they filed against you and it's just the -- I think  
 11 like the PDF page 2, first paragraph.  
 12 Mr. Pauciulo, did you tell any of the  
 13 individuals or entities listed in the paragraph on  
 14 your screen -- all these agent funds that have  
 15 waived their privilege that sued you in the  
 16 malpractice case, did you tell any of them that  
 17 Mr. LaForte used an alias or as you call it a  
 18 nickname, Joe Mack?  
 19 **A.** Not that I recall.  
 20 **Q.** Okay. And would you agree with me that  
 21 Mr. LaForte was -- oh, I'm sorry, were you trying to  
 22 say more?  
 23 **A.** I was -- I was only going to remark  
 24 that -- that Michael Tierney was very actively  
 25 involved in the A Better Financial Plan business and

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1 interacted with Par and may well have been -- may  
 2 well have been aware of that.  
 3 **Q.** Okay. But I'm just asking -- all the  
 4 questions I'm about to ask are just about you and  
 5 whether you, personally, John Pauciulo, told these  
 6 people.  
 7 (Technical interruption.)  
 8 **BY MS. BERLIN:**  
 9 **Q.** Now, was it your understanding during the  
 10 time that you were aware of Mr. LaForte that he had  
 11 some management role at Par Funding?  
 12 **MS. RECKER:** Object to the form.  
 13 **A.** I -- I was aware that he had some role at  
 14 Par Funding. That role was never clearly described  
 15 to me.  
 16 **BY MS. BERLIN:**  
 17 **Q.** Based on your experience of interacting  
 18 with him for -- since 2016, did you have an  
 19 understanding that the role that he had was a  
 20 management function?  
 21 **A.** I don't know how to answer that. Again,  
 22 his role was somewhat undefined to me.  
 23 **Q.** Your experience of working with him. If  
 24 you don't know, if you've never assessed whether he  
 25 was like a regular employee or if he was somebody

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1 who had some management authority at the company,  
 2 you can just say so. My question is based on your  
 3 experience of interacting with Mr. LaForte from at  
 4 least 2016 onward.  
 5 Did you have the -- the impression, based  
 6 on your experience of him, that he has -- that the  
 7 role he had at CBSG was a management function?  
 8 **A.** My interaction, my direct interaction with  
 9 Joe LaForte was inconclusive to me as to whether he  
 10 had a management role at Par Funding. I don't feel  
 11 like I interacted with him --  
 12 **Q.** Who did you understand was the owner --  
 13 okay.  
 14 Who did you understand to be the owner of  
 15 Par Funding?  
 16 **A.** At what time frame?  
 17 **Q.** Any time frame. If it varied over time,  
 18 you can explain that in your answer.  
 19 **A.** In 2016, in the time period when I was  
 20 doing initial due diligence, my understanding was  
 21 that Par Funding was owned by Lisa McElhone.  
 22 At some time later, I was told that Joe  
 23 LaForte had an ownership interest in Par Funding and  
 24 I also had been told sometime later that Perry  
 25 Abbonizio had some ownership interest in Par

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1 Funding.  
2 **Q.** Okay. Did you know that Lisa McElhone and  
3 Joseph LaForte are married?  
4 **A.** I was told that they were married.  
5 **Q.** Okay. When?  
6 **A.** Sometime in 2016.  
7 **Q.** Okay. Did you tell any of the individuals  
8 that appear on the screen, any of the plaintiffs in  
9 the malpractice lawsuit pending against you, Case  
10 Number 00892 in the Philadelphia Court of Common  
11 Pleas Trial Division, did you tell any of the  
12 plaintiffs in that case that Par Funding did not  
13 have any audited financial records even though you  
14 asked for them?  
15 MS. RECKER: Object to the form.  
16 **A.** I don't recall speaking with any of these  
17 individuals with regard to financial statements of  
18 Par Funding. Although, again, I would call out  
19 Michael Tierney as someone who interacted with Par  
20 Funding and communicated with them.  
21 BY MS. BERLIN:  
22 **Q.** But again, Mr. Pauciulo, I'm only asking  
23 you about what you did, not what you think other  
24 people might have done.  
25 So did you or did you not tell anyone on

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1 the screen, any of the plaintiffs in the malpractice  
2 case against you that Par Funding did not have  
3 audited financial records?  
4 **A.** I don't recall speaking about Par  
5 Funding's financial records with any of those  
6 individuals whether they had audited financials or  
7 unaudited financials or what they had.  
8 **Q.** Okay. Now, the -- you drafted PPMs for  
9 the agent funds, correct?  
10 **A.** Yes, that's correct. Either I drafted  
11 them myself or I had a colleague draft them and I  
12 reviewed the draft.  
13 **Q.** Okay. Were the PPMs mostly identical from  
14 agent fund to agent fund?  
15 MS. RECKER: Object to the form.  
16 **A.** The private placement memoranda for the  
17 agent funds were substantially similar or the same.  
18 BY MS. BERLIN:  
19 **Q.** Did -- did any of the PPMs disclose any  
20 regulatory history or any criminal history of anyone  
21 whatsoever or any entity whatsoever?  
22 **A.** No, they do not.  
23 **Q.** Okay. And approximately how many private  
24 placement memorandums did you create for agent funds  
25 altogether?

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1 **A.** I don't know the specific number.  
2 Somewhere between 25 and 30.  
3 **Q.** Did any of those 25 to 30 PPMs that you  
4 created disclose that the agent fund was going to  
5 invest in promissory notes issued by Par Funding  
6 specifically?  
7 **A.** No, they do not.  
8 **Q.** Did all of your agent fund clients invest  
9 in PPMs issued by Par Funding?  
10 MS. RECKER: Object to the form.  
11 **A.** To the best of my knowledge, yes.  
12 BY MS. BERLIN:  
13 **Q.** Did Mr. Vagnozzi under the -- Mr. --  
14 Mr. Vagnozzi and his companies always received the  
15 same interest rate from Par Funding on their  
16 promissory notes, correct?  
17 We can pull all the promissory notes and  
18 look at each one, and I will, but if you know, you  
19 can answer. And if not, we will pull them up.  
20 MR. MILLER: I'll object to the form.  
21 MS. RECKER: Object to the form.  
22 **A.** I don't know whether promissory notes  
23 issued by Par Funding to investment funds managed by  
24 Dean Vagnozzi had different interest rates than  
25 those paid to the other agent funds. I -- I just

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1 don't know.  
2 BY MS. BERLIN:  
3 **Q.** Oh, no, that's not my question. I'm  
4 sorry. I'm just saying for -- let's say for  
5 Mr. Vagnozzi's fund, A Better Financial Plan, the  
6 promissory notes that A Better Financial Plan  
7 purchases from Par Funding, those promissory notes  
8 from CBSG to A Better Financial Plan, they always  
9 have the same interest rate, correct?  
10 MS. RECKER: Object to the form.  
11 MR. MILLER: Object to the form.  
12 **A.** Yeah, I don't know that either.  
13 BY MS. BERLIN:  
14 **Q.** I'm sorry, you don't know that?  
15 **A.** I don't know -- I don't know that they --  
16 all the interest rates are the same. I didn't  
17 review those documents in the normal course, so I  
18 haven't seen them. I haven't reviewed them. I  
19 don't know if the interest rates varied or are the  
20 same. I don't know.  
21 **Q.** Okay. But would -- how about this: Would  
22 you agree with me that if the interest rate that Par  
23 Funding gives to -- Mr. Vagnozzi gives to a specific  
24 fund is always the same, then the agent fund knows  
25 what its spread, what percentage of the spread it's

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1 going to get?  
 2 So in other words, if Par Funding always  
 3 gives a specific fund a 20 percent interest rate,  
 4 then that fund can always know in advance what its  
 5 spread will be because it knows what interest rate  
 6 it is offering to investors itself on its own  
 7 promissory notes.  
 8 Do you agree with me?  
 9 MS. RECKER: Object to the form.  
 10 MR. MILLER: Join.  
 11 BY MS. BERLIN:  
 12 Q. Mr. Pauciulo, do you want me to rephrase  
 13 it or is it -- is it confusing to you?  
 14 A. I understand the question to be that the  
 15 agent fund managers are able to calculate the spread  
 16 based on the terms of the notes that the funds --  
 17 that their funds are offering as compared to the  
 18 interest rate payable by Par under its notes.  
 19 Q. Right.  
 20 A. That's -- that's correct.  
 21 Q. Okay. And did you draft any PPM that  
 22 actually disclosed the percentage, the interest rate  
 23 percentage that the fund was going to receive from  
 24 Par Funding?  
 25 A. No.

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1 Q. Did you attend any portion of any event  
 2 where people were told about the agent fund's  
 3 offerings?  
 4 MS. RECKER: Object to the form.  
 5 A. Yes.  
 6 BY MS. BERLIN:  
 7 Q. About how many? About how many times?  
 8 A. Well, I'm -- I'm -- I'm referring to the  
 9 two or three sessions arranged by Dean Vagnozzi in  
 10 which he made presentations to prospective agent  
 11 fund managers.  
 12 Q. Okay. What about to -- with respect to  
 13 individuals who might be investing in agent funds?  
 14 Did you ever attend any meetings or events with  
 15 anyone who was a prospective investor in an agent  
 16 fund's promissory note?  
 17 MS. RECKER: Object to the form.  
 18 A. No, I do not.  
 19 BY MS. BERLIN:  
 20 Q. Okay. Did you record any messages about A  
 21 Better Financial Plan -- sorry. Let me ask that  
 22 again.  
 23 Did you record any messages for A Better  
 24 Financial Plan to utilize in any way in its  
 25 solicitation efforts?

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1 MR. MILLER: Object to the form.  
 2 A. Yeah, I didn't do the recording, but I  
 3 appeared in videos related to A Better Financial  
 4 Plan. We're talking about the structure under which  
 5 A Better Financial Plan conducted offerings.  
 6 BY MS. BERLIN:  
 7 Q. Okay. That's videos.  
 8 Any other types of recordings?  
 9 A. There were two recordings made in the  
 10 March, April 2020 time frame following Par's  
 11 default.  
 12 Q. But other than -- I'm sorry.  
 13 But other than videos, are there any other  
 14 types of recordings? Like a radio recording? A  
 15 voice mail recording? A TV recording? Anything  
 16 like that, or were they all just video recordings?  
 17 A. Yes, to my knowledge they were just --  
 18 they were video recordings.  
 19 Q. Okay.  
 20 A. I'm not aware of any other kind of audio  
 21 recording or anything like that.  
 22 Q. No podcast, nothing like that, right?  
 23 A. To my knowledge, no, there's nothing like  
 24 that.  
 25 Q. Did you ever meet with any -- let -- I

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1 just want to make sure. Did you ever meet with any  
 2 individuals who were considering investing in an  
 3 agent fund's promissory note?  
 4 MS. RECKER: Object to the form.  
 5 A. Not that I recall.  
 6 MS. BERLIN: Okay. Natalie, can you  
 7 please show Exhibit 19.  
 8 MS. SILVER: Okay.  
 9 (Thereupon, marked as Exhibit 19.)  
 10 BY MS. BERLIN:  
 11 Q. Exhibit 19 is an e-mail from Dean Vagnozzi  
 12 April 14, 2017 to you and Perry Abbonizio and  
 13 copying Alexis at ABFP. It's talking about a golf  
 14 date.  
 15 And do you see here that Mr. Vagnozzi is  
 16 asking if you're available on the 27th because an  
 17 individual who wants to potentially invest in Life  
 18 Settlements as well as MCA with Perry would be there  
 19 as well?  
 20 Do -- do you see this?  
 21 I'm paraphrasing. I want to be clear I'm  
 22 not reading the full e-mail. But do you see this  
 23 e-mail on your screen?  
 24 A. I do see the e-mail on my screen.  
 25 Q. Okay. So from time to time, would

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1 Mr. Vagnozzi ask you to speak or play golf with or  
 2 talk to a potential investor in, you know, an agent  
 3 fund promissory note or a CBSG investment?  
 4 **A.** There were occasions where Mr. Vagnozzi  
 5 asked me to speak with a prospective investor in one  
 6 of the Dean Vagnozzi funds.  
 7 **Q.** Okay. And would you do it?  
 8 **A.** I did on some occasions.  
 9 **Q.** Okay. About how many times?  
 10 **A.** In terms of a face-to-face meeting?  
 11 **Q.** Just talking on the phone, face to face,  
 12 in any way. It doesn't matter how. It could be in  
 13 writing, verbal, face to face, virtual.  
 14 **A.** Yeah, I -- sure. I recall two or three  
 15 face-to-face meetings with prospective investors.  
 16 Occasionally prospective investors would call me at  
 17 the request or instruction of Dean Vagnozzi.  
 18 **Q.** And would you speak with them?  
 19 **A.** Yes.  
 20 **Q.** Okay. And they would ask you questions  
 21 about the investment? Would you talk to them about  
 22 the -- would you talk to them about the investment?  
 23 **MS. RECKER:** Object to the form.  
 24 **A.** I would talk to them about sort of the  
 25 nature or character of the security being issued but

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1 not to sort of the investment itself.  
 2 **BY MS. BERLIN:**  
 3 **Q.** Would you tell them it was low risk?  
 4 **A.** No.  
 5 **Q.** Did you tell them it was a low risk  
 6 investment? No?  
 7 Did you tell them that a lot of brokers  
 8 don't offer this type of investment and that's why  
 9 it's a special kind of investment that Dean offers?  
 10 **A.** No. I probably spoke to the nature that  
 11 it was a security issued through a private  
 12 placement, and as such was not registered and not  
 13 saleable on a public market.  
 14 **Q.** Did you --  
 15 **MS. BERLIN:** Can we please show  
 16 Exhibit 20.  
 17 (Thereupon, marked as Exhibit 20.)  
 18 **BY MS. BERLIN:**  
 19 **Q.** Sometimes the agent funds would also refer  
 20 potential investors to talk to you, correct?  
 21 **A.** Not that I recall.  
 22 **Q.** Okay. I'm showing you Exhibit 20.  
 23 Do you see here where Jason Zwiebel of A  
 24 Better Financial Plan is giving you a heads up that  
 25 Charles Sandler may be reaching out to chat with you

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1 to ask some questions? Do you see that message from  
 2 May 17, 2018?  
 3 **MS. RECKER:** Can you scroll down to the  
 4 bottom of this document, please.  
 5 **BY MS. BERLIN:**  
 6 **Q.** This is just an example to show -- to help  
 7 move things along.  
 8 Do -- do you agree with me that sometimes  
 9 the agent funds would -- would refer potential  
 10 investors to speak with you?  
 11 **A.** Again, not that I recall.  
 12 **Q.** Okay. Does seeing Exhibit 20 help refresh  
 13 your recollection that this occurred?  
 14 **A.** No, it does not. I'm -- I'm sure I got  
 15 the e-mail, but I don't remember seeing it. And I  
 16 don't recall whether Jason Zwiebel had a fund.  
 17 **Q.** He's with A Better Financial Plan.  
 18 Do you see his signature block?  
 19 **A.** Correct, correct, I see that.  
 20 **Q.** Okay. All right. Let's move on.  
 21 So if Mr. -- Mr. Sandler said that -- that  
 22 you spoke with him and solicited him, is it your  
 23 testimony that you don't recall if you ever spoke  
 24 with him?  
 25 **A.** I don't recall speaking to Charles

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1 Sandler.  
 2 **Q.** Okay. Next. Exhibit 21, you met with  
 3 potential investors, correct?  
 4 Let's go to Exhibit 21. These are your  
 5 invoices, correct?  
 6 (Thereupon, marked as Exhibit 21.)  
 7 **MS. RECKER:** Object to the form.  
 8 **BY MS. BERLIN:**  
 9 **Q.** Is this your invoice, Mr. Pauciulo?  
 10 **A.** It is an invoice from Eckert Seamans to  
 11 Dean Vagnozzi, I see that.  
 12 **Q.** Okay. Please turn to PDF page 2.  
 13 Do you see -- here's an example, second  
 14 line down, May 7, 2019. Telephone call with Richard  
 15 Muldawer, potential investor.  
 16 Do you see that?  
 17 **A.** Yes, I do.  
 18 **Q.** Did you -- you spoke with Richard  
 19 Muldawer?  
 20 **A.** I don't recall, but if that's what the  
 21 record shows, that's what the record shows.  
 22 **Q.** Did you speak with other -- so there could  
 23 be other investors that you spoke to that you don't  
 24 recall; is that correct?  
 25 **MS. RECKER:** Object to the form.

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1     **A.** That's correct. As I testified,  
2 occasionally prospective investors would call me and  
3 I would speak with them on the phone. And those  
4 were Dean Vagnozzi folks.  
5     I'm sorry, is there a question pending?  
6     **MS. BERLIN:** Natalie, can you please show  
7 the exhibit that I premarked as Exhibit 26.  
8     (Thereupon, marked as Exhibit 26.)  
9     **BY MS. BERLIN:**  
10    **Q.** Is this you -- this is your e-mail  
11 exchange between you and Richard Muldawer. We just  
12 saw him in your invoice, correct?  
13    **A.** Correct.  
14    **Q.** Okay. And you're telling him to give you  
15 a call at your office May 7, 2019?  
16    **A.** I see the e-mail, yes.  
17    **MS. BERLIN:** Okay. Do you want to scroll  
18 down, Natalie, please. Scroll down a little  
19 bit more.  
20    **BY MS. BERLIN:**  
21    **Q.** And do you see where Mr. Muldawer reached  
22 out to you on Thursday, May 2, 2019 saying, "Hi,  
23 John, I'm a prospective investor in the MCA fund  
24 from A Better Financial Plan and have some  
25 questions. Can we set up a ten-minute call?"

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1     Do you see that?  
2    **A.** Yes, I do.  
3    **Q.** And you told him to call and then we saw  
4 in your invoice that you billed for a call with the  
5 potential investor.  
6     Any reason to doubt that -- that you spoke  
7 with this potential investor?  
8    **A.** No.  
9    **Q.** Okay. And would the same thing hold true  
10 if -- if there are other similar individuals who  
11 claim they spoke with you and you might not recall,  
12 but perhaps you did after all?  
13    **A.** Yes, it's entirely possible that I spoke  
14 to individuals whose names I don't remember.  
15    **Q.** Okay. Did you prepare any brochures  
16 relating to any A Better Financial Plan or agent  
17 fund investment?  
18    **MS. RECKER:** Object to the form.  
19    **A.** Other than the PPMs? No.  
20    **BY MS. BERLIN:**  
21    **Q.** Yes.  
22    **A.** No.  
23    **Q.** What about the associates or your  
24 colleagues at Eckert Seamans who were working on  
25 your team? Did they prepare any brochures or

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1 marketing materials?  
2    **MS. RECKER:** Object -- object to the form.  
3    **A.** Yes.  
4    **BY MS. BERLIN:**  
5    **Q.** They did.  
6     And -- and so what types of brochures and  
7 marketing materials did they prepare?  
8    **A.** Well, as part of a broker-dealer  
9 registration, there is a document that needs to be  
10 prepared that is commonly referred to as a brochure.  
11 At some point Mr. Vagnozzi engaged Eckert Seamans to  
12 begin to prepare the documents necessary to be  
13 registered as a broker -- or excuse me, more  
14 correctly to create a broker-dealer. I believe we  
15 prepared a, quote/unquote, brochure.  
16    **Q.** Okay. And when was that, roughly?  
17    **MS. RECKER:** I'm sorry, but I had asked  
18 you to scroll to the bottom of this document  
19 that's on the screen, and we're --  
20    **MS. BERLIN:** Let me be clear. I don't --  
21 yeah, I'm sorry, I don't control the exhibits  
22 at all. There's someone else, Natalie, that  
23 I've been talking to all day. She controls the  
24 exhibits. So I'm -- I'm sorry, I wasn't  
25 ignoring your request. I simply can't do it.

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1     **MS. SILVER:** I didn't hear you.  
2     **MS. BERLIN:** I didn't hear you either.  
3     **Ms. Recker,** I didn't hear you, but just so you  
4 know, I can't -- I can't move -- that's why I  
5 keep saying out loud "please scroll down." I  
6 can't touch it at all. So --  
7     **MS. RECKER:** The issue is that, when you  
8 flash a document and you zip to the middle of  
9 it, you deprive us of the ability to look at  
10 the whole document and look at everything that  
11 might be on that document. And so I just ask  
12 that you give us the courtesy when you flash  
13 documents to allow to us read them from start  
14 to finish.  
15     **MS. BERLIN:** Absolutely. And that's why  
16 the transcript will reflect that way earlier  
17 today at the almost beginning I offered that we  
18 can scroll down any time you guys want. You  
19 just have to ask. So I'm glad you're now  
20 asking, and we'll make sure that we respond to  
21 every request you make, just as I said at the  
22 beginning of the day. This is the first time  
23 that's come up, but that's why I said it at the  
24 very beginning. It's tricky with these online  
25 exhibits. But any time you need it, as I've

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1 stated, and the transcript will reflect, you  
 2 just need to -- need to ask.  
 3 MS. RECKER: I would ask, if you don't  
 4 mind --  
 5 MS. BERLIN: Yeah.  
 6 MS. RECKER: -- so we're down at the  
 7 bottom -- I thought we started in the middle.  
 8 Could we just scroll all the way up to the top  
 9 of it?  
 10 MS. BERLIN: Sure.  
 11 MS. RECKER: Slowly, please. Please.  
 12 Please. And could you scroll up.  
 13 MS. BERLIN: Yeah, it's a two-page  
 14 document. So it's -- you can see that up in  
 15 the left-hand corner. It's just two those  
 16 pages, and I showed him both pages. I showed  
 17 him the second page with the message from  
 18 Mr. Muldawer to him and then the first page.  
 19 MS. RECKER: So I would like to see the  
 20 top of the document.  
 21 MS. BERLIN: Of course.  
 22 MS. RECKER: Thank you.  
 23 And I would just note for the record that  
 24 the top of the document is blacked out. It  
 25 looks like it's a redaction.

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1 MS. BERLIN: Uh-huh. Looks like it.  
 2 MS. RECKER: Right. So you're showing a  
 3 document --  
 4 MS. BERLIN: This is my exhibit.  
 5 MS. RECKER: It's your exhibit, and I'm  
 6 just reflecting for the record that there's a  
 7 large section of this document that's been  
 8 redacted.  
 9 MS. BERLIN: Yes. So that section of the  
 10 document has internal correspondence or  
 11 correspondence that's unrelated to -- it's not  
 12 between Mr. Pauciulo. It's not part of the  
 13 original e-mail. Sometimes e-mails are  
 14 forwarded to us. It's redacted. And you don't  
 15 need to -- you can reserve for the transcript,  
 16 but the exhibits all appear with the  
 17 transcript. So when it's used, it will be  
 18 clear what the document is.  
 19 BY MS. BERLIN:  
 20 Q. Mr. -- Mr. Pauciulo, when was it that  
 21 Mr. Vagnozzi's entities wanted to create a  
 22 broker-dealer, like roughly, month and year?  
 23 MS. RECKER: I'm sorry, I didn't hear the  
 24 end of that question.  
 25 MS. BERLIN: Oh, when was it, Mr. -- when

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1 you asked us to stop and play and move around  
 2 the document, Mr. Pauciulo was testifying about  
 3 Mr. Vagnozzi's entities wanting to create a  
 4 broker-dealer, and my question was, when was  
 5 that.  
 6 MS. RECKER: Can you please slow down?  
 7 I'm sorry, Ms. Berlin.  
 8 MS. BERLIN: Sure.  
 9 MS. RECKER: It's late. I'm having a hard  
 10 time following you, because you're speaking  
 11 very quickly at the moment.  
 12 MS. BERLIN: Oh, okay. You just need  
 13 to -- you just need to say something. You  
 14 don't have to get upset about it. Absolutely.  
 15 MS. RECKER: I'm not getting upset.  
 16 MS. BERLIN: Oh, it's your tone, I'm  
 17 sorry.  
 18 BY MS. BERLIN:  
 19 Q. Mr. Pauciulo, you just let me know any  
 20 time I'm speaking too quickly for you.  
 21 In response to your last answer, can you  
 22 please tell me when it was -- you testified that  
 23 Mr. Pauciulo's entities wanted to create a  
 24 broker-dealer. My follow-up question was, when was  
 25 that?

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1 A. I don't recall specifically.  
 2 Q. Okay. Do you remember a year?  
 3 A. Probably sometime in 2019.  
 4 Q. Okay. So A Better Financial Plan used  
 5 your name and your law firm's name in its  
 6 solicitation efforts, correct?  
 7 MR. MILLER: I'll object to the form.  
 8 BY MS. BERLIN:  
 9 Q. Mr. Pauciulo, asked another -- another  
 10 way, are you aware of the fact that A Better  
 11 Financial Plan used your name and your law firm's  
 12 name in its solicitation efforts?  
 13 MR. MILLER: Same objection.  
 14 MS. RECKER: Object to the form.  
 15 A. I'm not aware of any specific incidents  
 16 where A Better Financial Plan used my name or my law  
 17 firm's name in connection with a solicitation to an  
 18 investor.  
 19 BY MS. BERLIN:  
 20 Q. Okay. Have you ever been on A Better  
 21 Financial Plan's website?  
 22 A. Not that I recall.  
 23 Q. Okay.  
 24 MS. BERLIN: Can we please share  
 25 Exhibit 22.

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1 (Thereupon, marked as Exhibit 22.)  
 2 BY MS. BERLIN:  
 3 Q. And I'm showing you a document that's A  
 4 Better Financial Plan, it looks like a PowerPoint  
 5 presentation.  
 6 MS. BERLIN: Can we scroll down, please.  
 7 BY MS. BERLIN:  
 8 Q. And you see it says, "Merchant cash  
 9 advance."  
 10 MS. BERLIN: Keep scrolling. And keep  
 11 scrolling, Natalie. I'll tell you when to  
 12 stop. Keep going. Continue. Keep going.  
 13 Okay, stop.  
 14 BY MS. BERLIN:  
 15 Q. Do you see the slide, it says -- we're on  
 16 PDF page 10 of 18 of Exhibit 22. It says, "Don't  
 17 take our word for it."  
 18 MS. BERLIN: And then please go to the  
 19 next slide.  
 20 BY MS. BERLIN:  
 21 Q. -- "Eckert Seamans, John Pauciulo." And  
 22 then it has -- do you see that this is your firm bio  
 23 here?  
 24 Do you see that on the screen?  
 25 A. Yes, I do see that on the screen.

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1 MS. BERLIN: Okay. Scroll down, please.  
 2 Okay. Thank you.  
 3 BY MS. BERLIN:  
 4 Q. So do you see that -- were you -- have you  
 5 ever seen Exhibit 22 before today?  
 6 A. Not that I recall.  
 7 Q. Okay. Would you have authorized Mr. --  
 8 did you ever authorize Mr. Vagnozzi to use your name  
 9 or your firm's -- Eckert Seamans' name in any of  
 10 their marketing materials?  
 11 A. No.  
 12 MS. BERLIN: Okay. Can we please take  
 13 down exhibit --  
 14 THE WITNESS: I'll stop.  
 15 MS. RECKER: Objection. If that  
 16 implicates attorney-client privilege, I would  
 17 instruct you not to answer.  
 18 A. Yeah, on advice of counsel I cannot answer  
 19 that question.  
 20 MS. BERLIN: Exhibit 30A, please. Can we  
 21 show Exhibit 30.  
 22 (Thereupon, marked as Exhibit 30A.)  
 23 BY MS. BERLIN:  
 24 Q. I'm going to show you this is the a --  
 25 this is the declaration authenticating A Better

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1 Financial Plan website.  
 2 MS. BERLIN: Can we scroll to PDF page 6.  
 3 Keep going, sorry. Hold on. Slow. Slow  
 4 down. Okay, stop.  
 5 BY MS. BERLIN:  
 6 Q. So do you see where -- this is on the A  
 7 Better Financial Plan website where it says, "John  
 8 Pauciulo is pivotal to the story, as he helped Dean  
 9 put together corporations utilizing private  
 10 placement memorandums, which allowed Dean to raise  
 11 money from friends and family by pooling their money  
 12 and, therefore, investing in real estate  
 13 opportunities that they could not afford on their  
 14 own."  
 15 Do you see that paragraph?  
 16 A. Yes, I do.  
 17 Q. Okay. And do you see above where he's  
 18 also talking about meeting you, "an attorney that  
 19 specialized in securities law, John Pauciulo who is  
 20 still Dean's attorney to this day."  
 21 Do you see that?  
 22 A. Yes, I see that.  
 23 Q. Okay. Had you ever seen this -- were you  
 24 aware that you were mentioned on Mr. Vagnozzi's  
 25 website before today, on the A Better Financial Plan

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1 before seeing this exhibit?  
 2 A. To the best of my knowledge, I've never  
 3 seen this before.  
 4 Q. Are you aware of representations --  
 5 MS. BERLIN: We can take down this  
 6 exhibit.  
 7 BY MS. BERLIN:  
 8 Q. -- on -- in Mr. Vagnozzi's marketing  
 9 materials and on websites that state, "With the help  
 10 of Dean Vagnozzi's attorney, John Pauciulo, and one  
 11 of the largest law firms in the Philadelphia region,  
 12 clients at ABFP are able to invest like the big boys  
 13 by pooling their money together and creating private  
 14 placement memorandums"?  
 15 Were you aware -- have you ever been aware  
 16 of Mr. Vagnozzi utilizing your name and your law  
 17 firm name in connection with solicitation efforts?  
 18 MR. MILLER: Objection.  
 19 A. I'm not aware of --  
 20 BY MS. BERLIN:  
 21 Q. Excuse me. What's that?  
 22 You're breaking up.  
 23 A. I'm not aware of Dean Vagnozzi using my  
 24 name in connection with solicitations of investors.  
 25 I was generally aware that Dean Vagnozzi used

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1 advertising which he referred to, quote, one of the  
 2 largest law firms -- I forget the geographic region,  
 3 whether he said Philadelphia or Pennsylvania.  
 4 **Q.** Okay. Were you aware that Mr. Vagnozzi  
 5 was representing that all of his investment  
 6 opportunities were carefully vetted and facilitated  
 7 by one of the nation's largest law firms, meaning  
 8 Eckert Seamans?  
 9 **MR. MILLER:** I'll object to the form.  
 10 **MS. RECKER:** Object to the form.  
 11 **A.** I'm not sure I understood the question.  
 12 **BY MS. BERLIN:**  
 13 **Q.** Are you aware of Mr. Vagnozzi publicly  
 14 stating on his website and elsewhere that, quote,  
 15 "All of the investment opportunities are carefully  
 16 vetted and facilitated by one of the nation's  
 17 largest law firms," referring to Eckert Seamans?  
 18 **A.** I'm not familiar with that language. I  
 19 don't recall hearing that before.  
 20 **Q.** Okay. Did Eckert Seamans carefully vet  
 21 all of Mr. Vagnozzi's investment opportunities?  
 22 **MS. RECKER:** Object to the form.  
 23 **A.** We conducted due diligence with regard to  
 24 the various investments for which Dean Vagnozzi  
 25 created funds.

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1 **BY MS. BERLIN:**  
 2 **Q.** Hold on.  
 3 Okay. Did you ever hear -- you live in  
 4 Philadelphia, right?  
 5 **A.** No, I do not. I live -- I don't live in  
 6 the city of Philadelphia. I live in the  
 7 Philadelphia Metropolitan area.  
 8 **Q.** Oh, okay. Have you ever heard  
 9 Mr. Vagnozzi's radio advertisement?  
 10 **A.** Once or twice.  
 11 **Q.** Did you ever hear any of the radio  
 12 advertisements that mentioned the law firm or his  
 13 attorney or legal advice in any of those ads?  
 14 **A.** Not that I recall.  
 15 **Q.** Did you ever tell Mr. Vagnozzi to stop  
 16 using your name or your firm's name in any  
 17 solicitation efforts?  
 18 **MS. RECKER:** Objection. To the extent  
 19 that the answer implicates the attorney-client  
 20 privilege, I would instruct you not to answer.  
 21 **A.** On advice of counsel I cannot answer your  
 22 question due to attorney-client privilege held by  
 23 Dean Vagnozzi.  
 24 **BY MS. BERLIN:**  
 25 **Q.** Okay. And was that -- when --

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1 approximately when was the communication that you're  
 2 claiming is privileged?  
 3 **MS. RECKER:** Object to the form.  
 4 **A.** I don't remember.  
 5 **BY MS. BERLIN:**  
 6 **Q.** And was anyone else present when the  
 7 communications that you're claiming that are  
 8 privileged occurred?  
 9 **A.** Not that I recall.  
 10 **Q.** And when you had these privileged  
 11 communications, were you providing or offering any  
 12 legal advice or was Mr. Vagnozzi seeking any legal  
 13 advice?  
 14 **A.** No.  
 15 **Q.** Okay. I will just tell you all we're very  
 16 close to finished. That's the good news.  
 17 Now, Mr. Vagnozzi -- I'm sorry.  
 18 Mr. Pauciulo, in fact, you helped -- did  
 19 you help Mr. Vagnozzi sort of tout the legitimacy of  
 20 his offerings by appearing with him and speaking on  
 21 videos and to his investors?  
 22 **MS. RECKER:** Object to the form.  
 23 **MR. MILLER:** I join.  
 24 **A.** That was not my intent or understanding of  
 25 any appearance that I made or videos that were

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1 recorded in which I appeared.  
 2 **MS. BERLIN:** Natalie, I wonder if you  
 3 could just -- sorry. Natalie, I wonder if you  
 4 could just pull up -- I have the four videos,  
 5 and I am just going to show --  
 6 Mr. Pauciulo, I'm just going to show you I  
 7 think the first -- I'm not even going to play  
 8 them for you because we're not going to take up  
 9 that much time. I think you'll recognize them  
 10 just by seeing the -- the starting point.  
 11 So Natalie, you can put them in any order.  
 12 **MS. SILVER:** Okay.  
 13 **MS. BERLIN:** And we will just label them  
 14 as exhibits as we go. I don't remember where  
 15 we dropped off because I didn't use up all my  
 16 exhibits.  
 17 **MS. SILVER:** Is it just like the first  
 18 five seconds of each or just the first clip?  
 19 **MS. BERLIN:** I think he'll recognize it.  
 20 I think you can just put it on the screen  
 21 and -- well, let's put it on the screen, she'll  
 22 hit play, and as soon as you -- after three  
 23 seconds I'll tell you to stop and see if  
 24 Mr. Pauciulo recognizes it. But I do need to  
 25 give them exhibit numbers.

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1 I think we're on -- I'm going to go with  
 2 23 for the next one. Oh, no I'm sorry, I'm  
 3 not. Hold on one second. One moment,  
 4 Mr. Pauciulo. I just want to make sure I give  
 5 it the correct number.  
 6 It's going to be -- let's just go with 30,  
 7 okay.  
 8 BY MS. BERLIN:  
 9 Q. So we'll start with the first one, and  
 10 Mr. Pauciulo, I'm going quickly because I know your  
 11 counsel wants to finish, but if you need me to slow  
 12 down with showing you the videos or you want to  
 13 watch them in total, of course you can. You just  
 14 let us know.  
 15 THE COURT REPORTER: I'm sorry, I can't  
 16 hear you, Mr. Recker.  
 17 MS. RECKER: I said we need to take the  
 18 time required for the witness to answer the  
 19 questions. Don't blame anything on his  
 20 counsel.  
 21 MS. BERLIN: Oh, no, no. No one is  
 22 blaming anything, and I think the transcript  
 23 will reflect that. I was saying to  
 24 Mr. Pauciulo, almost apologizing in advance if  
 25 I'm going quickly through these videos, in any

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1 way, just tell me stop and slow down. Because  
 2 I'm trying to be mindful of the time. But we  
 3 will go as slowly as you want to go. And I  
 4 think the transcript will reflect what I  
 5 stated.  
 6 Natalie, would you go ahead and play this  
 7 one? And we're going to call this Exhibit 30.  
 8 (Thereupon, marked as Exhibit 30.)  
 9 (At this time, a video was played.)  
 10 MS. BERLIN: Natalie, you can stop.  
 11 BY MS. BERLIN:  
 12 Q. Mr. Pauciulo, are you familiar with this  
 13 video?  
 14 Mr. Pauciulo?  
 15 A. I'm considering your question.  
 16 Q. Oh, okay. Sorry, I can't see you. I can  
 17 only see -- well, I can see you but only the large  
 18 video of you. I can't -- I can't see you as a  
 19 witness today.  
 20 A. Your question was am I familiar with it.  
 21 Q. Have you ever seen -- have you ever seen  
 22 this video before?  
 23 A. Not that I recall. I mean, obviously -- I  
 24 don't remember ever going back after the fact and  
 25 watching it.

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1 Q. Okay. Is that you that we see on the  
 2 screen right now? Where it says John Pauciulo --  
 3 A. Yes.  
 4 Q. -- is that an image of you?  
 5 A. That's correct, that is an image of you --  
 6 excuse me, an image of me.  
 7 Q. Okay. Did you record this video? Is this  
 8 one of the videos that was recorded?  
 9 A. Yes.  
 10 Q. Okay. And who asked you to do that?  
 11 A. Dean Vagnozzi.  
 12 Q. Okay. And roughly when did you record  
 13 this?  
 14 A. I don't recall, but in the short bit that  
 15 we listened to, I'm on camera saying I've been  
 16 practicing for 24 years. So by extrapolation, I  
 17 would say it was recorded six or seven years ago.  
 18 Q. Okay. Is that your office that we see in  
 19 the background, can you tell?  
 20 A. I'm not sure.  
 21 Q. Was this filmed at Eckert Seamans?  
 22 A. I'm not sure. It's hard to tell from this  
 23 screenshot.  
 24 Q. Okay. And was this video scripted?  
 25 A. No.

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1 Q. Were you -- you were just speaking of --  
 2 without a script at all?  
 3 A. Correct, there was no script. Someone was  
 4 asking me questions and I was answering them, but  
 5 there was no script that I was following. I was  
 6 answering, you know, just off the cuff.  
 7 Q. Got it.  
 8 And so the questions that you're referring  
 9 to, I think they -- they show up across the screen.  
 10 There's a question asked and then you provide an  
 11 answer.  
 12 So am I correct in understanding that you  
 13 would just respond to those questions off the cuff  
 14 and no one told you what to say?  
 15 A. Correct, the questions were asked and I  
 16 answered them.  
 17 Q. Okay. And did you have an understanding  
 18 of what this video was going to be used for?  
 19 A. Yes.  
 20 Q. Okay. And what was that?  
 21 A. That the video would be shown to  
 22 prospective investors on occasion as they had  
 23 questions.  
 24 Q. Okay. And by "prospective investors," you  
 25 mean people who might be purchasing like promissory

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1 notes in one of the -- in one of Mr. Vagnozzi's  
 2 funds?  
 3 **A.** Yes, correct.  
 4 **MS. BERLIN:** Okay. We can take down  
 5 Exhibit 30, and next we'll show -- this is  
 6 Exhibit 31. Go ahead.  
 7 (Thereupon, marked as Exhibit 31.)  
 8 (At this time, a video was played.)  
 9 **MS. BERLIN:** Okay. We can stop, Natalie.  
 10 Press pause.  
 11 **BY MS. BERLIN:**  
 12 **Q.** Mr. Pauciulo, have you ever seen  
 13 Exhibit 31?  
 14 **A.** Not that I recall.  
 15 **MS. BERLIN:** Okay. Let's show the next  
 16 one. We'll call it Exhibit 32.  
 17 (Thereupon, marked as Exhibit 32.)  
 18 (At this time, a video was played.)  
 19 **MS. BERLIN:** Okay. We can stop.  
 20 **BY MS. BERLIN:**  
 21 **Q.** Mr. Pauciulo, is that you that we are  
 22 watching on this video in Exhibit 32?  
 23 **A.** Yes, it is.  
 24 **Q.** Okay. Do you recall approximately when  
 25 this video was filmed?

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1 **A.** No. But, again, based on the statement  
 2 that was just played, sounds like it could have been  
 3 three or four years ago.  
 4 **Q.** Okay. And was this video scripted?  
 5 **A.** No, it was not scripted.  
 6 **Q.** Did anyone tell you what to say in this  
 7 video?  
 8 **A.** No. Again, my recollection is that  
 9 questions were posed and I -- I answered the  
 10 questions.  
 11 **Q.** Okay. And is it the same thing with the  
 12 other video, that Mr. Vagnozzi asked you to make the  
 13 video and that you understood the video would be  
 14 shown to prospective investors in the ABFP-related  
 15 funds?  
 16 **A.** Yes, that's correct.  
 17 **MS. BERLIN:** Okay. And then let's show  
 18 Exhibit 33, which is the last video.  
 19 (Thereupon, marked as Exhibit 33.)  
 20 (At this time, a video was played.)  
 21 **MS. BERLIN:** Let's stop.  
 22 **BY MS. BERLIN:**  
 23 **Q.** Do you recognize Exhibit 33?  
 24 **A.** Yes, I do.  
 25 **Q.** Okay. That's you on the left?

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1 **A.** Yes, it is.  
 2 **Q.** Okay. And when did you film this? Was it  
 3 like in April 2020?  
 4 **A.** It would be in the March, April 2020 time  
 5 frame.  
 6 **Q.** Okay. Did Mr. Vagnozzi ask you to make  
 7 this video with him?  
 8 **A.** Yes.  
 9 **Q.** And what was the purpose of this video?  
 10 **A.** This video was made following the Par --  
 11 (Reporter clarification.)  
 12 **A.** This video was made after Par Funding had  
 13 issued its notice that it was suspending its  
 14 payments under the notes.  
 15 **Q.** And did -- the audience for the video in  
 16 Exhibit 33 were the individuals who were in -- who  
 17 had promissory notes in any of the agent funds in  
 18 like the March, April 2020 time frame; is that  
 19 correct? That's who you're speaking to in this  
 20 video?  
 21 **MS. RECKER:** Object to the form.  
 22 **A.** No, that -- that's not my understanding of  
 23 the persons to whom this video was shown or would be  
 24 shown.  
 25

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1 **BY MS. BERLIN:**  
 2 **Q.** Who did you understand it would be shown  
 3 to?  
 4 **A.** Individuals who had invested in A Better  
 5 Financial Plan funds.  
 6 **Q.** Well, Mr. Furman's -- individuals in  
 7 Mr. Furman's funds participated in this as well,  
 8 right, or are you not aware of that?  
 9 You don't know how the video was used.  
 10 You thought it was only going to be used for A  
 11 Better Financial Plan's investors.  
 12 Is that your testimony?  
 13 **MS. RECKER:** Object to the form.  
 14 **A.** That's correct.  
 15 **BY MS. BERLIN:**  
 16 **Q.** Okay. And in this video you talk about  
 17 the fact that you had been privy to financial data  
 18 at Par Funding that showed that the company was  
 19 insolvent; is that correct?  
 20 **MS. RECKER:** Object to the form.  
 21 **A.** That's correct.  
 22 **BY MS. BERLIN:**  
 23 **Q.** Mr. Pauciulo?  
 24 **A.** Yes, I said that's correct.  
 25 **Q.** I couldn't hear you over the objection.

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1 MS. BERLIN: Natalie, we can take down the  
 2 video. Thank you.  
 3 BY MS. BERLIN:  
 4 Q. And did you -- so did you see  
 5 documentation that showed that Par Funding was  
 6 insolvent?  
 7 A. I saw documentation provided to me by Par  
 8 Funding from which I drew -- I drew that conclusion.  
 9 Q. What documentation did they give you that  
 10 you were able to draw that conclusion from?  
 11 A. It was an internally prepared financial  
 12 statement.  
 13 Q. Who prepared it?  
 14 A. I don't know.  
 15 Q. So Par Funding gave you a financial  
 16 statement that they themselves had prepared?  
 17 A. Correct.  
 18 Q. Okay.  
 19 A. Well, it was represented --  
 20 Q. I thought that's what you meant by  
 21 internally prepared, but I just wanted to make sure  
 22 you meant by the Par Funding internal.  
 23 A. I was told by Par Funding's counsel that  
 24 the document had been prepared by Par, by  
 25 representatives of Par.

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1 Q. Okay. And did you review any of the  
 2 financial records themselves, like any -- any  
 3 audited financial statements or tax returns or bank  
 4 account statements or speak with their accountant,  
 5 for example, or did you rely solely on the  
 6 internally prepared financial statement?  
 7 A. At this time frame in connection with the  
 8 video?  
 9 Q. Yeah.  
 10 A. Not that I recall, no.  
 11 Q. Okay. In the video -- now, the -- the --  
 12 I'm going to call it the exchange note, okay? And  
 13 by exchange note that's just shorthand for the notes  
 14 that were offered in like the April 2018 -- or  
 15 April 2020 time frame that would replace investors'  
 16 initial promissory notes with ABFP and other funds,  
 17 offering them the lower interest rate and the longer  
 18 maturity range. So I'm just referring to those sort  
 19 of replacement or exchange notes as "the exchange  
 20 notes."  
 21 Do -- do you understand what I mean if I  
 22 use the phrase "exchange notes"?  
 23 A. Yes, I do.  
 24 Q. Okay. So the -- in the exchange note --  
 25 in the video that we just looked at, Exhibit 33,

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1 you're discussing and walk investors through the  
 2 exchange notes and the various provisions.  
 3 Is there a provision in the exchange notes  
 4 that releases the funds from liability, releases the  
 5 agent funds from liability?  
 6 MS. RECKER: Object to the form.  
 7 A. Yes, I think so.  
 8 BY MS. BERLIN:  
 9 Q. Okay. Any reason why you didn't -- when  
 10 you walked through all the documents you skipped  
 11 over that provision.  
 12 Was there any reason you skipped over  
 13 that?  
 14 A. Not that I recall.  
 15 MS. BERLIN: Okay. Can we please show  
 16 Exhibit 23 on the screen.  
 17 (Thereupon, marked as Exhibit 23.)  
 18 BY MS. BERLIN:  
 19 Q. Have you ever seen this -- this e-mail  
 20 before from Dean Vagnozzi? And I don't mean --  
 21 well, it's -- it's to you, but -- so I guess let me  
 22 retract my question.  
 23 This is exhibit -- it's premarked as  
 24 Exhibit 23. Mr. Vagnozzi e-mailed this to you. It  
 25 was the draft of what he was going to send out to

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1 the investors in advance of the -- the video.  
 2 Do you see that?  
 3 A. I do see that.  
 4 Q. Okay. Did you provide any -- any comment  
 5 or feedback on this?  
 6 MS. RECKER: Objection. To the extent  
 7 that your answer would implicate  
 8 attorney-client privilege, I would instruct you  
 9 not to answer.  
 10 Can you scroll down to the bottom of the  
 11 document, please.  
 12 Can you just scroll down to the bottom of  
 13 it so that we can see where it starts.  
 14 That looks like the middle of the  
 15 document. Scroll -- scroll down to the bottom,  
 16 the very --  
 17 MS. BERLIN: She's saying turn to page --  
 18 to PDF page 3 of 3.  
 19 MS. SILVER: All right. Yeah, that's just  
 20 the signature. It's all one long e-mail, so  
 21 it's not a thread.  
 22 MS. RECKER: Is there a question pending?  
 23 MS. BERLIN: You interrupted -- we stopped  
 24 to answer your question. And I think there was  
 25 a question pending. I'm not sure if

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1 Mr. Pauciulo answered it.  
2 A. Upon advice of counsel, I cannot answer  
3 your question as it would have me give you  
4 information that's subject to attorney-client  
5 privilege held by Dean Vagnozzi.  
6 BY MS. BERLIN:  
7 Q. Okay. And is that -- approximately when  
8 did the communication occur that you're claiming  
9 privilege over?  
10 A. Sometime in March 2020.  
11 Q. Okay.  
12 MS. BERLIN: Natalie, can you go back up  
13 to PDF page 1 of 1.  
14 BY MS. BERLIN:  
15 Q. And do you see Shannon Westhead is copied  
16 on this message?  
17 A. I see that she's blind copied on this  
18 message.  
19 Q. Yeah. Oh, yes, I see that. Is the  
20 communication that you're claiming privilege over  
21 with Mr. Vagnozzi, did anyone else participate or  
22 have any participation at all in -- in that  
23 communication who was not -- gosh, I can't talk.  
24 This has been a long day.  
25 Other than you and Mr. Vagnozzi, did

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1 anyone participate in the communication over which  
2 you're asserting attorney-client privilege on  
3 Mr. Vagnozzi's behalf?  
4 A. Not that I recall.  
5 Q. Okay.  
6 MS. BERLIN: And if we could please put up  
7 Exhibit 29. Thank you.  
8 (Thereupon, marked as Exhibit 29.)  
9 BY MS. BERLIN:  
10 Q. So Exhibit 29 is concerning Project  
11 Bastante and it is to you, you're copied, it's to  
12 Dean Vagnozzi.  
13 Project Bastante is the offering to invest  
14 in a bank, correct?  
15 A. I don't recall what -- I don't recall that  
16 project name.  
17 Q. Okay.  
18 A. But I do see the reference on the e-mail.  
19 Q. Okay. And did you -- were you involved at  
20 all in drafting any documents in connection with any  
21 offering that was to raise funds for the acquisition  
22 of a bank?  
23 A. Yes.  
24 Q. Okay. And on behalf of which clients?  
25 A. On behalf of Dean Vagnozzi.

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1 Q. Okay.  
2 A. And also on -- on behalf of Shannon  
3 Westhead.  
4 Q. Okay. Anyone else?  
5 A. Alec Vagnozzi.  
6 Q. Okay. Anyone else?  
7 A. Maybe Mike Tierney, but I'm not sure.  
8 Q. Okay. And the issue -- the -- the bank  
9 acquisition, do you see here the second paragraph,  
10 it says, "The most important consideration for you  
11 guys when forming the entities is the cap of  
12 4.9 percent and that the controlling member for each  
13 entity cannot be redundantly included for separate  
14 entities"?  
15 Do you see that?  
16 I omitted the parenthesis that says "499  
17 shares." Do you see what I'm talking about? Do you  
18 see the sentence that starts, "The most important  
19 consideration for you guys when forming the  
20 entities"?  
21 Do -- do you see that sentence on the  
22 screen?  
23 A. Yes, I see the sentence on the screen.  
24 Q. Okay. And that's referring to the -- to  
25 the cap about, you can't have -- there can't be --

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1 sorry.  
2 With trying to acquire a bank, there are  
3 certain rules and regulations about the percentage  
4 of ownership that any one person or individual can  
5 have; is that correct?  
6 A. I don't know if that's factually correct.  
7 That's obviously what Joe Cole is communicating in  
8 the e-mail.  
9 Q. Okay. And that's why there were multiple  
10 funds set up so that every fund would have less than  
11 the cap, less than the 4.9 percent; is that right?  
12 MS. RECKER: Objection. To the extent the  
13 answer would implicate attorney-client  
14 privileged information.  
15 I also want to just note that I think that  
16 we're hitting the seven-hour mark if we have  
17 haven't gone over it.  
18 MS. BERLIN: Okay. Understood. And I am  
19 going to be finished very soon.  
20 MS. RECKER: It's 6:40, and we are a half  
21 an hour beyond where you said you would finish  
22 up last time.  
23 MS. BERLIN: That is true. So let's --  
24 let's try to get it done.  
25

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1 BY MS. BERLIN:  
2 Q. Mr. Pauciulo, do you see -- you see  
3 that -- that provision, and so I'm asking you if the  
4 reason why multiple entities were formed to raise  
5 money for the bank was because of the cap that any  
6 one fund or any fund could actually have; like,  
7 nobody could have more than 4.9 percent --  
8 MS. RECKER: Object to the form.  
9 BY MS. BERLIN:  
10 Q. -- or more than 499 shares in the  
11 investment and so multiple funds were structured; is  
12 that true?  
13 MS. RECKER: Objection. To the extent the  
14 answer implicates attorney-client privilege, I  
15 would instruct you not to answer.  
16 A. On advice of counsel I cannot answer your  
17 question.  
18 BY MS. BERLIN:  
19 Q. Okay. Which clients?  
20 A. Dean Vagnozzi, Shannon Westhead, Alec  
21 Vagnozzi.  
22 Q. And what about -- Mike Tierney has waived  
23 his privilege. So what about with respect to Mike  
24 Tierney? Can you answer the question with respect  
25 to Mike Tierney as your client, because he's waived

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1 his privilege?  
2 A. I don't recall talking to Mike Tierney  
3 about why there was a cap of 4.9 percent in  
4 connection with any work I did with Mike Tierney on  
5 this.  
6 Q. Okay. And did you see the materials that  
7 were presented in connection with the bank  
8 application?  
9 MS. RECKER: Object to the form.  
10 A. I recall seeing documents related to the  
11 proposed acquisition of the bank. I don't recall  
12 whether I specifically saw the documents to which  
13 you just referred.  
14 BY MS. BERLIN:  
15 Q. Okay. Got it.  
16 MS. BERLIN: Can we please pull up  
17 Exhibit 27? Thank you.  
18 (Thereupon, marked as Exhibit 27.)  
19 BY MS. BERLIN:  
20 Q. So Exhibit 27 is to you from Mr. Pauciulo  
21 [sic] from February 13, 2020, and this is a message  
22 about the Pillar 1 buyout.  
23 Do you see that?  
24 MS. RECKER: Object to the form.  
25 A. Yes.

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1 BY MS. BERLIN:  
2 Q. Okay. And so this is -- I'm just showing  
3 you this to like -- move this forward in case you  
4 didn't remember what that was. But the Pillar 1 --  
5 the Pillar 1 buyout involved Mr. -- or CBSG  
6 acquiring the -- the notes and investment interests  
7 of investors in Pillar 1, and then Pillar 1 using  
8 the money they received from that sale to invest in  
9 CBSG promissory notes; is that correct?  
10 MR. MILLER: This is Mr. Miller. I don't  
11 know where this document came from, but I think  
12 that it appears to be a privileged document as  
13 to Pillar 1, which is not a receivership  
14 entity, which is a different entity that  
15 Mr. Vagnozzi had formed. So it appears to me  
16 this was inadvertently produced, and I don't  
17 think you should be asking about it.  
18 MS. BERLIN: Can you scroll down to the  
19 Bates number?  
20 Yeah, it was -- it was produced to us by  
21 the receiver, but that's fine. We can -- we  
22 can take it off the screen.  
23 Let's put up Exhibit 28.  
24 (Thereupon, marked as Exhibit 28.)  
25

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1 BY MS. BERLIN:  
2 Q. So Exhibit 28, Mr. Vagnozzi to Mr. Mack,  
3 copying you, February 25, 2020, and Mr. Vagnozzi is  
4 writing about this same sort of Life Settlement  
5 swap, right?  
6 He writes -- do you see where he writes,  
7 "Joe, we would like to get this process going since  
8 we'll need to arrange for between 230 to 290 people  
9 to complete the paperwork that these guys create."  
10 And if you scroll down, so that you guys  
11 can see everything, you'll see that Mr. Vagnozzi is  
12 writing to Joe -- here he says, Joe Mack, it's Joe  
13 LaForte -- "trying to pull together the Life  
14 Settlement investors as many as we can to have you  
15 buy them out to then simultaneously invest in an MCA  
16 fund which will send the money back to CBSG/Par."  
17 Do you see that?  
18 A. Yes, I see that.  
19 Q. Okay. So --  
20 MS. RECKER: What's the Bates number on  
21 this document, please? Can you scroll to the  
22 bottom?  
23 MS. BERLIN: Sure.  
24 MS. RECKER: Okay. Thank you.  
25 MS. BERLIN: Yup. Thank you, Natalie.

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1 BY MS. BERLIN:  
2 Q. So does that sort of accurately -- what  
3 Mr. Vagnozzi wrote there, does that sort of  
4 accurately reflect what this sort of Life Settlement  
5 buyout was?  
6 MS. BERLIN: We can scroll back up.  
7 Natalie, if you'll scroll back up to the  
8 paragraph where Mr. Vagnozzi explains it.  
9 Right there.  
10 MR. MILLER: I'll object to the form.  
11 BY MS. BERLIN:  
12 Q. Is that what happened, Mr. Pauciulo?  
13 MR. MILLER: Same objection.  
14 BY MS. BERLIN:  
15 Q. Mr. Pauciulo, do you want me to be clearer  
16 in -- in my question, or do you understand what I'm  
17 asking?  
18 I'm pointing to the sentence that  
19 Mr. Vagnozzi wrote to Mr. McElhone where he's  
20 explaining what's going to happen, and I'm asking if  
21 that's actually what happened. So let me ask the  
22 question to make it really clear.  
23 Mr. Vagnozzi wrote to Joe LaForte, "We are  
24 working hard to pull together as many of the 290  
25 Life Settlement investors as we can to have you buy

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1 them out to then simultaneously invest in an MCA  
2 fund which will send the money back to CBSG/Par."  
3 Do you see that sentence?  
4 A. Yes, I see that sentence.  
5 Q. Okay. Is that what ultimately occurred  
6 with the Life Settlement buyout?  
7 MS. RECKER: Object to the form.  
8 MR. MILLER: Join.  
9 A. The transaction described in these e-mails  
10 never materialized.  
11 BY MS. BERLIN:  
12 Q. Really? So is it your testimony that the  
13 Life Settlement funds were never -- like there was  
14 no buyout that occurred?  
15 MS. RECKER: Object to the form.  
16 A. To my knowledge, the transaction outlined  
17 in this e-mail never transpired. To my knowledge,  
18 it was never -- it never went forward. It was never  
19 consummated.  
20 BY MS. BERLIN:  
21 Q. Okay. Okay. And so the Life  
22 Settlement -- the investors in the Life Settlement  
23 fund, they still have those -- investors still have  
24 their investments --  
25 MS. RECKER: Object to the form.

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1 BY MS. BERLIN:  
2 Q. -- as far as you know?  
3 A. As far as I know.  
4 Q. Yeah. Okay. And Par Funding learned in  
5 2018 that the 75 million-dollar credit insurance  
6 policy that it had purchased did not cover its  
7 merchants' defaults. And I'm wondering if -- if you  
8 ever became aware of that fact that Par Funding  
9 didn't have any insurance on its investments.  
10 MR. MILLER: I'll object to the form.  
11 BY MS. BERLIN:  
12 Q. Mr. Pauciulo, I'll ask another way.  
13 Did you ever come to learn that the --  
14 that there was no insurance policy for Par Funding  
15 on their MCA transactions that actually covered the  
16 MCA transactions?  
17 MS. RECKER: Object to the form.  
18 MR. MILLER: Join.  
19 A. I'm not sure I understand.  
20 BY MS. BERLIN:  
21 Q. Okay. Did you -- did you ever become  
22 aware of a cease and desist letter that Euler Hermes  
23 sent to Mr. Vagnozzi to stop making representations  
24 that there was insurance coverage?  
25 MR. MILLER: I'll object to the form.

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1 MS. BERLIN: We can take down this  
2 exhibit. Thank you.  
3 A. I'm not familiar with a cease and desist  
4 that was sent to Dean Vagnozzi about --  
5 BY MS. BERLIN:  
6 Q. Perhaps it wasn't labeled cease and  
7 desist, but it was a letter from the insurance  
8 company to Mr. Vagnozzi and Par Funding telling them  
9 to stop making representations about insurance.  
10 Are you aware of that -- are you aware of  
11 any such letter?  
12 MR. MILLER: Object to the form.  
13 A. I want to confer with counsel.  
14 BY MS. BERLIN:  
15 Q. Sure.  
16 (Brief pause.)  
17 A. Can you restate the question, please?  
18 MS. RECKER: No.  
19 THE WITNESS: No?  
20 A. Can you restate the question, please?  
21 BY MS. BERLIN:  
22 Q. Restate it? Sure.  
23 Have you ever -- are you aware of any  
24 letter that communicated to Mr. Vagnozzi that  
25 there -- that he should not be making

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1 representations about insurance coverage?  
 2 MS. RECKER: Objection. You can answer  
 3 the question to the extent that it is -- does  
 4 not reflect anything that your lawyer -- you  
 5 discussed with your lawyers.  
 6 A. I can't answer the question.  
 7 BY MS. BERLIN:  
 8 Q. Okay. Based on attorney-client privilege  
 9 with Mr. Vagnozzi?  
 10 A. No.  
 11 Q. Okay.  
 12 MS. RECKER: I'm instructing him not to  
 13 answer to the extent -- about anything that he  
 14 discussed with his own counsel. Other than  
 15 that, he can answer the question.  
 16 BY MS. BERLIN:  
 17 Q. Mr. Pauciulo, are you mulling it over, or  
 18 did you already answer and I missed it?  
 19 A. I thought I answered the question.  
 20 Q. Oh, okay. I wasn't sure if when your  
 21 lawyer said it again, your answer would change.  
 22 No, okay.  
 23 Mr. Pauciulo, did you ever receive any  
 24 complaints from an investor that they felt you  
 25 pressured them into accepting the exchange note?

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1 A. Not that I recall, no.  
 2 Q. And what about from the attorney of any  
 3 investor? Did you ever receive any complaint from  
 4 the attorney of any investor that they felt you  
 5 pressured them into accepting the exchange note?  
 6 A. Not that I recall.  
 7 Q. Okay. Quick follow-up.  
 8 When you testified earlier about the plane  
 9 ride with Mr. LaForte to go see the -- the natural  
 10 resources mines, was that in connection with  
 11 investment offerings in Kingdom Coal, Kingdom Energy  
 12 or Kingdom Logistics?  
 13 A. The name Kingdom sounds familiar, but I --  
 14 I don't -- I don't know for certain.  
 15 Q. Okay. The IOLTA account at Eckert  
 16 Seamans, are you -- for Mr. Vagnozzi's entities, are  
 17 you the person responsible for those accounts?  
 18 MS. RECKER: Object to the form.  
 19 A. I don't know that I understand the  
 20 question.  
 21 BY MS. BERLIN:  
 22 Q. So your clients, they have accounts at  
 23 your law firm that are called I-O-L-T-A. I don't  
 24 know how you pronounce that. IOLTA accounts?  
 25 A. Okay, yes.

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1 Q. Okay. And -- and one of the entities that  
 2 has that is MK -- hold on a second -- what is your  
 3 client's fund name that starts with the MK,  
 4 Mr. Pauciulo?  
 5 A. I don't remember.  
 6 Q. Okay.  
 7 A. You mentioned it earlier today.  
 8 Q. I know I did.  
 9 A. MK Corporate Debt Investment Fund? I  
 10 wrote that down.  
 11 Q. Yes, thank you. That's it.  
 12 MK Corporate Debt Investment Fund, has  
 13 monies -- had monies at Eckert Seamans at some  
 14 point?  
 15 MS. RECKER: Object to the form.  
 16 A. I don't remember.  
 17 BY MS. BERLIN:  
 18 Q. Okay. When did you become aware of the  
 19 SEC's temporary restraining order entered by the  
 20 Court in the case that you're testifying in today?  
 21 MS. RECKER: Object. To the extent that  
 22 the answer would implicate attorney-client  
 23 privilege, I would instruct you not to answer.  
 24 And Ms. Berlin, I also want to identify to  
 25 you that it's 6:55.

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1 MS. BERLIN: Okay.  
 2 MS. RECKER: And at 7:00 this is over.  
 3 MS. BERLIN: Great.  
 4 BY MS. BERLIN:  
 5 Q. So Mr. Pauciulo, let me help you out. The  
 6 day after we filed our case, you were at ABFP and  
 7 the receiver walked in and took control of the  
 8 premises. You were there.  
 9 You knew about it at least no later than  
 10 the day after we filed; isn't that correct?  
 11 A. Yes, that's correct.  
 12 Q. Okay. Great.  
 13 And so you knew that there was an asset  
 14 freeze, that there was an injunction order, that a  
 15 receiver had been appointed, correct?  
 16 A. On what day?  
 17 Q. It was the day after the Court entered the  
 18 order. An attorney from the receiver's office  
 19 showed up at A Better Financial Plan, you were  
 20 there. It was maybe the day after the order was  
 21 entered.  
 22 Do you recall that?  
 23 A. Yes, I recall that.  
 24 Q. Okay. Super. So you knew about it no  
 25 later than probably the day after the Court entered

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1 its order; agreed?  
 2 Agreed?  
 3 **A.** I'm thinking about the timing. The  
 4 receiver came to the offices of A Better Financial  
 5 Plan, I think it was a Tuesday. And I don't know  
 6 what date the Court entered the order, but it was --  
 7 I became aware of it certainly when the receiver  
 8 came.  
 9 **Q.** Well, and it was also in the Philadelphia  
 10 Inquirer on the front page above the fold, right?  
 11 Did you see it there?  
 12 **A.** I did not see it there.  
 13 **Q.** You didn't hear the news that there was an  
 14 emergency action against your clients?  
 15 **A.** I saw the article online. I didn't see  
 16 it -- you described it above the fold --  
 17 **Q.** Oh, okay. I'm sorry, you saw it online.  
 18 Did you see it online --  
 19 **A.** I didn't see it --  
 20 **Q.** Got it.  
 21 Did you see it online, the story online,  
 22 the day that it came out?  
 23 **A.** I don't recall if I saw it the day it came  
 24 out.  
 25 **Q.** Okay.

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1 **A.** I saw it shortly after it was posted  
 2 online, but whether it was the very same day, I  
 3 don't -- I don't know.  
 4 **Q.** Did you ever take a look at the orders  
 5 that were entered? The receivership order?  
 6 **A.** Yes.  
 7 **Q.** Okay. Great.  
 8 So at a certain point there was an  
 9 individual named David Jancarski who was in  
 10 litigation with Mr. Vagnozzi and ABFP, correct?  
 11 **A.** Yes, there came a time when Mr. Jancarski  
 12 asserted claims.  
 13 **Q.** Great.  
 14 And there was a settlement and funds were  
 15 held at your law firm, Eckert Seamans, in an  
 16 account, and they were supposed to be held there  
 17 until August 12, 2020, correct?  
 18 **MS. RECKER:** I just want to remind you  
 19 it's 6:58.  
 20 **MS. BERLIN:** Please let me finish and  
 21 don't interrupt.  
 22 **BY MS. BERLIN:**  
 23 **Q.** Mr. Pauciulo, do you agree with me that  
 24 the funds were to be held --  
 25 **MS. BERLIN:** I literally have three

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1 questions left on my page, and I am astounded  
 2 that you're literally like going down to the  
 3 minute.  
 4 **BY MS. BERLIN:**  
 5 **Q.** Mr. Pauciulo, the funds were held in your  
 6 law firm's IOLTA account and were supposed to be  
 7 there until August 12, 2020 at which time they would  
 8 be released to Mr. Jancarski, correct?  
 9 **A.** I don't remember that.  
 10 **Q.** Okay. You transferred the funds from the  
 11 Eckert Seamans account to Mr. Jancarski after --  
 12 after the SEC had filed this instant case and the  
 13 Court had entered its orders appointing the receiver  
 14 and freezing certain assets; isn't that right?  
 15 **MS. RECKER:** Object to the form.  
 16 **BY MS. BERLIN:**  
 17 **Q.** Isn't that true?  
 18 **A.** I did not initiate that transfer.  
 19 **Q.** Who did?  
 20 **A.** I don't know.  
 21 **Q.** Were Mr. Vagnozzi and his entities some of  
 22 your biggest clients?  
 23 **A.** In what time frame?  
 24 **Q.** Any.  
 25 Was there ever a time when Mr. Vagnozzi

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1 and his entities were some of your biggest clients?  
 2 **A.** In 2018 and 2019 Dean Vagnozzi and his  
 3 related entities were among my larger clients.  
 4 **MS. RECKER:** All right, that's it.  
 5 **BY MS. BERLIN:**  
 6 **Q.** And approximately --  
 7 **MS. BERLIN:** This is my very last  
 8 question.  
 9 **MS. RECKER:** We're going off.  
 10 **BY MS. BERLIN:**  
 11 **Q.** Approximately how much in --  
 12 **MS. BERLIN:** Seriously, I have one  
 13 question. I'm on my last question. You're  
 14 going to make me go to the magistrate to get an  
 15 answer? I mean, it's one question. Really?  
 16 **MS. RECKER:** It's 7:00. I think you  
 17 should finish.  
 18 **BY MS. BERLIN:**  
 19 **Q.** Okay. Mr. Pauciulo -- Mr. Pauciulo,  
 20 approximately how much in legal fees did you collect  
 21 in connection with Mr. Vagnozzi, his entities and  
 22 the agent funds that you represented?  
 23 **A.** I don't know that number.  
 24 **Q.** You don't have even a rough guess of -- of  
 25 how much you billed over all those years?

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1 A. Exactly, over 17 years, I -- I don't. I  
 2 would be guessing.  
 3 MS. RECKER: All right. That was your  
 4 last question.  
 5 BY MS. BERLIN:  
 6 Q. How about within the last --  
 7 MS. BERLIN: Hold on a second.  
 8 BY MS. BERLIN:  
 9 Q. How about within --  
 10 MS. BERLIN: Ms. Recker, I think this is  
 11 rude, and I would like to state, he says he  
 12 doesn't remember, I should be allowed to ask  
 13 some follow-up questions to that. And I think  
 14 that Judge Reinhart, when he reads this, will  
 15 agree with me. And we're going to end up  
 16 having to spend resources to come right back  
 17 and do this. If he doesn't remember, he  
 18 doesn't know, and he gave a 17-year time  
 19 period. I'm going to ask him this question,  
 20 you tell him not to answer, then that will be  
 21 it. We'll take it up with the court like  
 22 other -- as with the other issues concerning  
 23 you and your client.  
 24 BY MS. BERLIN:  
 25 Q. Mr. Pauciulo --

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1 MS. RECKER: You are taking up time with  
 2 your speech-making. So please finish.  
 3 BY MS. BERLIN:  
 4 Q. Mr. Pauciulo -- Mr. Pauciulo, I understand  
 5 you can't give an estimate for the last 17 years.  
 6 Can you give an estimate from 2016 through present  
 7 like approximately?  
 8 A. No, not without the benefit of looking at  
 9 records. I would be guessing.  
 10 Q. Okay. Understood. I don't want you to  
 11 guess.  
 12 And Mr. Pauciulo, in connection with the  
 13 SEC's Fallcatcher investigation, you produced your  
 14 invoices to the SEC, and in connection with this  
 15 litigation, you claim that these same documents are  
 16 attorney-client privileged.  
 17 Why? What's the difference -- what's the  
 18 distinction with this case and the other case that  
 19 you were on?  
 20 MS. RECKER: Objection. You're invoking  
 21 and talking about other claims, privileges and  
 22 other people making invocations of privilege.  
 23 I'm instructing him not to answer.  
 24 MS. BERLIN: It's the same person. It's  
 25 Mr. Vagnozzi. We already have his invoices

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1 that you're claiming privilege.  
 2 MS. RECKER: I'm instructing him not to  
 3 answer.  
 4 MS. BERLIN: Are you instructing --  
 5 BY MS. BERLIN:  
 6 Q. So Mr. Pauciulo, is your answer that  
 7 you're asserting the attorney-client privilege?  
 8 A. Yes, it is.  
 9 Q. Okay. And that's with respect to  
 10 Mr. Vagnozzi?  
 11 A. Yes.  
 12 MS. BERLIN: Thank you so much. I have no  
 13 further questions, Mr. Pauciulo.  
 14 MS. RECKER: I would like to put on the  
 15 record that Mr. Pauciulo reserves the right to  
 16 read and sign the transcript, and that we  
 17 request that the deposition be designated  
 18 confidential pursuant to the protective order  
 19 entered on December 16, 2020 on Docket  
 20 Number 437.  
 21 MS. BERLIN: You will have to follow the  
 22 proper procedures for that, and the SEC would  
 23 dispute that this is a -- any sort of  
 24 confidential proceeding. We have third  
 25 parties, and we'll litigate that in court, but

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1 we'll direct you to the order and to the proper  
 2 process for doing that.  
 3 MS. HAINES: Ms. Recker, I don't know  
 4 how -- I don't know how -- I don't know how you  
 5 can do that if I'm sitting here listening to it  
 6 for eight hours. Now you're going to declare  
 7 it confidential and I can't have it? Please.  
 8 Are you serious?  
 9 MS. RECKER: I think the deposition is  
 10 over.  
 11 MR. KOLAYA: Before we go off the  
 12 record --  
 13 MS. HAINES: Now that is -- this is rude.  
 14 I asked you several questions. It's rude for  
 15 you not to respond. You keep doing that to me.  
 16 I don't appreciate it. It's unprofessional.  
 17 Good night.  
 18 MR. KOLAYA: Just before we all depart for  
 19 the weekend, I just want to make clear on the  
 20 record, the receiver has not had an opportunity  
 21 to ask questions today. We have our own  
 22 investigative powers and duties under the  
 23 receivership order, and we do intend to  
 24 schedule another deposition of Mr. Pauciulo at  
 25 a later date.

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1 MS. BERLIN: Thank you, Mr. Kolaya. Does  
 2 anyone else have any other statements they want  
 3 to make on the record?  
 4 MR. COX: This is Jeff Cox on behalf of  
 5 Michael Furman, and we reserve the right to  
 6 take Mr. Pauciulo's deposition as well.  
 7 MS. BERLIN: I don't think anyone's rights  
 8 are -- anyone, in my view at least, is  
 9 precluded from taking Mr. Pauciulo's  
 10 deposition. We -- we took it, and no one had a  
 11 chance to even cross-examine him. So at least,  
 12 you know -- just so you all know, there will be  
 13 no objection from me if anyone wants to  
 14 continue today. In fact, I'm not even sure we  
 15 can conclude, because we didn't have an  
 16 opportunity for cross-examination. I don't  
 17 know if anyone was intending to cross-examine  
 18 him. If so, you know, I don't know if we  
 19 should actually technically continue it. So  
 20 there's an opportunity for defendants to cross  
 21 Mr. Pauciulo.  
 22 MS. HAINES: Ms. Court Reporter, I'm  
 23 requesting -- I am requesting a copy of the  
 24 transcript. I was given permission to listen  
 25 to this deposition today. There's obviously no

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1 reason I can't seek the transcript. If  
 2 Ms. Recker wants to motion the Court to  
 3 preclude you from providing a copy to me,  
 4 sobeit, we'll deal with that in court.  
 5 Otherwise, I have every reason to believe,  
 6 having listened to this, that I am entitled to  
 7 a copy of the transcript and I would ask that  
 8 you prepare one for me and invoice me for it,  
 9 in which I will gladly pay.  
 10 MS. BERLIN: Sounds good.  
 11 Okay. So I think that we will pause here.  
 12 And then I -- I don't know if defense counsel  
 13 want to speak up and identify if they plan to  
 14 cross-examine Mr. Pauciulo, and therefore, we  
 15 should be choosing another day, or if everyone  
 16 wants to just take your own depositions of him.  
 17 I'm not hearing anything, so let's just do  
 18 it this way.  
 19 Does anyone have any cross-examination?  
 20 If I don't hear anything, I think we can  
 21 just end it.  
 22 MR. KOLAYA: So Ms. Berlin, from the  
 23 receiver's perspective, we intend to schedule  
 24 our own separate deposition at a later date.  
 25 MS. BERLIN: Sounds good.

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1 MR. COX: And on behalf of Mr. Furman,  
 2 this is Jeff Cox, we also reserve the right to  
 3 do so. At this time I have no cross.  
 4 MS. BERLIN: Sounds good.  
 5 MR. MARCUS: This is Jeff Marcus on behalf  
 6 of Mr. Abbonizio. We'll reserve as well.  
 7 Thank you.  
 8 MS. BERLIN: Okay. Sounds great. So I  
 9 think that we can conclude it. Thank you so  
 10 much, everyone.  
 11 Thank you. Have a nice weekend.  
 12 (Whereupon, the hearing in this matter was  
 13 concluded at 7:07 p.m. EDT.)

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1  
 2  
 3 CERTIFICATE OF OATH  
 4  
 5  
 6 STATE OF FLORIDA  
 7 COUNTY OF PINELLAS  
 8  
 9  
 10 I, the undersigned authority, certify  
 11 that JOHN PAUCIULO appeared remotely before me  
 12 and was duly sworn on the 9th day of April, 2021.  
 13 Signed this 13th day of April, 2021.  
 14  
 15  
 16  
 17 DENISE SANKARY, RPR, RMR, CRR  
 18 Notary Public, State of Florida  
 19 My Commission No. GG 944837  
 20 Expires: 1/27/24  
 21  
 22  
 23  
 24  
 25

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1 CERTIFICATE OF REPORTER  
 2  
 3 STATE OF FLORIDA  
 4 COUNTY OF PINELLAS  
 5  
 6 I, DENISE SANKARY, Registered Merit  
 7 Reporter, do hereby certify that I was authorized  
 8 to and did stenographically report the foregoing  
 9 remote deposition of JOHN PAUCIULO; pages 1  
 10 through 327; that a review of the transcript was  
 11 requested; and that the transcript is a true  
 12 record of my stenographic notes.  
 13 I FURTHER CERTIFY that I am not a  
 14 relative, employee, attorney, or counsel of any  
 15 of the parties, nor am I a relative or employee  
 16 of any of the parties' attorneys or counsel  
 17 connected with the action, nor am I financially  
 18 interested in the action.  
 19 Dated this 13th day of April, 2021.  
 20  
 21 \_\_\_\_\_  
 22 DENISE SANKARY, RPR, RMR, CRR  
 23  
 24  
 25

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1 CERTIFICATE OF WITNESS  
 2  
 3  
 4 I, JOHN PAUCIULO, do hereby declare under  
 5 penalty of perjury that I have read the entire  
 6 foregoing transcript of my deposition testimony,  
 7 or the same has been read to me, and certify that  
 8 it is a true, correct and complete transcript of  
 9 my testimony given on April 9, 2021, save and  
 10 except for changes and/or corrections, if any, as  
 11 indicated by me on the attached Errata Sheet, with  
 12 the understanding that I offer these changes and/or  
 13 corrections as if still under oath.  
 14 \_\_\_\_\_ I have made corrections to my deposition.  
 15 \_\_\_\_\_ I have NOT made any changes to my deposition.  
 16  
 17 Signed: \_\_\_\_\_  
 18 JOHN PAUCIULO  
 19 Dated this \_\_\_\_\_ day of \_\_\_\_\_ of 20 \_\_\_\_.  
 20  
 21  
 22  
 23  
 24  
 25

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1 ERRATA SHEET  
 2 Deposition of: JOHN PAUCIULO  
 3 Date taken: APRIL 9, 2021  
 4 Case: SEC v. COMPLETE BUSINESS SOLUTIONS GROUP, et al.  
 5 PAGE LINE  
 6 CHANGE: \_\_\_\_\_  
 7 REASON: \_\_\_\_\_  
 8 CHANGE: \_\_\_\_\_  
 9 REASON: \_\_\_\_\_  
 10 CHANGE: \_\_\_\_\_  
 11 REASON: \_\_\_\_\_  
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 24  
 25 Signed \_\_\_\_\_  
 Dated \_\_\_\_\_

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<p>298:25  <b>33131</b> 3:5,11 4:12,18  <b>33431</b> 4:24  <b>3402</b> 3:16  <b>36-page</b> 109:8  <b>37</b> 246:11  <b>3A</b> 231:6</p> <hr/> <p style="text-align: center;"><b>4</b></p> <p><b>4</b> 6:11 51:19,22 83:20,22  86:10 120:2 159:12 168:24  231:6  <b>4.9</b> 303:12 304:11 305:7  306:3  <b>437</b> 323:20  <b>45</b> 186:1  <b>479</b> 130:1  <b>484)318-9179</b> 46:2  <b>499</b> 303:16 305:10  <b>4th</b> 60:17</p> <hr/>	<p><b>83</b> 6:11  <b>85,000</b> 101:20</p> <hr/> <p style="text-align: center;"><b>9</b></p> <p><b>9</b> 1:23 2:16 6:4,21 84:16  170:25 183:2,5,7 184:10  330:9 331:2  <b>944837</b> 328:17  <b>95</b> 6:13  <b>97</b> 98:19,21 100:7,12,19  <b>98</b> 4:12 6:14  <b>99</b> 121:25 122:12,16  <b>9th</b> 328:12</p>		
<hr/> <p style="text-align: center;"><b>5</b></p> <p><b>5</b> 6:13 95:1,4,12,12 96:4,5  217:15 245:21  <b>54</b> 6:8  <b>561-989-9080</b> 4:24  <b>565</b> 5:11  <b>59</b> 6:10  <b>5th</b> 7:16 244:23</p> <hr/> <p style="text-align: center;"><b>6</b></p> <p><b>6</b> 6:14 51:20,23 98:11,14,22  100:8,10,12 109:8 122:9  122:17 125:22 159:12  170:25 171:8 175:16 181:5  247:24 283:2  <b>6:40</b> 304:20  <b>6:55</b> 315:25  <b>6:58</b> 318:19  <b>633</b> 130:1</p> <hr/>			
<hr/> <p style="text-align: center;"><b>7</b></p> <p><b>7</b> 6:16 167:17,20,22 168:6  175:15 177:11 272:14  273:15  <b>7:00</b> 316:2 320:16  <b>7:07</b> 2:16 9:1 327:13  <b>75</b> 311:5  <b>7E</b> 175:24  <b>7th</b> 5:11</p> <hr/>			
<hr/> <p style="text-align: center;"><b>8</b></p> <p><b>8</b> 6:18 180:14,15,17 182:22  182:22  <b>801</b> 3:4  <b>81205-RAR</b> 229:9</p>			

# Exhibit "9"

Date: Tuesday, April 19 2016 03:34 PM  
Subject: Due Diligence Request List  
From: John W. Pauciulo <JPauciulo@eckertseamans.com >  
To: joecole@parfunding.com;  
CC: Dean Vagnozzi <dean@abetterfinancialplan.com >; Jerry Nave <jerry@abetterfinancialplan.com >;  
Attachments: image001.jpg; image002.jpg; JWP VAGNOZZI DUE DILIGENCE REQUEST - PAR (M1501166).docx

Joe:

Good to speak with you today.

Attached is a list of due diligence items which we'd like to review. As we discussed, I will see you at 2:00 on Friday in your offices. If you have any questions regarding the list, please contact me.

Regards,

John

**John W. Pauciulo**  
**ECKERT SEAMANS CHERIN & MELLOTT, LLC**

Two Liberty Place  
50 South 16<sup>th</sup> Street • 22<sup>nd</sup> Floor • Philadelphia, PA 19102  
Direct (215) 851-8480 | Fax (215) 851-8383  
jpauciulo@eckertseamans.com



---

**From:** Joe Cole [mailto:joecole@parfunding.com]  
**Sent:** Tuesday, April 19, 2016 9:32 AM  
**To:** John W. Pauciulo; 'Dean Vagnozzi'; 'Jerry Nave'  
**Subject:** RE: Introduction

Ok, I'll give you a call at 230p to follow up.

Thanks for confirming.

Joe Cole

---

**From:** John W. Pauciulo [mailto:JPauciulo@eckertseamans.com ]  
**Sent:** Tuesday, April 19, 2016 9:30 AM  
**To:** joecole@parfunding.com; 'Dean Vagnozzi' <dean@abetterfinancialplan.com >; 'Jerry Nave' <jerry@abetterfinancialplan.com >  
**Subject:** RE: Introduction

Joe:

I'm available any time from 2:00 until 6:00 this afternoon.



Thanks,

**John W. Pauciulo**  
**ECKERT SEAMANS CHERIN & MELLOTT, LLC**

Two Liberty Place  
50 South 16<sup>th</sup> Street • 22<sup>nd</sup> Floor • Philadelphia, PA 19102  
Direct (215) 851-8480 | Fax (215) 851-8383  
[jpauciulo@eckertseamans.com](mailto:jpauciulo@eckertseamans.com)



---

**From:** Joe Cole [<mailto:joecole@parfunding.com>]  
**Sent:** Tuesday, April 19, 2016 8:58 AM  
**To:** 'Dean Vagnozzi'; John W. Pauciulo; 'Jerry Nave'  
**Subject:** RE: Introduction

Good morning,

John, sorry I missed your call today, I was in meetings for most of the day. Would you be available to follow up sometime this afternoon?

I should be free to do a call then, so just let me know what works for you.

Joe Cole

---

**From:** Dean Vagnozzi [<mailto:dean@abetterfinancialplan.com>]  
**Sent:** Tuesday, April 19, 2016 8:50 AM  
**To:** [joecole@parfunding.com](mailto:joecole@parfunding.com); John W. Pauciulo <[jpauciulo@eckertseamans.com](mailto:jpauciulo@eckertseamans.com)>; Jerry Nave <[jerry@abetterfinancialplan.com](mailto:jerry@abetterfinancialplan.com)>  
**Subject:** Introduction

Joe...meet our attorney, John Pauciulo

John, meet Joe Cole, cfo for parents funding.

I need you two to get together as soon as you can please to start the process of putting our ppm together. We have a role out event on may 19th.

Please reply to each other and set some time to meet up please l.

Thx

Dean

Sent from my T-Mobile 4G LTE Device

----- Original message -----  
From: Joe Cole <[joecole@parfunding.com](mailto:joecole@parfunding.com)>

## DUE DILIGENCE REQUEST

April 20, 2016

Listed below are certain documents to be reviewed and information to be obtained relating to PAR Funding (the "Company"). This checklist has been prepared to facilitate the legal due diligence review of the Company in connection with the proposed investment by a fund to be formed by Pillar Life Settlement Management Company, LLC.

This checklist does not purport to be complete, as it has been prepared prior to the detailed review of any information or documents pertaining to the Company. Some items included in the checklist may not exist or may otherwise be inapplicable. If an item on the checklist is not applicable to the Company, then please indicate in writing that such item is not applicable.

### 1. Corporate and Organizational

- a. Certificate of Incorporation and all amendments thereto.
- b. Bylaws or other secondary governance documents.
- c. List of states in which the Company is qualified to do business, including names and addresses of registered agents and list of states or other jurisdictions in which the Company's trade names are registered.

### 2. Ownership of the Company

- a. A capitalization table for the Company, including all securities convertible into shares of stock and options, warrants or other securities convertible into shares of stock, and a description of all equity securities of the Company.
- b. List of all subsidiaries of the Company indicating the state and date of incorporation and the percent of stock owned. If the percentage owned is less than 100%, describe the persons (in addition to the Company) that own stock in such subsidiary and the percent of stock so owned.
- c. Copies of any agreements relating to options, warrants or other rights to acquire stock or equivalent equity interest granted, including a profits interest. Copies should include a list reflecting the names and addresses of the issuers and grantees, the amounts issued or granted, the dates of the issuances or grants, the number of shares presently exercisable, and the consideration received or to be received by the Company in each case.

### 3. Financial Information

- a. Annual and quarterly financial statements for all years and partial-year periods since January 1, 2013, whether or not audited.
- b. Forecasted income statements and balance sheets, if available, for both the current and following fiscal years, or for such periods as forecasts have been prepared, and the assumptions upon which the forecasts are based.

{M0913332.1}

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- c. List of credit facilities, lines of credit (including lender and outstanding balance as of March 31, 2016).
- d. Complete documentation of any loans made by the Company to (i) any of its affiliates (including any of its directors, officers, stockholders, employees, other companies owned or controlled by any of the foregoing, or any of the directors, officers, stockholders or employees of other companies), or (ii) any third party.
- e. List of guarantees, pledges, suretyship, or indemnity undertakings given by the Company.
- f. Identification and description of all: (i) contingent liabilities not reflected on the Company's financial statements; (ii) monetary reserves established for specific risk situations; (iii) disagreements with the Company's outside auditors concerning the Company's financial reporting during the preceding two years.

#### **4. Contracts and Arrangements**

- a. Copies of joint venture or partnership agreements to which the Company is a party.
- b. Copies of all agreements and plans entered into by the Company relating to the acquisition of, or merger with, a business, or an interest in any business, whether by acquisition or shares, acquisition of assets, or otherwise.
- c. Copies of all agreements relating to material dispositions of assets (other than sales of goods in the ordinary course of business).
- d. Copies of agreements granting to the Company any right of first refusal to acquire any business or assets, or pursuant to which the Company has granted any such rights to anyone.
- e. Form of agreements used for factoring, securitization or other financing of any accounts receivable provided by the Company.
- f. Advise if there are any facts or circumstances which may give rise to the cancellation or termination of, or claim for damages or loss under, any material agreement to which the Company is a party.

#### **5. Tax Matters**

- a. Copies of all federal, state, local and foreign income and franchise tax returns and amended returns filed by the Company for the past five years with respect to the business, assets or income of the Company, including any elections filed in regard thereto. Copies of any legal or accounting tax opinions received by the Company from outside advisors since inception.
- b. List of tax returns and the years thereof which have been audited since inception by state or federal tax authorities and copies of determination letters, audit reports and settlement documents related thereto, and all revenue ruling request files for rulings requests made since inception.

- c. List of all jurisdictions, foreign or domestic, in which the Company has, within the past five years, filed a tax return with respect to the business, assets, payroll or income of the Company.
- d. List and describe all pending or threatened audits, disputes, litigation, liens, or other open matters with regard to tax matters involving the Company.

**6. Officers and Directors, Employees, Benefit Plans and Labor Disputes**

- a. Names and addresses of each director and officer of the Company (and, if applicable, principal occupation).
- b. Schedule showing family relations among officers and directors of the Company.
- c. Copies and a schedule of contracts, plans, or arrangements regarding election or termination of directors and officers.

**7. Litigation**

- a. List and brief description, including amounts, histories and evaluations, of each threatened or pending claim, lawsuit, arbitration, mediation or investigation involving a claim for relief against the Company and the amount claimed.
- b. List and brief description of all outstanding judgments, decrees, rulings, settlements, injunctions or orders binding the Company.
- c. List and brief description of any pending or threatened criminal proceeding against the Company, or any director, officer, key employee or principal stockholder of the Company, or any such action that was completed within the past five years.
- d. List and brief description of any pending or threatened bankruptcy proceeding against the Company, or any director, officer or principal stockholder of the Company, or any such action that was completed within the past three years.
- e. List and brief description of any threatened or pending claim, lawsuit, arbitration or mediation where the Company is a claimant against any third party.

# **Exhibit “10”**

Eckert/SECSubpoena-00116

FINANCIAL DATA

EQUITY MEMBER : JOHN W. PAUCIULO

OFFICE : PHILADELPHIA

Data Thru  
12/31/2020

	2016	2017	2018	2019	2020	2016-2020
<b>Compensation History</b>						
Units	200B	190B	190B	200B	210B	
Unit Value	1,508	1,502	1,500	1,503		
Unit Distribution	302,000	285,000	285,000	301,000		
Bonus	35,000	85,000	90,000	116,000		
	337,000	370,000	375,000	417,000		
<b>Working Attorney Credits</b>						
Billable Hours	1,099	1,454	1,395	1,319	1,190	1,291
Non-Billable Hours	427	484	382	428	394	423
Time Value at Recorded Rates	536,000	659,000	698,000	719,000	718,000	666,000
Fees Collected on Billed	385,000	604,000	655,000	678,000	580,000	580,000
Average # of Weeks Time Was Late				0.4	0.6	
<b>Billing Attorney Credits</b>						
Total Hours Worked	2,568	2,554	2,680	3,463	3,339	2,921
Time Value Worked	1,087,000	1,099,000	1,150,000	1,506,000	1,468,000	1,262,000
Fees Billed	1,033,000	1,121,000	1,042,000	1,467,000	1,258,000	1,184,000
Fees Collected	887,000	945,000	1,062,000	1,253,000	1,030,000	1,035,000
Unbilled Time	303,000	195,000	238,000	172,000	303,000	242,000
Accounts Receivable	440,000	543,000	487,000	161,000	770,000	480,000
A/R Fee Writeoffs	41,000	73,000	36,000	84,000	73,000	61,000

Notes:

- Pauciulo joined the firm as a Special Member on September 1, 2010. He became an Equity Member in April 2016.
- Working attorney hours in 2020 were primarily for DuPont (200 hours), James Mikula (50 hours), US Healthconnect (355 hours) and Dean Vagnozzi (247 hours).
- Significant collections in 2020 were from Borgersen Estate (\$28,000), Vincent Camarda (\$36,000), James Mikula (\$36,000), Momentum Dynamics (\$33,000), Dean Vagnozzi (\$182,000) and US Healthconnect (\$571,000).
- Larger receivables at 12/31/20 include Bodega Holdings (\$217,000), Senior Settlements (\$187,000) and Dean Vagnozzi (\$98,000).

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FINANCIAL DATA

EQUITY MEMBER : JOHN W. PAUCIULO

OFFICE : PHILADELPHIA

Data Thru  
12/31/2019

	2015	2016	2017	2018	2019	2015-2019
<b>Compensation History</b>						
Units	Special Member					
Unit Value		200B	190B	190B	200B	
Unit Distribution	300,000	302,000	285,000	285,000		
Bonus	42,400	35,000	85,000	90,000		
	342,400	337,000	370,000	375,000		
<b>Working Attorney Credits</b>						
Billable Hours	1,448	1,099	1,454	1,395	1,319	1,343
Non-Billable Hours	381	427	484	382	428	420
Time Value at Recorded Rates	729,000	536,000	659,000	698,000	719,000	668,000
Fees Collected on Billed	637,000	385,000	604,000	655,000	678,000	592,000
Average # of Weeks Time Was Late					0.4	
<b>Billing Attorney Credits</b>						
Total Hours Worked	3,063	2,568	2,554	2,680	3,463	2,866
Time Value Worked	1,283,000	1,087,000	1,099,000	1,150,000	1,506,000	1,225,000
Fees Billed	1,092,000	1,033,000	1,121,000	1,042,000	1,467,000	1,151,000
Fees Collected	908,000	887,000	945,000	1,062,000	1,253,000	1,011,000
Unbilled Time	303,000	303,000	195,000	238,000	172,000	242,000
Accounts Receivable	371,000	440,000	543,000	487,000	161,000	400,000
A/R Fee Writeoffs	8,000	41,000	73,000	36,000	84,000	48,000

Notes:

- Pauciulo joined the firm as a Special Member on September 1, 2010. He became an Equity Member in April 2016.
- Working attorney hours in 2019 were primarily for Astea International (211 hours), DuPont (152 hours), Robert Feinberg (86 hours), Dean Vagnozzi (275 hours) and Wicked Cool Toys (67 hours).
- Significant collections in 2019 were from Astea International (\$315,000), Boccella Precast (\$72,000), Bodega Holdings (\$53,000), McCormick Taylor (\$54,000), Dean Vagnozzi (\$305,000) and US Healthconnect (\$65,000).

Eckert/SECSubpoena-00117

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EckertUSECSubpoena-00118

FINANCIAL DATA  
EQUITY MEMBER : JOHN W. PAUCIULO

OFFICE : PHILADELPHIA

Data Thru  
12/31/2018

	2014	2015	2016	2017	2018	2014-2018
<b>Compensation History</b>						
Units			200B	190B	190B	
Unit Value			1,508	1,502		
Unit Distribution	300,000	300,000	302,000	285,000		
Bonus	-	42,400	35,000	85,000		
	300,000	342,400	337,000	370,000		
<b>Working Attorney Credits</b>						
Billable Hours	1,206	1,448	1,099	1,454	1,395	1,320
Non-Billable Hours	421	381	427	484	382	419
Time Value at Recorded Rates	596,000	729,000	536,000	659,000	698,000	644,000
Fees Collected on Billed	523,000	637,000	385,000	604,000	655,000	561,000
<b>Billing Attorney Credits</b>						
Total Hours Worked	1,890	3,063	2,568	2,554	2,680	2,551
Time Value Worked	790,000	1,283,000	1,087,000	1,099,000	1,150,000	1,082,000
Fees Billed	649,000	1,092,000	1,033,000	1,121,000	1,042,000	987,000
Fees Collected	598,000	908,000	887,000	945,000	1,062,000	880,000
Unbilled Time	141,000	303,000	303,000	195,000	238,000	236,000
Accounts Receivable	210,000	371,000	440,000	543,000	487,000	410,000
A/R Fee Writeoffs	86,000	8,000	41,000	73,000	36,000	49,000

Notes:

- Pauciulo joined the firm as a Special Member on September 1, 2010. He became an Equity Member in April 2016.
- Working attorney hours in 2018 were primarily for DuPont (450 hours), Robert Feinberg (91 hours), Bodega Holdings (58 hours), Dean Vagnozzi (124 hours), Davlyn Old Holdings (145 hours) and Fallcatcher (112 hours).
- Significant collections in 2018 were from Robert Feinberg (\$39,000), One Sixty Over Ninety (\$410,000), Senior Settlements (\$38,000), Bocella Precast (\$25,000), Dean Vagnozzi (\$124,000), Fallcatcher (\$47,000) and US Healthconnect (\$53,000).



# **Exhibit “11”**

Date: Monday, April 18 2011 04:06 PM  
Subject: Re: Pillar II  
From: John W Pauciulo  
To: Enrico Pagnanelli;  
Attachments: graycol.gif

Q1: yes, correct

Q2: sort of. Revise sections that indicate the fund will buy from LPI. I think we need disclosures about the life settlement market generally.

Just do it, I will review it before it goes out.

Enrico Pagnanelli

----- Original Message -----

From: Enrico Pagnanelli  
Sent: 04/18/2011 10:35 AM EDT  
To: John Pauciulo  
Subject: re: Pillar II

John,

Upon review of my notes, I have some follow-up questions before I get started on this PPM. I do not think it is efficient for me to continue on this assignment until I am clear on these issues.

In my initial (and only) discussion with you and the people from Life Settlement Exchange ("LSX") we discussed that in the potential resale arrangement proposed by LSX, the Fund would be paying (i) the Sole Member a 9% commission; and (ii) LSX a 3% "re-marketing fee" (thus a "Sid-like" structure was contemplated).

1. On Friday you indicated that the PPM should be in our "usual format", i.e. the Sole Member will get a 3% LP interest in the Fund and collect a 7% commission from ASR on the back-end. You also did not mention any re-marketing fee being paid by the Fund to LSX. Please confirm this is correct as I missed the discussions/analysis leading up to this proposed offering structure.

2. My understanding is that the main reason we are doing this "re-sale" structure is to avoid having to disclose the SEC investigation of LPI in the PPM. Is this correct? If so, I will not mention LPI at all in the PPM. This seems consistent with our posture in the other life settlement PPMs because in those PPMs we did not disclose information on parties not directly involved in a Fund's purchase of life settlements or interests on the front-end (i.e. Dunham & Dunham and ASR were not disclosed).

Thanks and my apologies for the interruption.

Enrico

Enrico J. Pagnanelli, Esq.  
Eckert Seamans Cherin & Mellott, LLC  
Two Liberty Place  
50 South 16th Street  
Philadelphia, PA 19102  
215.851.8526 (phone)  
215.851.8383 (fax)  
epagnanelli@eckertseamans.com

Date: Friday, April 22 2011 10:10 AM  
Subject: Re: Pillar II  
From: Enrico Pagnanelli <EPagnanelli@eckertseamans.com>  
To: John W Pauciulo <JPauciulo@eckertseamans.com>;  
Attachments: graycol.gif; pic16458.gif; ecblank.gif; doclink.gif; EJP VAGNOZZI PILLAR II REDLINE (INITIAL DRAFT) (M0921680).DOCX

John,

I am leaving a copy of this email and the attached redline on your desk. The redline compares the PPM for Pillar I to my draft PPM for Pillar II.

I have several comments in the draft that are highlighted in bold.

Here are some open questions/concerns.

1. None of the links on the Life Settlement Exchange website are working. It may be a sham website/company that is controlled by Life Partners (this may not matter, we may already know this, just saying).

<http://lifesettlement-exchange.com>

2. According to the Life Settlement Exchange website, they appear to work exclusively with Life Partners. One could argue that since they only do business with Life Partners on the back-end that the investigation of Life Partner is material to an investor.

3. My research indicates that the life settlements industry has been stagnant, if not declining, for the last few years. In fact, the \$8 billion in aggregate face value of new life settlement purchases in 2009 represented a 36% decrease from the prior year's estimate (haven't found 2010 numbers yet). Thus, I took out the itemized year-by-year business volume of life settlements (pp. 16-17) because (i) this statistic is vague and I can't pinpoint the source; and (ii) I want to avoid including the 2009 numbers.

4. In the draft I stressed that the Fund is buying policies *and interests* in policies because I think Life Settlement Exchange only resells interests in policies.

Thanks,

Enrico

*(See attached file: EJP VAGNOZZI PILLAR II REDLINE (INITIAL DRAFT) (M0921680).DOCX)*

Enrico J. Pagnanelli, Esq.  
Eckert Seamans Cherin & Mellott, LLC  
Two Liberty Place  
50 South 16th Street  
Philadelphia, PA 19102  
215.851.8526 (phone)  
215.851.8383 (fax)  
epagnanelli@eckertseamans.com  
John W Pauciulo/ESCM

John W Pauciulo/ESCM

04/18/2011 04:06 PM

To

Enrico Pagnanelli/ESCM/ECM

ESCM\_DV-0118221

cc

Subject

Re: Pillar I [redacted]

Q1: yes, correct

Q2: sort of. Revise sections that indicate the fund will buy from LPI. I think we need disclosures about the life settlement market generally.

Just do it, I will review it before it goes out.

Enrico Pagnanelli

--- Original Message ---

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Sent: 04/18/2011 10:35 AM EDT  
To: John Pauciulo  
Subject: re: Pillar II

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In my initial (and only) discussion with you and the people from Life Settlement Exchange ("LSX") we discussed that in the potential resale arrangement proposed by LSX, the Fund would be paying (i) the Sole Member a 9% commission; and (ii) LSX a 3% "re-marketing fee" (thus a "Sid-like" structure was contemplated).

1. On Friday you indicated that the PPM should be in our "usual format", i.e. the Sole Member will get a 3% LP interest in the Fund and collect a 7% commission from ASR on the back-end. You also did not mention any re-marketing fee being paid by the Fund to LSX. Please confirm this is correct as I missed the discussions/analysis leading up to this proposed offering structure.

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Thanks and my apologies for the interruption.

Enrico

Enrico J. Pagnanelli, Esq.  
Eckert Seamans Cherin & Mellott, LLC  
Two Liberty Place  
50 South 16th Street  
Philadelphia, PA 19102  
215.851.8526 (phone)  
215.851.8383 (fax)  
epagnanelli@eckertseamans.com

# **Exhibit “12”**



Eckert Seamans Cherin & Mellott, LLC  
Two Liberty Place  
50 South 16<sup>th</sup> Street, 22<sup>nd</sup> Floor  
Philadelphia, PA 19102

John W. Pauciulo  
215-851-8480  
jpauciulo@eckertseamans.com

February 20, 2018

Via Email (alv@ptkfinancial.com)

Paul Terence Kohler  
Albert Vagnozzi  
c/o PTK Financial  
21 West Front Street, Suite 300  
Media, PA 19063

Re: Legal Representation

Dear Terry and Al:

We are pleased that you have asked our firm to represent each of you in connection with planning and structuring a potential offer of securities by an investment fund which you may decide to form. Our fee for this work will be approximately \$1,000.

If you elect to proceed with the organization of a fund and offering of securities by such fund, we will represent each of you and, upon formation, the fund in connection with its formation and capitalization. Our services will consist of the following: (i) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (ii) the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws including Form D and (iii) counseling with respect to conducting the offering and other regulatory compliance. The purpose of this engagement letter is to set forth our mutual understanding of the basis on which we have agreed to undertake such representation. Under the Pennsylvania Rules of Professional Conduct, we are required to inform you in writing of the basis of the fee and expense reimbursement arrangement that will be applicable to our representation. If you elect to proceed with the fund formation, we will require a retainer of \$2,500.

The charges for our services will be based upon our regular hourly rates in effect at the time the services are rendered. My rate currently is \$585 per hour. If other members in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. If associate attorneys in the firm work on this matter, their time will be billed on the basis of their regular hourly rate. Associate hourly rates currently range from \$180 to \$360 per hour depending on their experience. If firm paralegals perform services on behalf of the Client, their time will be billed on the basis of their hourly rate which is in the \$170 to \$235 range. All of our current rates will be in effect for the calendar year 2018 but are subject to change thereafter. Unless otherwise specified, any additional services requested to be provided by our firm beyond the`

**ECKERT  
SEAMANS**  
ATTORNEYS AT LAW

*Paul Terence Kohler  
Albert Vagnozzi  
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scope of the above matter also will be billed in accordance with our hourly rates in effect at the time those services are rendered.

Bills will be submitted on a monthly basis and will be itemized showing all time expended by each lawyer or paralegal involved as well as a description of all expenditures incurred on its behalf. We reserve the right to terminate our representation if such bills are not paid in a timely manner.

Except for the services described in this letter, we are not being engaged to represent you in connection with any matter. Any additional services requested to be provided by our firm beyond the scope of the above matter will be billed in accordance with our hourly rates in effect at the time those services are rendered.

Some of our clients use electronic mail ("E-Mail") to conduct communications between them and the firm. During 1999 the ethics committee of the American Bar Association issued a Formal Opinion in which it concluded that an attorney could transmit information relating to the representation of a client by use of unencrypted E-Mail sent over the Internet without violating the attorney's responsibilities under the Rules of Professional Conduct because such a mode of information transmission afforded a reasonable expectation of privacy from a technological and legal standpoint. For greater protection of client information, our firm has the capability to encrypt E-Mail. If you would like to request the use of encrypted E-Mail, please contact me so I can notify the appropriate personnel in our Information Systems department. However, no system of encryption provides absolute protection of the confidentiality of information communicated by E-Mail. If you do not want the firm to use E-Mail for some, or all, of its communication with you, please advise us promptly to that effect. We will follow your instructions as to the manner in which you want to communicate with the firm.

Clients are entitled to request and receive client-owned files unless the firm asserts a legally cognizable right to retain all or a portion of the files. No client files can be removed from the firm and transmitted to any person or entity without the client's written authorization. After a legal representation has ended, client-owned files will either be returned to the client or kept in the possession of the firm in accordance with its client file retention policy. Under that policy, client files are retained by the firm for a fixed time period after which the files may be destroyed. No client files will be destroyed unless approved by the responsible firm attorney on that legal representation or by the firm's Executive Director. Files released to a client are no longer subject to the firm's client file retention policy.

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While we will not disclose privileged or confidential information regarding our representation of your interests, you authorize us to disclose your identity or name to persons outside this firm and the fact that we represent you as legal counsel.

If this letter accurately sets forth our agreement, kindly execute a copy and return it to me at your earliest opportunity.

We appreciate the opportunity to be of service to you and look forward to working with you. If you have any questions concerning this letter, please do not hesitate to let me know.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

*John W. Pauciulo*  
By: \_\_\_\_\_  
John W. Pauciulo

Acknowledged, agreed to and accepted  
this 21<sup>st</sup> day of February, 2018:

*Paul Terence Kohler*  
\_\_\_\_\_  
Paul Terence Kohler

*Albert Vagnozzi*  
\_\_\_\_\_  
Albert Vagnozzi



**LEGAL FEES AND EXPENSES FOR FUND FORMATION AND PRIVATE PLACEMENTS**

**ECKERT SEAMANS CHERIN & MELLOTT CONFIDENTIAL AND PROPRIETARY**

<u>Task</u>	<u>Completion Time</u>	<u>Legal Fees</u>	<u>Filing Costs</u>	<u>Total</u>
1. Delaware LLC Formation <sup>1</sup>	0.8	\$150	\$525	\$675
2. Tax ID Application	1.2	\$250	N/A	\$250
3. Foreign Qualification <sup>2</sup>				
Pennsylvania	1.2	\$250	\$350	\$600
New Jersey	1.2	\$250	\$175	\$425
4. Consent Minutes	0.7	\$150	N/A	\$150
5. State Regulation D Filings				
Pennsylvania	1.5	\$300	\$525	\$825
New Jersey	1.5	\$300	\$250	\$550
6. Operating Agreement	4.0	\$2,925	N/A	\$2,925
7. Private Placement Memo and Subscription Package	10.0	\$5,850	N/A	\$5,850
8. Consulting <sup>3</sup>	2.5	\$1,500	N/A	\$1,500
<b>Total =</b>	<b>24.6</b>	<b>\$11,925</b>	<b>\$1,825</b>	<b>\$13,750</b>

<sup>1</sup> Some funds are organized as limited liability companies while others may be limited partnerships. Fees for limited partnership are higher.

<sup>2</sup> Foreign qualifications must be filed in each state in which a purchaser resides. Filing fees vary by State.

<sup>3</sup> This amount is an estimate. The time devoted to answering questions and providing legal advice can vary widely depending upon the agent.

# **Exhibit “13”**

Initial Decision Release No. 1392  
Administrative Proceeding  
File No. 3-18061

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

In the Matter of

**Retirement Surety LLC,  
Crescendo Financial LLC,  
Thomas Rose,  
David Leeman, and  
David Featherstone**

**Initial Decision**  
December 20, 2019

Appearances: Jennifer K. Vakiener, Steven Rawlings, and Jack  
Kaufman for the Division of Enforcement,  
Securities and Exchange Commission

Jeffrey J. Ansley and Troy (T.J.) Hales, Bell Nunnally &  
Martin LLP, for Respondents Thomas Rose, David  
Leeman, and David Featherstone

Before: James E. Grimes, Administrative Law Judge

### Summary

In this administrative proceeding, the Securities and Exchange Commission alleged that Respondents David Featherstone, David Leeman, and Thomas Rose sold securities in violation of the registration requirements of the Securities Act of 1933 and the Securities Exchange Act of 1934. The parties agreed to a partial settlement which included findings of fact and a finding of liability on a no-admit, no-deny basis. I partially granted the Division of Enforcement's motion for summary disposition and found that Featherstone, Leeman, and Rose should pay disgorgement and prejudgment interest. This initial decision resolves the remaining issues. I conclude that Featherstone, Leeman, and Rose did not act with scienter, first-tier civil

penalties are in public interest, and the disgorgement to be paid by Featherstone and Leeman but not Rose should be reduced due to a demonstrated inability to pay.

### Procedural Background

The Commission initiated this proceeding in July 2017, when it issued an order instituting proceedings alleging that Featherstone, Leeman, and Rose (Respondents), together with Retirement Surety LLC and Crescendo Financial LLC, violated Securities Act Section 5(a) and (c) by selling unregistered securities and Exchange Act Section 15(a)(1) by acting as brokers without registering with the Commission. In November 2017, the Commission entered an order accepting Respondents' settlement offer.<sup>1</sup> The settlement order made findings of fact and determined that they committed the charged violations.

The settlement order also resolved claims against Retirement Surety and Crescendo based on their agreement to each be legally dissolved.<sup>2</sup> As to Featherstone, Leeman, and Rose, the settlement order provided for additional proceedings to resolve whether they should be ordered to pay disgorgement, prejudgment interest, and civil penalties.<sup>3</sup> In these additional proceedings, Respondents cannot contest that they violated Section 5 and Section 15 or the settlement order's factual findings, which must be accepted as true.<sup>4</sup>

Following issuance of the settlement order, the Division moved for summary disposition. A previously assigned administrative law judge granted that motion in April 2018 and issued an initial decision.<sup>5</sup> In August 2018, following the Supreme Court's decision in *Lucia v. SEC*, the Commission remanded all pending administrative proceedings on appeal from this office, including this one; ordered that each proceeding must be reassigned to an administrative law judge who did not previously participate in the matter,

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<sup>1</sup> *Retirement Surety LLC*, Securities Act Release No. 10436, 2017 WL 5437486 (Nov. 14, 2017) (Settlement Order).

<sup>2</sup> Settlement Order § III.E.

<sup>3</sup> *Id.* § IV.

<sup>4</sup> *Id.*

<sup>5</sup> *Retirement Surety*, Initial Decision Release No. 1250, 2018 WL 1872124 (ALJ Apr. 18, 2018).

unless the parties expressly agreed otherwise; and directed the newly assigned judges to give each respondent the opportunity for a new hearing.<sup>6</sup>

After initial reassignment, this proceeding was reassigned to me in March 2019.<sup>7</sup> The Division filed a new motion for summary disposition. Respondents opposed the motion and asserted inability to pay as an affirmative defense. I granted the Division's motion in part.<sup>8</sup> I determined, based on the violations found in the settlement order, that Featherstone, Leeman, and Rose should disgorge the commissions they received for selling the unregistered securities and that prejudgment interest was appropriate.<sup>9</sup> I concluded, however, that factual disputes prevented me from deciding whether Featherstone, Leeman, and Rose acted with scienter.<sup>10</sup> Because scienter is a factor to be weighed in determining civil penalties and whether disgorgement or penalties should be reduced due to an inability to pay, I was unable to resolve those questions.<sup>11</sup>

I asked the parties to jointly propose a procedure and schedule for resolving the remaining issues, and the parties proposed that I decide the proceeding based on the existing written record, supplemented by additional briefing and evidence, without an in-person hearing. Based on the parties' agreement and the Commission's order on the continuation of proceedings, I adopted this proposal.<sup>12</sup>

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<sup>6</sup> *Pending Admin. Proc.*, Securities Act Release No. 10536, 2018 WL 4003609, at \*1, \*6 (Aug. 22, 2018); *see also Lucia v. SEC*, 138 S. Ct. 2044 (2018).

<sup>7</sup> *Retirement Surety*, Admin. Proc. Rulings Release No. 6475, 2019 SEC LEXIS 294 (ALJ Mar. 4, 2019).

<sup>8</sup> *Retirement Surety*, Admin. Proc. Rulings Release No. 6602, 2019 SEC LEXIS 1385, at \*45 (ALJ June 13, 2019).

<sup>9</sup> *Id.* at \*27–29.

<sup>10</sup> *Id.* at \*29–41.

<sup>11</sup> *Id.* at \*41, \*44.

<sup>12</sup> *Retirement Surety*, Admin. Proc. Rulings Release No. 6634, 2019 SEC LEXIS 1794 (July 19, 2019); *see* Settlement Order § IV (“[T]he hearing officer may, in his discretion, determine the issues raised in the additional proceedings on the basis of the written record, without a hearing.”); *Pending Admin. Proc.*, 2018 WL 4003609, at \*1 (ordering administrative law judges to consider the parties' “proposals for the conduct of further proceedings” in remanded proceedings). The parties waived any claim on appeal that

In conducting this proceeding, I gave no weight to the opinions, orders, or rulings of the administrative law judge who presided over this proceeding before the Commission's remand.<sup>13</sup>

### Findings of Fact

The findings and conclusions in this initial decision are based on the record and on facts officially noticed.<sup>14</sup> After my summary disposition order, Featherstone, Leeman, and Rose each submitted a new declaration regarding his financial condition in support of the inability-to-pay defense. Otherwise, the factual record is the same as the summary disposition record. For this reason, the factual findings below are largely similar to those made in the order on summary disposition.<sup>15</sup> On summary disposition, however, I reviewed the evidence in light most favorable to Respondents. In this decision, I resolve any factual disputes by a preponderance of the evidence as the standard of proof.<sup>16</sup> In a separate section, I make new findings about Respondents' ability to pay.

### Background

Respondents are in their 60s or 70s and at relevant times described themselves as licensed insurance agents.<sup>17</sup> None of them hold securities licenses and none of them has ever been registered as a broker-dealer or associated with a registered broker-dealer.<sup>18</sup>

The unregistered securities at issue in this proceeding were created by William R. Schantz.<sup>19</sup> Schantz was sanctioned and suspended in 2002 by the National Association of Securities Dealers for brokering the sale of

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determining the outcome on the basis of a written record without an in-person hearing was error. *Retirement Surety*, 2019 SEC LEXIS 1794, at \*1.

<sup>13</sup> See *Pending Admin. Proc.*, 2018 WL 4003609, at \*1.

<sup>14</sup> See 17 C.F.R. § 201.323.

<sup>15</sup> See 2019 SEC LEXIS 1385, at \*6–24 & nn.18–101.

<sup>16</sup> See *John Francis D'Acquisto*, Investment Advisers Act of 1940 Release No. 1696, 1998 WL 34300389, at \*2 (Jan. 21, 1998).

<sup>17</sup> Settlement Order ¶¶ 3–5. The Commission's factual findings in Section III of the Settlement Order are cited by paragraph number.

<sup>18</sup> *Id.* ¶¶ 3–5, 29.

<sup>19</sup> *Id.* ¶¶ 6, 12.

unregistered nine-month promissory notes guaranteed by insurance companies without disclosing the sales to the NASD-member firm with which he was associated.<sup>20</sup> In 2006, he entered into a consent order with the New Jersey Bureau of Securities for the same conduct.<sup>21</sup> Schantz agreed to disgorge \$7,000 in commissions to New Jersey.<sup>22</sup> Respondents were aware of the consent order.<sup>23</sup> In 2009, Schantz formed Verto Capital Management LLC.<sup>24</sup>

In late 2013, Verto began issuing 7% promissory notes that are central to the findings and charges in the settlement order.<sup>25</sup> From then until November 2015, Verto issued about \$12.5 million of these notes.<sup>26</sup>

In May 2017, the Commission filed a civil complaint against Schantz and Verto in the United States District Court for the District of New Jersey.<sup>27</sup> Following settlement, the court entered judgment against Schantz and Verto, permanently enjoining them from violating Securities Act Sections 5 and 17(a) and, after amendment, ordering them to pay about \$4.8 million in

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<sup>20</sup> *Id.* ¶ 6.

<sup>21</sup> *Id.* I take official notice of Schantz's consent order with the New Jersey Bureau of Securities. *See Clearing Servs. of Am., Inc.*, No. BOS 1796-02 (N.J. Bureau of Sec. Jan. 18, 2006), [http://www.njconsumeraffairs.gov/Actions/20060117\\_ClearingServicesofAmericaIncschantz.pdf](http://www.njconsumeraffairs.gov/Actions/20060117_ClearingServicesofAmericaIncschantz.pdf); 17 C.F.R. § 201.323.

<sup>22</sup> Settlement Order ¶ 6.

<sup>23</sup> *Id.* ¶ 27.

<sup>24</sup> *Id.* ¶ 9.

<sup>25</sup> *Id.* ¶¶ 9, 12.

<sup>26</sup> *Id.* ¶12.

<sup>27</sup> *See* Complaint, *SEC v. Schantz*, No. 1:17-cv-03115 (D.N.J. May 4, 2017), ECF No. 1. I take official notice of the district court's docket and its orders and the parties' filings, as reflected in the docket. *See* 17 C.F.R. § 201.323.

disgorgement, interest, and civil penalties.<sup>28</sup> About \$1.5 million remains due to 36 investors, 32 of whom were Respondents' clients.<sup>29</sup>

Respondents managed Retirement Surety from 2013 through 2015.<sup>30</sup> It described itself on its website as an organization "comprised of a group of 'state licensed partners,' all from 'career[s] outside of the financial services industry' who provide investment advice for retirement planning."<sup>31</sup> Retirement Surety has never been associated with a registered broker-dealer or registered as a broker-dealer.<sup>32</sup>

Rose and Leeman also managed Crescendo, which was formed in June 2013 to broker the sale of Verto notes.<sup>33</sup> Crescendo's website described its members as "licensed partners" using language almost identical to that found on Retirement Surety's website.<sup>34</sup> It also has never been associated with a registered broker-dealer or registered as a broker-dealer.<sup>35</sup>

### Sales of Verto Notes

Turning to the events in this case, Schantz first contacted Leeman sometime in 2012.<sup>36</sup> Rose and Featherstone first met Schantz in late 2012.<sup>37</sup> Schantz proposed to offer "a nine month note product ... that caught

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<sup>28</sup> Settlement Agreement, *Schantz* (May 4, 2017), ECF No. 3; Final Judgment as to Defendants William R. Schantz and Verto Capital Management LLC at 1–4, *Schantz* (May 8, 2017), ECF No. 4; *see* Amended Final Judgment as to Defendants William R. Schantz and Verto Capital Management LLC 1, 4, *Schantz* (Feb. 27, 2018), ECF No. 13.

<sup>29</sup> Vakiener Decl. ¶ 14.

<sup>30</sup> Settlement Order ¶ 1.

<sup>31</sup> *Id.* (alteration in original).

<sup>32</sup> *Id.*

<sup>33</sup> *Id.* ¶ 2.

<sup>34</sup> *Id.* (alterations in original).

<sup>35</sup> *Id.*

<sup>36</sup> Vakiener Decl., Ex. D at 106; *see* Resp'ts' App. 1509.

<sup>37</sup> Resp'ts' App. 1506, 1512; *see* Vakiener Decl., Ex. D. at 107.



[Respondents'] eyes, because [they] thought it was not a security.”<sup>38</sup> And Respondents knew that if the Verto notes were securities, they “should not be selling” the notes because Respondents held no securities licenses.<sup>39</sup>

Respondents began selling Verto notes in November 2013.<sup>40</sup> In order to satisfy themselves that Verto notes were not securities, they took certain steps, including conferring with Schantz and his attorney, John Pauciulo with the firm Eckert Seamans Cherin & Mellott, LLC, who told Respondents that the nine-month note “wasn’t a security because of [certain] exemptions.”<sup>41</sup> Before Respondents began selling Verto notes, Schantz told them that Pauciulo opined that the notes were not securities.<sup>42</sup> Rose testified that he, Leeman, and Schantz also had “a couple of phone call conversations” with Pauciulo, and “some” of those calls were before they started selling Verto notes.<sup>43</sup> Respondents and Schantz participated in phone conference calls with Pauciulo, during which Pauciulo told Respondents that the Verto notes were not securities.<sup>44</sup>

As part of their “due diligence outside of the law firm” that Schantz retained—meaning Pauciulo and Eckert Seamans—Respondents performed internet research about what constitutes a security and exemptions from

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<sup>38</sup> Vakiener Decl., Ex. D. at 107.

<sup>39</sup> Resp’ts’ App. 1430; *see* Vakiener Decl., Ex. D at 107.

<sup>40</sup> Settlement Order ¶ 27.

<sup>41</sup> Vakiener Decl., Ex. D. at 107; *see* Resp’ts’ App. 1513. During investigative testimony, Schantz stated, “it’s pretty clear. I’ve read the code” and “it specifically states that notes [that] would mature in nine months or less are not ... securities.” Resp’ts’ App. 1447.

<sup>42</sup> Resp’ts’ App. 1431. And Leeman testified that he believed Schantz: “most of all, we had the testimony of Mr. Schantz, who we believed would have never engaged in selling” Verto notes “if his attorney had said you better not, it is a security. He wouldn’t do that.” Vakiener Decl., Ex. E at 106.

<sup>43</sup> Vakiener Decl., Ex. D at 137. Leeman testified that they had received Pauciulo’s “view” that the Verto notes were not securities before sales started, but he could not recall whether that view was expressed in a phone call or email exchange. Vakiener Decl., Ex. E at 106; *see* Resp’ts’ App. 1513.

<sup>44</sup> Vakiener Decl., Ex. D at 136–38.

registration, including the nine-month note exemption.<sup>45</sup> Their research led Respondents to conclude that a nine-month note “may or may not be a security” depending on “different criteria.”<sup>46</sup> When asked what criteria Respondents found, Rose stated: “One, the fact that it is nine months; two, it said even if it was longer than nine months, as long as the note is backed by assets of a company, then it is not a security.”<sup>47</sup> Based on their research, Respondents “felt that [a Verto note] wasn’t a security.”<sup>48</sup>

Leeman emailed Schantz on November 15, 2013, to say that another individual, Dave Valencia, told Leeman that he (Valencia) would “not participate” because Valencia’s attorney believed the Verto notes were securities.<sup>49</sup> Leeman added, however, that his internet research revealed nothing “that would call a 9 month note a security unless the laws are different in California.”<sup>50</sup> Schantz responded that “[w]e use very good and expensive counsel to vet these issues and there is no problem at all with a 9 month note. You may be correct that there is something in California .... I would be happy to have [Valencia’s] counsel speak to ours ....”<sup>51</sup>

On November 19, 2013, Schantz emailed Leeman and attorney Thomas D. Sherman, of Locke Lord LLP, in order to introduce the two to each other.<sup>52</sup> Context shows that Sherman was the attorney who told Valencia that the Verto notes were securities. Schantz said he would be “happy to discuss our 9 month note program” and added that Pauciulo, who “has an extensive

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<sup>45</sup> Vakiener Decl., Ex. D at 108; *see id.* at 110 (“[J]ust doing Google searches, right, and trying to find SEC documents. We’re obviously not securities licensed, so we wanted to make sure we weren’t, you know, doing anything wrong.”); Vakiener Decl., Ex. E at 109; Vakiener Decl., Ex. F at 7917.

<sup>46</sup> Vakiener Decl., Ex. D at 108, 110.

<sup>47</sup> *Id.* at 109.

<sup>48</sup> *Id.* at 108.

<sup>49</sup> Vakiener Decl., Ex. F at 7917.

<sup>50</sup> *Id.*

<sup>51</sup> *Id.*

<sup>52</sup> Vakiener Decl., Ex. G at 271.

securities background and is an ex investigator for the SEC,” was “[o]ur counsel for the note program.”<sup>53</sup>

Sherman responded the next morning raising issues relating to whether the Verto notes could qualify for certain registration exemptions.<sup>54</sup> He also noted that California does not have a commercial-paper exemption and asked why the notes would not be securities under California law.<sup>55</sup> Leeman responded that he hoped “it’s all OK because I wrote up \$75,000 today!”<sup>56</sup> This statement by Leeman is the earliest evidence of when an investor purchased a Verto note brokered by Respondents. Based on a preponderance of the evidence, November 20, 2013, was the first day Respondents sold Verto notes.

The next day, November 21, 2013, Leeman forwarded Sherman’s email to Rose.<sup>57</sup> Among other things, Leeman said that if Schantz and Pauciulo convinced Sherman that “it’s OK” for them to sell the notes, “we’ve scored a big win for future people who may question it.”<sup>58</sup> He added that he “hope[d] it all works out because I wrote about \$85,000 yesterday.”<sup>59</sup> There is no evidence that Respondents had additional contact or discussions with Sherman.

At some point before November 21, 2013, Respondents also spoke to a securities attorney in Dallas named David Shelmire.<sup>60</sup> Leeman testified that Respondents spoke to Shelmire before November 21, 2013, about whether Verto notes were securities.<sup>61</sup> And when asked whether Respondents

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<sup>53</sup> *Id.*

<sup>54</sup> *Id.* at 269–70.

<sup>55</sup> *Id.* at 270.

<sup>56</sup> *Id.* at 269. He added, “Nice that we have an attorney vetting the company for us on Dave Valencia’s nickel!!” *Id.*

<sup>57</sup> Vakiener Decl., Ex. H at 31789.

<sup>58</sup> *Id.*

<sup>59</sup> *Id.*

<sup>60</sup> Vakiener Decl., Ex. D at 108–10, Ex. E at 107–08.

<sup>61</sup> Vakiener Decl., Ex. E at 107.

“consult[ed] any other attorney about” whether Verto notes were securities, Rose responded that Respondents spoke to Shelmire.<sup>62</sup>

The Division asserts that Respondents did not speak to Shelmire about whether the Verto notes were securities but instead consulted him on other issues.<sup>63</sup> Respondents did not disclose attorney-client communications with Shelmire. For this reason, I will not give any weight to Respondents’ consultations with Shelmire in determining Respondents’ mental state when selling the Verto notes.

In any event, as noted, Respondents began selling Verto notes in November 2013.<sup>64</sup> Over the next two years, Respondents sold 162 notes to 82 investors.<sup>65</sup> Respondents received a 7% commission for each note they sold, with 5% going to the individual seller and 2% to Crescendo.<sup>66</sup>

Respondents solicited investors, including their insurance clients; gave investors offering materials; advised investors; and monitored and managed investor repayments.<sup>67</sup> Rose and Leeman advertised the notes on two radio networks and directed listeners to Retirement Surety’s website.<sup>68</sup> According to the site, a Verto note was “A Nine Month, Short-Term Investment with significantly higher returns than CDs or other safe money investments,” and was “200% collateralized” by life settlement policies.<sup>69</sup> Crescendo’s website described an investment in the Verto notes as low risk and said the investment was “not a speculative investment influenced by market performance or the economy but rather an investment backed by 200% collateral with a known value.”<sup>70</sup>

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<sup>62</sup> Vakiener Decl., Ex. D at 108–09.

<sup>63</sup> Mot. at 8, 18.

<sup>64</sup> Settlement Order ¶¶ 12, 27.

<sup>65</sup> *Id.* ¶¶ 12, 20.

<sup>66</sup> *Id.* ¶ 21.

<sup>67</sup> *Id.* ¶¶ 13–20.

<sup>68</sup> *Id.* ¶ 18.

<sup>69</sup> *Id.*

<sup>70</sup> *Id.* ¶ 19.

Respondents also provided investors with a brochure.<sup>71</sup> In the brochure, Respondents stated that investments were “fully collateralized and secured by a collateral assignment and pledge agreement of the life settlements acquired and owned by Verto.”<sup>72</sup> They added that “life settlement assets will have a minimum ratio of 2:1 or 200% (loan to face value) in life settlements acquired and traded.”<sup>73</sup> Respondents also stated that the investment was “not ... speculative” and “[a]ll the risk of a life settlement maturing at an accurately determined life expectancy is born by the institutions that purchase them from Verto.”<sup>74</sup>

In late June 2014, Leeman emailed Schantz to ask about “the difference between” the notes that led to Schantz’s consent order “and what we have?”<sup>75</sup> Leeman added that “it looks like” the notes Schantz previously sold “were also 9 month notes.”<sup>76</sup>

In early August 2014, Pauciulo responded to Leeman’s forwarded email that the law in the area “is complex and can be confusing.”<sup>77</sup> He said, however, “We have drafted the documents with the intent to meet the requirements of the 9 month note exemption.”<sup>78</sup> Although Pauciulo thought the Commission or a court would agree they are exempt, he wrote that it “would not be feasible” to “provid[e] a formal legal opinion” on the subject.<sup>79</sup> He also offered that they could rely on the exemption in Securities Act “Section 4(2)” and “possibly, Regulation D.”<sup>80</sup> Finally, he suggested that rather than accepting commissions,

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<sup>71</sup> Vakiener Decl. ¶ 11.

<sup>72</sup> Vakiener Decl., Ex. J at 3 (capitalization altered).

<sup>73</sup> *Id.* (capitalization altered).

<sup>74</sup> *Id.* at 4.

<sup>75</sup> Settlement Order ¶ 27.

<sup>76</sup> *Id.*

<sup>77</sup> Vakiener Decl., Ex. I at 1.

<sup>78</sup> *Id.*

<sup>79</sup> *Id.*

<sup>80</sup> *Id.* The reference to Section 4(2) is presumably a reference to Securities Act Section 4(a)(2), which provides a registration exemption for issuer transactions not involving any public offering. 15 U.S.C. § 77d(a)(2). Regulation D under the Securities Act establishes exemptions for “limited

Respondents “could serve as a purchaser representative and be retained and paid by the purchaser.”<sup>81</sup>

Verto was sometimes unable to pay investors under the terms of their notes.<sup>82</sup> When that happened, Respondents negotiated and arranged “forbearance agreements” between Verto and the investors.<sup>83</sup> Respondents received an additional 4% commission for each forbearance agreement.<sup>84</sup>

Respondents received \$565,419 in commissions for brokering Verto notes, \$89,279 for obtaining signed forbearance agreements, and an additional \$29,552 for obtaining second forbearance agreements.<sup>85</sup> In total, this broke down to \$297,360 for Rose, \$243,435 for Leeman, and \$120,760 for Featherstone.<sup>86</sup>

For purposes of this proceeding, it is established that the Verto notes were securities and that no registration exemption applied to them.<sup>87</sup> No registration statement was ever filed for the offer and sale of the Verto notes.<sup>88</sup> Respondents knew that at least five of their investors were unaccredited.<sup>89</sup> Respondents did not provide investors with the financial information required by Securities Act Rule 502(b)(2), and no one ever filed a Form D with the

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offerings” and transactions deemed not to be public offerings. 17 C.F.R. §§ 230.504(a), .506(a).

<sup>81</sup> Vakiener Decl., Ex. I at 1.

<sup>82</sup> Settlement Order ¶ 22.

<sup>83</sup> *Id.* ¶¶ 16, 22.

<sup>84</sup> *Id.* ¶ 22.

<sup>85</sup> *Id.* ¶ 23.

<sup>86</sup> *Id.* ¶ 24.

<sup>87</sup> *Id.* ¶¶ 26, 28.

<sup>88</sup> *Id.* ¶ 28.

<sup>89</sup> *Id.* Rule 506 under Securities Act Regulation D deals with unregistered offerings to accredited investors—those who meet certain income or sophistication requirements found in Rule 501(a). 17 C.F.R. §§ 230.501(a), .506.

Commission stating that Verto had complied with the exemptions in Securities Act Rule 506.<sup>90</sup>

### Financial Condition of Respondents

The facts concerning Respondents' financial condition come from the Respondents' statements of financial condition and supporting documentation, which were prepared in May 2017, and supplemented by Respondents' August 2019 declarations.<sup>91</sup>

#### *Featherstone*

Featherstone is 72 years old.<sup>92</sup> He is self-employed as a piano tuner and rebuilder, which can be a physically demanding job and becomes more difficult as he ages.<sup>93</sup> A significant portion of his income comes from Social Security benefits.<sup>94</sup> Featherstone provides for two adult dependents who require around-the-clock care.<sup>95</sup> Caring for his dependents reduces the time he has to work, although he relies on a friend to help when he needs to work or run

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<sup>90</sup> Settlement Order ¶ 28. Rule 502(b)(2) governs the information that must be given to investors when securities are sold under Rule 506. 17 C.F.R. § 230.502(b)(2). Issuers that rely on Rule 504 or 506 use Form D to file notice with the Commission of an offering. 17 C.F.R. § 230.503(a).

<sup>91</sup> Pages 1 to 1425 of Respondents' appendix are filed under seal. *Retirement Surety*, Admin. Proc. Rulings Release No. 6526, 2019 SEC LEXIS 665 (ALJ Mar. 28, 2019). For the same reasons, Respondents' supplemental filings, pages 1505 to 1514 of the appendix and accompanying exhibits, will be placed under seal. Because Respondents' ability to pay is one of the core issues in this proceeding, however, I will discuss some high-level details from those materials that do not reveal personally identifiable or otherwise sensitive information. *See* Rules of Practice, 60 Fed. Reg. 32,738, 32,792–93 (June 23, 1995) (comment to adoption of 17 C.F.R. § 201.630(c)).

<sup>92</sup> Resp'ts' App. 1505.

<sup>93</sup> *Id.* at 1506.

<sup>94</sup> *Id.* at 1505.

<sup>95</sup> *Id.* at 1505–06.

errands.<sup>96</sup> Featherstone expects to incur “significant expenses” related to the care of his dependents.<sup>97</sup>

In 2017, Featherstone’s monthly household income varied from month to month and was approximately \$11,000.<sup>98</sup> His monthly household expenses were about \$8,600.<sup>99</sup> Because of the need to devote additional time to the care of his dependents, Featherstone’s household income decreased to approximately \$4,000 per month as of August 2019.<sup>100</sup> He did not provide an update to his monthly expenses. Featherstone reported assets of about \$1,500,000, including a home valued at \$300,000, and liabilities of about \$140,000, by far the largest of which was his home mortgage, on his 2017 statement of financial condition.<sup>101</sup>

*Leeman*

Leeman is 70 years old.<sup>102</sup> He is self-employed selling life insurance and a self-published book.<sup>103</sup> The vast majority of his household income comes from his wife, but she is 71 years old and wishes to retire.<sup>104</sup> Leeman has a significant medical condition that requires expensive treatment and hinders his ability to work.<sup>105</sup> Since 2017, Leeman’s monthly household income has been approximately \$6,300 and his monthly expenses were about \$8,000.<sup>106</sup> In

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<sup>96</sup> *Id.*

<sup>97</sup> *Id.* at 1506.

<sup>98</sup> *Id.* at 1015–16.

<sup>99</sup> *Id.* at 1016.

<sup>100</sup> *Id.* at 1505–06.

<sup>101</sup> *Id.* at 1012–13.

<sup>102</sup> *Id.* at 6, 1508.

<sup>103</sup> *Id.* at 1508.

<sup>104</sup> *Id.* at 4–6, 1508.

<sup>105</sup> *Id.* at 1508–09.

<sup>106</sup> *Id.* at 1508. Leeman’s household income was substantially higher in 2016. *Id.* at 5.



2017, his total assets were over \$430,000, including a home, and liabilities were about \$200,000.<sup>107</sup>

*Rose*

Rose is 63 years old.<sup>108</sup> He is a self-employed insurance salesperson.<sup>109</sup> His combined household income is about \$6,000 per month, the majority of which is Social Security benefits.<sup>110</sup> Rose's monthly expenses are about \$9,200.<sup>111</sup> Rose's household income was significantly higher before 2017 due to changes in his wife's employment.<sup>112</sup> Including two homes with a combined value of about \$650,000, Rose and his wife have over \$1,000,000 in total assets and about \$320,000 in total liabilities.<sup>113</sup>

## Conclusions of Law

### Civil Penalties

I denied the Division's motion for summary disposition with respect to civil money penalties due to material questions of fact regarding whether respondents acted recklessly. Reviewing the record again, I do not find sufficient evidence to conclude that they were reckless. Applying the statutory factors and considering the other sanctions imposed, I find that first-tier civil money penalties are in the public interest.

### *Legal Standards*

In this proceeding, the Commission may impose civil monetary penalties if a respondent has willfully violated a provision of the Securities Act or Exchange Act and the penalty is in the public interest.<sup>114</sup> The settlement order

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<sup>107</sup> *Id.* at 1–3.

<sup>108</sup> *Id.* at 1511.

<sup>109</sup> *Id.*

<sup>110</sup> *Id.*

<sup>111</sup> *Id.* at 1512.

<sup>112</sup> *Id.*

<sup>113</sup> *Id.* at 420–22.

<sup>114</sup> 15 U.S.C. §§ 77h-1(g)(1), 78u-2(a)(1). Under Exchange Act Section 21B(a)(2), the Commission may also impose civil monetary penalties here because this proceeding was instituted as a cease-and-desist proceeding and

conclusively resolves against Respondents the question of whether they violated the Securities Act or Exchange Act and whether they acted willfully.<sup>115</sup> That leaves the public interest and the penalty tier.

In determining whether civil penalties are in the public interest, the Commission considers (1) whether the violation involved fraud, deceit, manipulation, or deliberate or reckless disregard of a regulatory requirement; (2) the harm to others; (3) any unjust enrichment; (4) the respondent's history of securities-law violations or criminal offenses; (5) the need for deterrence; and (6) such other matters as justice requires.<sup>116</sup> The maximum civil penalty that may be imposed is based on the culpability of the respondent and is divided into three tiers. A first-tier penalty for the period at issue in this proceeding is limited to \$7,500 and may be imposed for any violation.<sup>117</sup> A second-tier penalty, which has a maximum of \$80,000, may be imposed if the violation involved fraud, deceit, manipulation, or deliberate or reckless disregard of a regulatory requirement.<sup>118</sup> And a third-tier penalty, with a maximum of \$160,000, may be imposed if the requirements for second-tier penalties are met and the violation resulted in either "substantial losses or

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Respondents violated a provision of the Exchange Act. 15 U.S.C. § 78u-2(a)(2). Section 21B(a)(2) does not explicitly require a finding that a Respondent acted willfully or that the penalty be in the public interest. *Id.*

<sup>115</sup> Settlement Order § III.D.

<sup>116</sup> 15 U.S.C. § 78u-2(c). Although the Securities Act does not contain a statutory list of public-interest factors, the Commission considers the factors listed under the other securities statutes when assessing the public interest under the Securities Act. *See Thomas C. Gonnella*, Securities Act Release No. 10119, 2016 WL 4233837, at \*14 & n.70 (Aug. 10, 2016), *pet. argued*, No. 16-3433 (2d Cir. Sept. 9, 2019); *see generally* 15 U.S.C. § 77h-1.

<sup>117</sup> 15 U.S.C. §§ 77h-1(g)(2)(A), 78u-2(b)(1); 17 C.F.R § 201.1001, tbl.I. Higher maximum penalty amounts apply to conduct occurring after November 2, 2015. *See* Adjustments to Civil Monetary Penalty Amounts, 84 Fed. Reg. 5122 (Feb. 20, 2019). Although the last Verto notes were sold in November 2015, Settlement Order ¶ 12, and Respondents earned commissions on forbearance agreements in 2016, *id.* ¶ 24, the vast majority of commissions were earned before November 2, 2015. Because the Division did not make any argument to the contrary, I will use the maximum civil penalty amounts in effect from March 6, 2013, to November 2, 2015.

<sup>118</sup> 15 U.S.C. §§ 77h-1(g)(2)(B), 78u-2(b)(2); 17 C.F.R § 201.1001, tbl.I.

created a significant risk of substantial losses to other persons” or “substantial pecuniary gain to the person who committed the act or omission.”<sup>119</sup>

There is no allegation that Respondents’ conduct involved fraud, deceit, or manipulation. The parties dispute whether Respondents acted in reckless disregard of a regulatory requirement. Recklessness is not a “heightened form of ordinary negligence” but requires “an ‘extreme departure from the standards of ordinary care ... which presents a danger of misleading buyers ... that is ... so obvious that the actor must have been aware of it.’”<sup>120</sup> For example, the “egregious refusal to see the obvious, or to investigate the doubtful’ ... is strong evidence of recklessness.”<sup>121</sup>

### *Parties’ Arguments*

The Division argues that third-tier civil penalties should be imposed because Respondents recklessly disregarded the registration requirements of the Securities Act and Exchange Act.<sup>122</sup> In support of this, the Division contends that Respondents harbored concerns that the Verto notes could be securities and were on notice after hearing from Valencia that he would not participate due to his attorney’s opinion that the Verto notes were securities.<sup>123</sup> The Division also argues that Respondents could not have reasonably relied on the information they received from Schantz and Pauciulo—who, as Verto’s attorney, was not a disinterested party.<sup>124</sup> According to the Division, Respondents began selling the notes before hearing from Pauciulo, and Pauciulo stated that he could not provide a formal legal opinion.<sup>125</sup> The

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<sup>119</sup> 15 U.S.C. §§ 77h-1(g)(2)(C), 78u-2(b)(3); 17 C.F.R § 201.1001, tbl.I.

<sup>120</sup> *SEC v. Steadman*, 967 F.2d 636, 641–42 (D.C. Cir. 1992) (quoting *Sundstrand Corp. v. Sun Chem. Corp.*, 553 F.2d 1033, 1045 (7th Cir. 1977)).

<sup>121</sup> *Bernerd E. Young*, Securities Act Release No. 10060, 2016 WL 1168564, at \*17 (Mar. 24, 2016) (quoting *Chill v. General Elec. Co.*, 101 F.3d 263, 269 (2d Cir. 1996)), *argued*, No. 16-1149 (D.C. Cir. Dec. 16, 2019).

<sup>122</sup> Div. Supp. Reply at 2

<sup>123</sup> *Id.* at 2–3; Settlement Order ¶ 27.

<sup>124</sup> Div. Supp. Reply at 3.

<sup>125</sup> *Id.*

Division further contends that Respondents' sale of the notes created a substantial risk of loss to investors.<sup>126</sup>

Respondents assert that they acted in good faith. Because they were inexperienced in securities matters, they relied on others, including Schantz and Pauciulo, who repeatedly told them that the Verto notes were not securities.<sup>127</sup>

### *Recklessness*

The evidence does not show that Respondents recklessly disregarded the registration requirements of the securities laws. Respondents knew they could not sell securities.<sup>128</sup> And they were interested in the Verto notes because they believed the notes were not securities under the nine-month exemption.<sup>129</sup> Although Respondents did some research on their own, because they did not have a securities background, they primarily relied on others' advice.<sup>130</sup> In this

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<sup>126</sup> *Id.* at 4–5.

<sup>127</sup> Supp. Resp. at 7.

<sup>128</sup> See Vakiener Decl., Ex. D. at 107.

<sup>129</sup> See *id.*

<sup>130</sup> One court has observed that because “securities laws are ‘complex and often uncertain’” a “layman [*i.e.*, a non-lawyer] has no real choice but to rely on counsel.” *Howard v. SEC*, 376 F.3d 1136, 1147 n.20 (D.C. Cir. 2004) (quoting Douglas W. Hawes & Thomas J. Sherrard, *Reliance on Advice of Counsel as a Defense in Corporate and Securities Cases*, 62 Va. L. Rev. 1, 36 (1976) (alteration in original)).

Although a securities attorney familiar with the history of the nine-month exemption might think otherwise, the statute’s plain language could be read to support a blanket exception for all nine-month notes. 15 U.S.C. §§ 77c(a)(3) (listing as exempted securities any note “which has a maturity at the time of issuance of not exceeding nine months”); 78c(a)(10) (“The term ‘security’ ... shall not include ... any note ... which has a maturity at the time of issuance of not exceeding nine months ...”). *But see Reves v. Ernst & Young*, 494 U.S. 56, 63 (1990) (“[T]he phrase ‘any note’ should not be interpreted to mean literally ‘any note,’ but must be understood against the backdrop of what Congress was attempting to accomplish in enacting the Securities Acts.”); *id.* at 73 (Stevens, J., concurring) (noting that the courts of appeals “have been unanimous in rejecting a literal reading” of the nine-month-note exemption);

proceeding, Respondents did not assert a formal advice of counsel defense, but “reliance on the advice of counsel need not be a formal defense; it is simply evidence of good faith,” and therefore “a relevant consideration in evaluating ... scienter.”<sup>131</sup>

Given Schantz’s position and disciplinary background, if Respondents had relied solely on his word that the Verto notes were not securities, their reliance would have been misplaced and they consequently might have been reckless to sell the notes. But the same is not true about Respondents’ reliance on Pauciulo. Respondents knew that he was “from a very large and reputable law firm in Philadelphia,”<sup>132</sup> and that he had extensive securities experience.<sup>133</sup> Rose and Leeman communicated with Pauciulo and received his assurance that the Verto notes were exempt before starting sales.<sup>134</sup> When Leeman raised questions about the exemption in 2014, Pauciulo again advised that the notes were created to meet the exemption’s requirements.<sup>135</sup> It is true that Pauciulo conditioned his analysis with the statement that “a formal legal opinion” regarding the Verto notes was not “feasible.”<sup>136</sup> Although this might have been a red flag to experienced securities practitioners, Respondents were not experienced. And while the Division remarks on Pauciulo’s statement that he could not “provid[e] a formal legal opinion,” it has neither explained the significance Respondents as laymen should have attached to this qualifier nor denied that Pauciulo was, in fact, an experienced securities attorney.

Respondents were unwise and perhaps overly credulous, but relying on Pauciulo’s advice was not an egregious refusal to investigate the doubtful.<sup>137</sup>

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Interpretation of Section 3(a)(3), 26 Fed. Reg. 9158, 9159 (Sept. 20, 1961) (explaining the reach of the nine-month exemption).

<sup>131</sup> *Howard*, 376 F.3d at 1147.

<sup>132</sup> Vakiener Decl., Ex. E. at 105.

<sup>133</sup> Vakiener Decl., Ex. G at 271.

<sup>134</sup> Vakiener Decl., Ex. D at 136–38; Ex. E at 106; Resp’ts’ App. 1513.

<sup>135</sup> Vakiener Decl., Ex. I at 1.

<sup>136</sup> *Id.*

<sup>137</sup> Some securities professionals, including experienced registered representatives, have a duty to investigate “where there are any unusual factors” and the failure to do so in the face of an “abundance of red flags” is evidence of extreme recklessness despite the approval of a compliance officer. *See Graham v. SEC*, 222 F.3d 994, 1005–06 (D.C. Cir. 2000) (quoting *Sharon*

Although there were some red flags, the evidence does not show that it was so obvious the notes were securities that Respondents *must* have known it. Respondents, therefore, did not act with scienter when they failed to register as brokers and sold unregistered securities. The first public interest factor weighs in Respondents' favor.

#### *Other Factors*

Regarding harm to others, the Verto notes did not perform as advertised, causing some investors to lose money. The fair fund established in *SEC v. Schantz* is evidence of the significant overall harm caused by the Verto notes, and as of April 2019 Schantz still owed \$1.5 million to investors under the terms of his judgment.<sup>138</sup> Respondents' conduct contributed to this harm, although their role in selling the notes based on Schantz's assertions was not as significant as Schantz's role in creating the notes and making unlikely assertions about them. Twenty-three investor customers of Leeman and Rose, who invested about \$1.65 million or roughly 20% of the investments brokered by Leeman and Rose, submitted declarations stating that they were "happy

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*M. Graham*, Exchange Act Release No. 40727, 1998 WL 823072, at \*6 n.30 (Nov. 30, 1998)). But Respondents were inexperienced and unregistered—a violation of the securities laws for which they are liable. While they perhaps should have known better, in their position not further investigating the notes was not extremely reckless. *Cf. id.* at 1006. Indeed, in another case involving the sale of unregistered securities, the Commission held that consulting with others, including an attorney, "whom [the respondent] reasonably regarded as more sophisticated ... than ... himself" was a strong mitigating factor that weighed in favor of a minor sanction. *Charles C. Carlson*, Exchange Act Release No. 14246, 1977 SEC LEXIS 162, at \*20 (Dec. 12, 1977).

<sup>138</sup> Vakiener Decl. ¶ 14; Amended Final Judgment as to Defendants William R. Schantz and Verto Capital Management LLC, *Schantz* (Feb. 27, 2018), ECF No. 13. Schantz and the Commission have continued to litigate over the unsatisfied balance of the consent judgment. *See Order, Schantz* (July 1, 2019), ECF No. 28 (holding Schantz in contempt); Consent Order, *Schantz* (Sept. 23, 2019), ECF No. 45 (appointing an agent to sell a property).

with the services provided.”<sup>139</sup> Of those 23 investors, 11 had received a full return of principal and interest.<sup>140</sup>

Respondents received large commissions—7% on the original sales and 4% on the forbearance agreements. These commissions constituted unjust enrichment. On the other hand, Respondents do not have any history of violations of the securities laws or prior disciplinary history. And given Respondents’ age, current employment, suspensions from industry association, and cease-and-desist order, the need for specific deterrence is minimal and the need for general deterrence is adequately covered by the other sanctions imposed.

As to “such other matters as justice requires,” Respondents’ liability hinges on whether the Verto notes were securities. Although Respondents now concede—and the settlement order confirms—that the notes were securities, Respondents were not reckless in determining that the notes were not securities.<sup>141</sup> I cannot ignore, however, the fact that Respondents “held themselves out as financial advisors providing specialized knowledge on investments,” when they lacked any specialized knowledge.<sup>142</sup> And although they were aware of Schantz’s background, Respondents accepted his unlikely assertions about Verto notes at face value without further investigation and without supporting documentation.<sup>143</sup> They therefore told prospective investors that Verto notes were non-speculative, low risk and “200%

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<sup>139</sup> Resp’ts’ App. 1451–60, 63–78, 81–82, 1487–1504; *see* Settlement Order ¶ 24.

<sup>140</sup> Resp’ts’ App. at 1451, 1453, 1455, 1457, 1471, 1473, 1477, 1489, 1493, 1495, 1497.

<sup>141</sup> Respondents’ situation is similar to that in *Carlson*, where the Commission held that although Carlson sold unregistered securities, his liability was mitigated by the fact that he relied on the advice of others, including an attorney, “whom he reasonably regarded as more sophisticated ... than he was.” 1977 SEC LEXIS 162, at \*20; *see id.* at \*20 n.40 (stating that although “those assurances [were] incorrect[,] ... we cannot shut our eyes to the fact that some” authoritative sources “appear[ed] to have agreed with ... the assurances on which Carlson relied.”).

<sup>142</sup> Settlement Order ¶ 25; Vakiener Decl., Ex. E at 112.

<sup>143</sup> Vakiener Decl., Ex. D at 76, 89–90.

collateralized” based only on what Schantz told them.<sup>144</sup> So, while Respondents did not act with scienter in violating Section 5 and Section 15, their actions leave much to be desired.

### *Conclusion*

Because Respondents did not act with scienter, only first-tier civil penalties may be imposed. Respondents’ misconduct led to serious harm to investors and Respondents received hundreds of thousands in unjust enrichment. Weighing Respondents’ conduct and the other statutory factors, and Respondents’ ability to pay, which is addressed below, a civil penalty within the first-tier range is appropriate and in the public interest. I will order each Respondent to pay a \$3,750 civil penalty.

### **Ability to Pay**

In determining whether disgorgement, interest, or monetary penalties are in the public interest, the Commission or its administrative law judges may consider evidence concerning ability to pay.<sup>145</sup> Considering this evidence is an exercise of discretion, and even if the Commission considers ability to pay, it “is only one factor ... and is not dispositive.”<sup>146</sup> Respondents bear the burden of proving their inability to pay.<sup>147</sup>

The Commission has not provided extensive guidance concerning inability to pay, but it has imposed penalties despite a demonstrated inability to pay when the misconduct at issue is “sufficiently egregious.”<sup>148</sup> I will apply a two-part inquiry in determining whether to reduce monetary sanctions due to an inability to pay.<sup>149</sup> First, I will consider whether any Respondent has

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<sup>144</sup> Settlement Order ¶¶ 18–19; Vakiener Decl., Ex. D at 76, 89–90.

<sup>145</sup> 17 C.F.R. § 201.630(a); see 15 U.S.C. §§ 77h-1(g)(3), 78u-2(d). Because the Division has not disputed Respondents’ ability-to-pay evidence, I take it at face value.

<sup>146</sup> *Thomas C. Bridge*, Securities Act Release No. 9068, 2009 WL 3100582, at \*25 (Sept. 29, 2009), *pet. denied sub nom. Robles v. SEC*, 411 F. App’x 337 (D.C. Cir. 2010).

<sup>147</sup> *Philip A. Lehman*, Exchange Act Release No. 54660, 2006 WL 3054584, at \*4 & nn.29–30 (Oct. 27, 2006).

<sup>148</sup> *Bridge*, 2009 WL 3100582, at \*25; *Lehman*, 2006 WL 3054584, at \*4.

<sup>149</sup> See *Retirement Surety*, 2019 SEC LEXIS 1385, at \*42–44.



demonstrated an inability to pay in whole or in part. Second, if a Respondent has demonstrated an inability to pay, I will consider whether I should credit that in view of the seriousness or egregiousness of the violation in relation to the Commission's mission of "protecting investors[,] ... safeguarding the integrity of the markets," and "making securities law violations unprofitable."<sup>150</sup>

*Featherstone*

Although Featherstone reported significant assets on his statement of financial condition, review of that document shows that his net assets are not as significant as they appear.<sup>151</sup> Since he submitted that statement, his income has decreased substantially and he has an additional adult dependent. Featherstone's income is now insufficient to cover his monthly expenses, and his long-term earning potential is low.

I previously determined that Featherstone should disgorge \$120,760.<sup>152</sup> While I did not calculate prejudgment interest, it is likely to be significant—more than \$13,000.<sup>153</sup> Comparing this amount to Featherstone's current financial condition, he has established an inability to pay the entire amount. Turning to the second part of the inquiry, while the violations are serious,<sup>154</sup>

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<sup>150</sup> *Gordon Brent Pierce*, Securities Act Release No. 9555, 2014 WL 896757, at \*19 (Mar. 7, 2014) (quoting *SEC v. Rind*, 991 F.2d 1486, 1491 (9th Cir. 1993)) (describing the Commission's mission in the course of explaining the purpose of disgorgement), *pet. denied*, 786 F.3d 1027 (D.C. Cir. 2015).

<sup>151</sup> In his May 2017 statement of financial condition, Featherstone declared that his net worth exceeded \$1 million. Resp'ts' App. at 1012–13. His largest asset, however, was identified as the "Cash Surrender Value of Insurance." *Id.* at 1012. But in his explanation of assets, Featherstone stated that his insurance policies were "beneficial to [his] family as stated in the policy," and "[b]oth are term, not permanent life." *Id.* at 1013. Featherstone's next biggest asset is his home, but it is partially encumbered by a mortgage and is the home for two dependents who depend on him to provide constant care. *Id.* at 1012–13. One of Featherstone's dependents is also the beneficiary of a trust that, in 2017, provided annual income of about \$3,000. *Id.* at 1419–20.

<sup>152</sup> *Retirement Surety*, 2019 SEC LEXIS 1385, at \*27.

<sup>153</sup> *See id.* at \*27 n.106.

<sup>154</sup> The registration requirements in Securities Act Section 5 "are a keystone of the entire system of securities regulation, and set forth basic requirements for the protection of investors." *Sirianni v. SEC*, 677 F.2d 1284, 1289 (9th Cir.

Featherstone's conduct was not egregious. As discussed, he did not act with scienter. It is appropriate to credit his inability to pay.

Because Featherstone's monthly cash flow is negative and not likely to increase in the future, and because of the economic challenges he faces resulting from the fact he must provide long-term, continuous care for two dependents, it is appropriate to discount his disgorgement amount. But because of the importance of Section 5 and Section 15, and because of the manner in which Respondents held themselves out as financial advisors and accepted and repeated Schantz's claims, I cannot waive the entire disgorgement amount. I will discount it by half, for a final disgorgement figure of \$60,380, plus prejudgment interest.<sup>155</sup>

*Leeman*

Leeman reported a net worth of about \$240,000, most of which is equity in his home.<sup>156</sup> His monthly household expenses exceed his monthly household income, and this income is likely to decrease in the future considering his significant medical condition and his and his wife's age. I previously determined that Leeman should disgorge \$243,435, and prejudgment interest is likely to exceed \$26,000.<sup>157</sup> I find that Leeman has established an inability to pay. Leeman did not act with scienter, and his conduct was not otherwise egregious. I will credit his inability to pay.

Leeman's financial condition is precarious and unlikely to improve in the future. Nevertheless, Leeman is not impecunious, and the seriousness of the violations and his behavior requires that some monetary sanction be imposed. Balancing these factors with Leeman's health, income, and expenses, I reduce

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1982). Similarly, the registration requirement in Exchange Act Section 15 "is 'of the utmost importance in effecting the purposes of the Act' because it enables the SEC 'to exercise discipline over those who may engage in the securities business and it establishes necessary standards with respect to training, experience, and records.'" *SEC v. Bengier*, 697 F. Supp. 2d 932, 944 (N.D. Ill. 2010) (quoting *Celsion Corp. v. Stearns Mgmt. Corp.*, 157 F. Supp. 2d 942, 947 (N.D. Ill. 2001)).

<sup>155</sup> Prejudgment interest will be calculated from January 1, 2017, as Respondents' earned Commissions "through 2016." Settlement Order ¶ 24.

<sup>156</sup> Resp'ts' App. at 1-3.

<sup>157</sup> *Retirement Surety*, 2019 SEC LEXIS 1385, at \*27 & n.106.

the disgorgement amount to \$24,343.50, or 10% of the determined total, plus prejudgment interest.

### *Rose*

Rose is the youngest of the Respondents and in the best financial condition. Although he reported that his expenses currently exceed his household income, he has the highest prospects for increasing income in the future. Rose owns two homes with a combined value of about \$650,000, he and his wife have over \$1,000,000 in total assets and about \$320,000 in total liabilities.<sup>158</sup> I previously determined that Rose should disgorge \$297,360 and prejudgment interest is likely to exceed \$31,000.<sup>159</sup> Comparing this amount to Rose's financial condition, I find that he has not demonstrated an inability to pay.

Although Rose reported negative monthly cash flow, his net worth is significant, and it appears likely that his household income will increase (or his expenses will decrease) in the future. He and his wife have not yet reached retirement age. For these reasons, I find that Rose can pay the amount of the disgorgement ordered, plus prejudgment interest.<sup>160</sup>

### **Order**

Under Rules of Practice 322 and 630(c), I ORDER that pages 1505 to 1514 of Respondents' appendix and accompanying exhibits be maintained under seal.

Under Section 8A(e) of the Securities Act of 1933 and Sections 21B(e) and 21C(e) of the Securities Exchange Act of 1934, David Featherstone must DISGORGE \$60,380; David Leeman must DISGORGE \$24,343.50; and Thomas Rose must DISGORGE \$297,360. Respondents must pay prejudgment interest on the amount of disgorgement imposed. The prejudgment interest owed will be calculated from January 1, 2017, to the last day of the month preceding the month in which payment of disgorgement is made. Prejudgment interest will be computed at the underpayment rate of interest established

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<sup>158</sup> Resp'ts' App. at 420–22.

<sup>159</sup> *Retirement Surety*, 2019 SEC LEXIS 1385, at \*27 & n.106.

<sup>160</sup> *Cf. Robert L. Burns*, Advisers Act Release No. 3260, 2011 WL 3407859, at \*12 (Aug. 5, 2011) (holding that, where a respondent's net worth exceeded the total amount of disgorgement, penalties, and interest, the respondent had not shown an inability to pay).

under Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. § 6621(a)(2), and compounded quarterly.

Under Section 8A(g) of the Securities Act of 1933 and Section 21B(a)(1)–(2) of the Securities Exchange Act of 1934, David Featherstone, David Leeman, and Thomas Rose must each PAY A CIVIL MONEY PENALTY of \$3,750.

Under Rule of Practice 1100, I ORDER that any funds recovered by disgorgement or civil penalties be placed in a fair fund for the benefit of investors harmed by the violations.

Payment of civil money penalties, disgorgement, and interest must be made no later than 21 days following the day this initial decision becomes final, unless the Commission directs otherwise. Payment must be made in one of the following ways: (1) transmitted electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request; (2) direct payments from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/ofm>; or (3) by certified check, bank cashier's check, bank money order, or United States postal money order made payable to the Securities and Exchange Commission and hand-delivered or mailed to the following address alongside a cover letter identifying the Respondent and Administrative Proceeding No. 3-18061: Enterprise Services Center, Accounts Receivable Branch, HQ Bldg., Room 181, AMZ-341, 6500 South MacArthur Blvd., Oklahoma City, Oklahoma 73169. A copy of the cover letter and instrument of payment must be sent to the Commission's Division of Enforcement, directed to the attention of counsel of record.

This initial decision will become effective in accordance with and subject to the provisions of Rule 360.<sup>161</sup> Under that rule, a party may file a petition for review of this initial decision within 21 days after service of the initial decision. Under Rule of Practice 111, a party may also file a motion to correct a manifest error of fact within ten days of the initial decision.<sup>162</sup> If a motion to correct a manifest error of fact is filed by a party, then a party has 21 days to file a petition for review from the date of the order resolving such motion to correct a manifest error of fact.

The initial decision will not become final until the Commission enters an order of finality. The Commission will enter an order of finality unless a party files a petition for review or motion to correct a manifest error of fact or the Commission determines on its own initiative to review the initial decision as

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<sup>161</sup> See 17 C.F.R. § 201.360.

<sup>162</sup> See 17 C.F.R. § 201.111.

to a party. If any of these events occur, the initial decision will not become final as to that party.

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James E. Grimes  
Administrative Law Judge

# Exhibit "14"



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
NEW YORK REGIONAL OFFICE  
200 Vesey Street  
ROOM 400  
NEW YORK, NY 10281-1022

Jennifer K. Vakiener  
WRITER'S DIRECT DIAL  
TELEPHONE: (212) 336-5145  
vakienerj@sec.gov

February 23, 2018

**By ECF and UPS DELIVERY**

The Honorable Robert B. Kugler  
United States District Judge, District of New Jersey  
Mitchell H. Cohen Building & U.S. Courthouse  
4th & Cooper Streets  
Camden, NJ 08101

**Re: SEC v. Schantz, et al., 17-cv-03115 (RBK) (JS) (D.N.J.)**

Dear Judge Kugler:

Plaintiff Securities and Exchange Commission ("Commission") writes to request that the Court enter the enclosed Amended Final Judgment, to which both defendants in this case have consented. The Amended Final Judgment adds certain relief to the current Final Judgment (which the Court entered on May 8, 2017), based on information the Commission received subsequent to the entry of that Final Judgment.

The Final Judgment entered on May 8, 2017 (the "Final Judgment") was intended to settle the Commission's claims in this case against the defendants in this case, William R. Schantz and Verto Capital Management LLC (collectively, "Defendants"). The Final Judgment provides, among other things, that Defendants are to pay a total of \$4,033,666 to 36 harmed investors listed in Exhibit B to the consent appended to the Final Judgment. As we informed the Court on June 6, 2017, one of the 36 harmed investors subsequently informed the Commission of three promissory notes that were not included in Exhibit B to the Final Judgment. We also subsequently learned that Defendants owe additional interest, related to three of the investments listed on Exhibit B. Defendants have agreed to pay the additional amounts owed investors, and those additional amounts are included in (and are the reason for) the enclosed proposed Amended Final Judgment. Those amounts include an additional \$446,000 in principal and \$152,822 interest payments owed investors on their promissory notes, as well as additional prejudgment interest of \$21,774.

Enclosed is the parties' proposed Amended Final Judgment and attached executed consent of Defendants (referenced in the Amended Final Judgment). For the foregoing reasons, the Commission respectfully requests that the Court approve and enter the proposed Amended Final Judgment.

Respectfully submitted,  
/s/  
Jennifer K. Vakiener  
Senior Counsel  
Division of Enforcement

Enclosures

cc: David Laigaie, Esq. (by email)  
John W. Pauciulo, Esq. (by email)  
David E. Dauenheimer (by email)

IN THE UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

VERTO CAPITAL MANAGEMENT LLC and  
WILLIAM R. SCHANTZ III

Defendants

17 Civ. 3115 (RBK)

ECF CASE

**AMENDED FINAL JUDGMENT AS TO DEFENDANTS WILLIAM R. SCHANTZ  
AND VERTO CAPITAL MANAGEMENT LLC**

WHEREAS, on May 4, 2017, the Securities and Exchange Commission (“Commission”) filed a Complaint; and defendants William R. Schantz and Verto Capital Management LLC (“Defendants”) having entered a general appearance, consented to the Court’s jurisdiction over Defendants and the subject matter of this action, consented to entry of a Final Judgment on May 8, 2017 (“May 8, 2017 Final Judgment”) without admitting or denying the allegations of the Complaint (except as to jurisdiction), executed the Amended Consent attached hereto and incorporated herein, waived findings of fact and conclusions of law, and waived any right to appeal from this Amended Final Judgment;

WHEREAS, on or about May 30, 2017, the Commission learned of three promissory notes that were not included in the May 8, 2017 Final Judgment, and four promissory notes that were included in the May 8, 2017 Final Judgment but for which additional interest payments were omitted, (collectively, “Additional Note Payments”);



WHEREAS, the intent of the Commission and Defendants is to settle all claims arising from the Complaint, including the Additional Note Payments;

THEREFORE, the Court enters this Amended Final Judgment as follows:

I.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants are permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;  
or
- (c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Amended Final Judgment by personal service or otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a).

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants are permanently restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. § 77e] by, directly or indirectly, in the absence of any applicable exemption:

- (a) Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise;
- (b) Unless a registration statement is in effect as to a security, carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale; or
- (c) Making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security, unless a registration statement has been filed with the Commission as to such security, or while the registration statement is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act [15 U.S.C. § 77h].

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Amended Final Judgment by personal service or otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active

concert or participation with Defendants or with anyone described in (a).

III.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Schantz is permanently restrained and enjoined from selling any promissory notes, either directly or through any entity of which he has any ownership interest or control, or through any family member or associate.

IV.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants are liable, jointly and severally, for disgorgement of \$4,032,488, prejudgment interest of \$146,625.11, and a civil penalty in the amount of \$600,000 pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], for a total of \$4,779,113.11. Defendants shall satisfy this obligation by paying, \$4,654,260 to the Securities and Exchange Commission pursuant to the terms of the payment schedule set forth in paragraph V below, after entry of this Amended Final Judgment. All amounts due shall be deemed satisfied upon successful completion of payment plan set forth at paragraph V below.

Defendants may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request. Payment may also be made directly from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>. Defendants may also pay by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission, which shall be delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
6500 South MacArthur Boulevard

Oklahoma City, OK 73169

and shall be accompanied by a letter identifying the case title, civil action number, and name of this Court; William R. Schantz and Verto Capital Management LLC as defendants in this action; and specifying that payment is made pursuant to this Amended Final Judgment.

Defendants shall certify, in writing, compliance with the payment obligations set forth above no later than seven (7) days from the date of the payment. Defendants shall simultaneously transmit photocopies of evidence of payment (e.g., copies of check and/or wire transfer information). Defendants shall submit the certification and supporting material to Steven G. Rawlings *via* email. By making this payment, Defendants relinquish all legal and equitable right, title, and interest in such funds and no part of the funds shall be returned to Defendants.

The Commission may enforce the Court's judgment for disgorgement and prejudgment interest by moving for civil contempt (and/or through other collection procedures authorized by law) if any payments due pursuant to the schedule set forth below are not made in full and on time. Defendants shall pay pre-judgment and post-judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961. The Commission shall hold the funds, together with any interest and income earned thereon, to be distributed to harmed investors. A Fair Fund comprised of the funds held by the Commission is created pursuant to provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended by the Dodd-Frank Act of 2010. The Fair Fund will be distributed in the manner provided below.

Assuming the payments due pursuant to the schedule in paragraph V below are timely made, the Commission will distribute the Fair Fund. After receiving a payment pursuant to the schedule in Paragraph V below, the Commission shall distribute the payment pro-rata to investors who have not been repaid the amounts of principal and interest owed at the maturity of

their note (hereinafter, the “Investors”). Attached hereto as Exhibit B is a list of the Investors (with names redacted), including the amounts of principal and interest owed to each Investor. Attached hereto as Exhibit C is a schedule of the amounts the Investors shall receive in the event that Defendants timely make full payments pursuant to the schedule set forth herein. The Commission may seek to modify the schedule of payments to investors, with the approval of the Court, in the event that Defendants are able to pay the amounts owed earlier than the schedule in Paragraph V contemplates or in the event that the Commission becomes aware that any information concerning the Investors or amounts owed to Investors requires modification. Commission staff shall engage a tax administrator for the above payments to the investors as the Fair Fund constitutes a qualified settlement fund under section 468B(g) of the Internal Revenue Code, 26 U.S.C. § 468B(g), and related regulations, 26 C.F.R. §§ 1.468B-1 through B-5. Taxes, if any, and related administrative expense shall be paid from the Fund.

The Court shall retain jurisdiction over the administration of any distribution of the Fund. If the Commission staff determines that the Fund, or any portion thereof, will not be distributed, the Commission shall send any such funds paid pursuant to this Amended Final Judgment to the United States Treasury.

Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil penalties pursuant to this Judgment shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Defendants shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Defendant’s payment of disgorgement in this action, argue that they are entitled to, nor shall they further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Defendants’ payment of a civil

penalty in this action (“Penalty Offset”). If the court in any Related Investor Action grants such a Penalty Offset, Defendants shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission’s counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this Judgment. For purposes of this paragraph, a “Related Investor Action” means a private damages action brought against Defendants by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

V.

Defendants shall, jointly and severally, pay disgorgement of \$4,032,488, prejudgment interest of \$21,772, and a civil penalty in the amount of \$600,000, for a total of \$4,654,260.

Payment shall be made in the following installments:

- 1) Within 14 days of the entry of the May 8, 2017 Final Judgment, disgorgement of \$250,000 (which has been paid);
- 2) Within 90 days of the entry of the May 8, 2017 Final Judgment, disgorgement of \$600,000 (which has been paid);
- 3) Within 180 days of the entry of the May 8, 2017 Final Judgment, disgorgement of \$600,000 (which has been paid);
- 4) Within 270 days of the entry of the May 8, 2017 Final Judgment (on or before February 2, 2018), disgorgement of \$600,000;
- 5) Within 360 days of the entry of the May 8, 2017 Final Judgment (on or before May 3, 2018), disgorgement of \$1,383,666, and penalty of \$600,000 (combined, \$1,983,666), plus post-judgment interest if necessary.

- 6) On or before August 8, 2018, disgorgement of \$45,333;
- 7) On or before September 10, 2018, disgorgement of \$45,333;
- 8) On or before October 9, 2018, disgorgement of \$45,333;
- 9) On or before November 8, 2018, disgorgement of \$45,333;
- 10) On or before December 10, 2018, disgorgement of \$45,333;
- 11) On or before January 2, 2019, disgorgement of \$372,157, and prejudgment interest of \$21,772 (combined, \$393,929), plus post-judgment interest if necessary.

Payments shall be deemed made on the date they are received by the Commission and shall be applied first to post judgment interest, which accrues pursuant to 28 U.S.C. 1961 on any unpaid amounts due after 14 days of the entry of Amended Final Judgment. If William R. Schantz and/or Verto Capital Management fail to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Amended Final Judgment, including pre-judgment and post-judgment interest (minus any payments previously made) may become due and payable immediately at the discretion of the staff of the Commission without further application to the Court.

## VI.

To secure payment of the disgorgement and penalties against Defendants, ordered by the Amended Final Judgment, Defendant Schantz and the co-owner will provide plaintiff Securities and Exchange Commission (“Commission”) with Mortgages with respect to the properties they own located at 1040 Riverton Road, Moorestown, NJ 08057 and 16 Crider Avenue, Moorestown, NJ 08057 (the “Properties”). Defendant Schantz and the co-owner consent to the Commission’s filing, at the expense of Defendant Schantz, the Mortgages, and taking any other

steps necessary to perfect the Commission's security interest in the Property, upon the Court's entry of the Final Judgment. In the event Defendants fail to make any payment on schedule in paragraph V of this Final Judgment, the Commission may enforce the Mortgages against the Properties.

To further secure the payment of the disgorgement, prejudgment interest, civil penalty, and pre-judgment and post-judgment interest (if applicable), as ordered by the Amended Final Judgment, Defendants have also provided the Commission with an unconditional guaranty (the "Unconditional Guaranty") of payment from Mid Atlantic Financial LLC, Senior Settlements LLC, and Green Leaf Capital Management LLC (collectively the "Guarantors"). In the event Defendants fail to make any payment within the times set by paragraph V of this Amended Final Judgment, the Commission may enforce the Unconditional Guaranty against the Guarantors. The Unconditional Guaranty provides that the Commission may enforce the Unconditional Guaranty against the Guarantors without the requirement that the Commission first proceed against the Defendants, and whether or not the Defendants, or any of them, are discharged from their obligations under the Amended Final Judgment, in whole or in part. The Unconditional Guaranty further provides that any waiver, modification or extension of time for payment given by the Commission to the Defendants shall not discharge or otherwise affect the obligations of the Guarantors.

To further secure payment of the disgorgement and penalties against Defendants, ordered by the Amended Final Judgment, Defendants have also provided the Commission with a collateral assignment (the "Collateral Assignment") of all of Defendants' rights in the life insurance policy listed in Attachment A (the "Life Insurance Policy"). Defendants consent to the Commission's filing of the Collateral Assignment, and taking any other steps necessary to



perfect the Commission's security interest in the Life Insurance Policy, upon the Court's entry of the Amended Final Judgment. In the event Defendants fail to make any payment on schedule as required by the Amended Final Judgment, the Commission may file with the carrier, take ownership over and possession of the Life Insurance Policy and sell it and use the proceeds for the Fair Fund, which proceeds will be credited against the total amount owed by the Defendants pursuant to the Amended Final Judgment.

## VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Amended Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Defendants shall comply with all of the undertakings and agreements set forth therein.

Defendants further agree that, in the event of any proposed sale of any of the Life Insurance Policy, Defendants will provide notice to the staff of the Securities and Exchange Commission (the "Staff"), at least seven (7) calendar days prior to executing any agreement to transfer any of the Life Insurance Policy, including by providing the Staff the "Proposed Sale Documentation Package." The Proposed Sale Documentation Package refers, at a minimum, to documents sufficient to demonstrate all terms of the proposed sale, the proposed purchaser, the proposed sale price, the terms for payment of that sale price, and any contingencies or conditions precedent to the proposed sale. The Staff reserves the right to request additional information related to any proposed sale of any of the Life Insurance Policy.

Defendants agree that, in the event the Staff objects to any proposed sale of the Life Insurance Policy, the Staff and counsel for Defendants will meet and confer to discuss any issues that the Staff identifies with respect to the proposed sale. Defendants agree that if, after the meet

and confer process, the Staff maintains an objection to the proposed sale, and Defendants nonetheless wish to proceed with the sale, Defendants must seek formal approval from the Court that enters this Consent Judgment before proceeding with any such sale. Defendants agree that any proceeds from the sale or from maturity of the Life Insurance Policy shall be sent to the Commission within seven (7) calendar days of receipt of the proceeds by Defendants or any other entity controlled by Defendant Schantz. Such proceeds will be credited against the total amount owed by Defendants under this Amended Final Judgment, and will be deducted from the next payment due pursuant to the schedule of payments in paragraph V of this Amended Final Judgment provided all prior payments have been made.

#### VIII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the allegations in the complaint are true and admitted by Defendants, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendants under this Amended Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendants of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

#### IX.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that upon entry, the Amended Final Judgment supersedes the May 8, 2017 Final Judgment, which is hereby rendered moot.

X.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Amended Final Judgment.

Dated: \_\_\_\_\_, \_\_\_\_\_

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Honorable Robert B. Kugler  
UNITED STATES DISTRICT JUDGE

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

WILLIAM R. SCHANTZ III,  
VERTO CAPITAL MANAGEMENT LLC,

Defendants,

17 Civ. 3115 (RBK)

ECF CASE

**AMENDED CONSENT OF DEFENDANTS WILLIAM R. SCHANTZ AND  
VERTO CAPITAL MANAGEMENT LLC**

1. WHEREAS, on May 4, 2017, the Securities and Exchange Commission (“Commission”) filed a Complaint; and defendants William R. Schantz and Verto Capital Management LLC (“Defendants”) having entered a general appearance, consented to the Court’s jurisdiction over Defendants and the subject matter of this action, consented to entry of a Final Judgment on May 8, 2017 (“May 8, 2017 Final Judgment”) without admitting or denying the allegations of the Complaint (except as to jurisdiction);

2. WHEREAS, after the filing of the Complaint, Defendants confirmed to the Commission the existence of three previously undisclosed promissory notes that were not included in the May 8, 2017 Final Judgment, and four promissory notes that were included in the May 8, 2017 Final Judgment but for which additional interest payments were omitted, (collectively, “Additional Note Payments”);

3. WHEREAS, the intent of the Commission and Defendants is to settle all claims arising from the Complaint, including the Additional Note Payments;

4. Defendants waive service of a summons and the complaint in this action, enter a general appearance, and admit the Court's jurisdiction over Defendants and over the subject matter of this action.

5. Without admitting or denying the allegations of the Complaint (except as to personal and subject matter jurisdiction, which Defendants admit), Defendants hereby consent to the entry of the Amended Final Judgment in the form attached hereto (the "Amended Final Judgment") and incorporated by reference herein, which, among other things:

- a. permanently restrains and enjoins Defendants from violations of Section 5 of the Securities Act of 1933, as amended (the "Securities Act") [15 U.S.C. § 77e], and Section 17(a) of the Securities Act [15 U.S.C. §§ 77q(a)];
- b. permanently restrains and enjoins Defendant Schantz from selling any promissory notes, either directly or through any entity he has any ownership or control interest in, or through any family member or associate.
- c. orders Defendants, joint-and-severally, to pay disgorgement in the amount of \$4,032,488 and prejudgment interest in the amount of \$146,625.11;<sup>1</sup>
- d. orders Defendants, joint-and-severally, to pay a civil penalty in the amount of \$600,000 under Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)]; and
- e. orders that all amounts due by Defendants shall be deemed satisfied by their payment of \$4,656,262 to the Securities and Exchange Commission pursuant to the terms of the payment schedule set forth in paragraph 12 below.

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<sup>1</sup> PJI amount is calculated as follows: total disgorgement from date of last note 10/9/15 through 11/20/16.

f. orders that all amounts ordered to be paid by this Amended Final Judgment shall accrue post-judgment interest pursuant to 28 U.S.C. § 1961 until paid.

6. To secure payment of the disgorgement and penalties against Defendants, ordered by the Amended Final Judgment, Defendant Schantz and the co-owner will provide plaintiff Securities and Exchange Commission (“Commission”) with Mortgages with respect to the properties they own located at 1040 Riverton Road, Moorestown, NJ 08057, and 16 Crider Avenue, Moorestown, NJ 08057 (the “Properties”). Defendant Schantz and the co-owner consent to the Commission’s filing at their expense of the Mortgages and taking any other steps necessary to perfect the Commission’s security interest in the Property, upon the Court’s entry of the Amended Final Judgment. In the event Defendants fail to make any payment on schedule as required by the Amended Final Judgment, the Commission may enforce the Mortgages against the Properties.

7. To further secure payment of the disgorgement and penalties against Defendants, ordered by the Amended Final Judgment, Defendants have also provided the Commission with an Unconditional Guaranty from Mid Atlantic Financial LLC, Senior Settlements LLC and Green Leaf Capital Management LLC (collectively, the “Guarantors”). In the event Defendants fail to make any payment on schedule as required by the Amended Final Judgment, the Commission may enforce the Unconditional Guaranty against the Guarantors.

8. To further secure payment of the disgorgement and penalties against Defendants, ordered by the Amended Final Judgment, Defendants have also provided the Commission with collateral assignment (the “Collateral Assignment”) of all of Defendants’ rights in the life insurance policy listed in Attachment A (the “Life Insurance Policy”). Defendants consent to the Commission’s filing of the Collateral Assignment, and taking any other steps necessary to

perfect the Commission's security interest in the Life Insurance Policy, upon the Court's entry of the Amended Final Judgment. In the event Defendants fail to make any payment on schedule as required by the Amended Final Judgment, the Commission may file with the carrier, take ownership over and possession of the Life Insurance Policy and sell it and use the proceeds for the Fair Fund, which proceeds will be credited against the total amount owed by the Defendants pursuant to the Amended Final Judgment.

9. Defendants acknowledge that the disgorgement and civil penalty paid pursuant to the Amended Final Judgment will be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended by the Dodd-Frank Act of 2010. The civil penalty shall be treated as a penalty paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Defendants agree that they shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Defendants' payment of disgorgement in this action, argue that they are entitled to, nor shall they further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Defendants' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Defendants agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this action. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Defendants by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

10. Defendants agree that they shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty amount that Defendants pay pursuant to the Amended Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Defendants further agree that they shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any penalty amounts that Defendants pay pursuant to the Amended Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

11. Defendants further agree that, in the event of any proposed sale of the Life Insurance Policy, Defendants will provide notice to the staff of the Securities and Exchange Commission (the "Staff"), at least seven (7) calendar days prior to executing any agreement to transfer any of the Life Insurance Policy, with the "Proposed Sale Documentation Package" which means, at a minimum, documents sufficient to demonstrate all terms of the proposed sale, the proposed purchaser, the proposed sale price, the terms for payment of that sale price and any contingencies or conditions precedent to the proposed sale. The Staff reserves the right to request additional information.

12. Defendants agree that in the event the Staff objects to the proposed sale, the Staff and counsel for Defendants will meet and confer to discuss any issues that the Staff identifies with respect to the proposed sale.

13. Defendants agree that if, after the meet and confer process, the Staff maintains an objection to the proposed sale and Defendants nonetheless wish to proceed with the sale,



Defendants will be required to seek formal approval from the Court that enters this Consent Judgment before proceeding with any such sale.

14. Defendants agree that any proceeds from the sale or from maturity of the Life Insurance Policy listed in Exhibit A shall be sent to the Fair Fund within seven (7) calendar days of receipt of the proceeds by Defendants or any entity controlled by Defendant Schantz. Such proceeds will be credited against the total amount owed by Defendants, pursuant to the Amended Final Judgment, and will be deducted from the next payment due pursuant to the schedule of payments listed in paragraph 12, below.

15. Defendants agree to the following schedule of payment for the Amended Final Judgment:

- a. Defendants have made a payment of \$250,000 into an escrow account which will be sent to the Commission within 14 days of the entry of the May 8, 2017 Final Judgment (which has been paid);
- b. within ninety (90) calendar days from the entry of the May 8, 2017 Final Judgment, Defendants shall make an additional payment of \$600,000 to the Commission (which has been paid);
- c. within one hundred eighty (180) days from the entry of the Final Judgment, Defendants shall make an additional payment of \$600,000 to the Commission (which has been paid);
- d. on or before February 2, 2018, Defendants shall make an additional payment of \$600,000 to the Commission;

- e. on or before May 3, 2018, Defendants shall make an additional payment of \$1,983,666 to the Commission, representing \$1,383,666 in disgorgement and \$600,000 penalty;
- f. on or before August 8, 2018, Defendants shall make an additional disgorgement payment of \$45,333;
- g. on or before September 10, 2018, Defendants shall make an additional disgorgement payment of \$45,333;
- h. on or before October 9, 2018, Defendants shall make an additional disgorgement payment of \$45,333;
- i. on or before November 8, 2018, Defendants shall make an additional disgorgement payment of \$45,333;
- j. on or before December 10, 2018, Defendants shall make an additional disgorgement payment of \$45,333; and
- k. on or before January 2, 2019, Defendants shall make an additional disgorgement payment of \$372,157, plus prejudgment interest of \$21,772 (combined, \$393,929), plus post-judgment interest if necessary.
- l. Defendants agree that, upon their failure to make full payment of any one of these scheduled amounts on the specified date, the Commission may declare the full amount of the Amended Final Judgment immediately due and payable.
- m. In the event that all payments above are timely made, the pre-judgment interest component of the Amended Final Judgment and any post-judgment interest accruing on the Amended Final Judgment shall be deemed satisfied,

but if any of such payments are not timely made, the pre-judgment interest and all post-judgment interest shall immediately become due and payable.

16. Defendants shall certify, in writing, compliance with the payment obligations set forth above no later than seven (7) days from the date of the payment. Defendants shall simultaneously transmit photocopies of evidence of payment (e.g., copies of check and/or wire transfer information). Defendants shall submit the certification and supporting material to Steven G. Rawlings *via* email.

17. Defendants waive the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure. Defendants waive the right, if any, to a jury trial and to appeal from the entry of the Amended Final Judgment.

18. Defendants enter into this Consent voluntarily and represent that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Defendants to enter into this Consent.

19. Defendants agree that this Consent shall be incorporated into the Amended Final Judgment with the same force and effect as if fully set forth therein.

20. Defendants will not oppose the enforcement of the Amended Final Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waive any objection based thereon.

21. Defendants waive service of the Amended Final Judgment and agree that entry of the Amended Final Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendants of its terms and conditions. Defendants further agree to provide counsel for the Commission, within thirty (30) days after the Amended Final Judgment is filed with the

Clerk of the Court, with an affidavit or declaration stating that Defendants have received and read a copy of the Amended Final Judgment.

22. Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted against Defendants in this civil proceeding. Defendants acknowledge that no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Defendants waive any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Defendants further acknowledge that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this action, Defendants understand that they shall not be permitted to contest the factual allegations of the complaint in this action.

23. Defendants understand and agree to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings," and "a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies

the allegations.” As part of Defendants’ agreement to comply with the terms of Section 202.5(e), Defendants: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Defendants do not admit the allegations of the complaint, or that this Consent contains no admission of the allegations, without also stating that Defendant does not deny the allegations; (iii) upon the filing of this Consent, Defendants hereby withdraw any papers filed in this action to the extent that they deny any allegation in the complaint; and (iv) stipulate solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, that the allegations in the complaint are true, and further, that any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendants under the Amended Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendants of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19). If Defendants breach this agreement, the Commission may petition the Court to vacate the Amended Final Judgment and restore this action to its active docket. Nothing in this paragraph affects Defendants: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

24. Defendants hereby waive any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney’s fees or other fees,

expenses, or costs expended by Defendants to defend against this action. For these purposes, Defendants agree that they are not the prevailing party in this action since the parties have reached a good faith settlement.

25. Defendants agree that the Commission may present the Amended Final Judgment to the Court for signature and entry without further notice.

26. Defendants agree that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Amended Final Judgment.

Dated: 2/2/18 \_\_\_\_\_  
William R. Schantz III

On February 2, 2018, William Schantz, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent.

\_\_\_\_\_  
Notary Public  
Commission expires: \_\_\_\_\_  
**GERARD SHERLOCK**  
ID # 2170965  
NOTARY PUBLIC  
STATE OF NEW JERSEY  
My Commission Expires October 14, 2019  
VERTO CAPITAL MANAGEMENT LLC,

Dated: 2/2/18 \_\_\_\_\_  
By: \_\_\_\_\_  
William R. Schantz III  
President & Chief Executive Officer  
Verto Capital Management LLC  
1000 S. Lenola Road, Building 1, Suite 202  
Maple Shade, NJ 08052

On February 2, 2018, William Schantz, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent with full authority to do so on behalf of \_\_\_\_\_ as its \_\_\_\_\_.

\_\_\_\_\_  
Notary Public  
Commission expires: \_\_\_\_\_

Approved as to form:

**GERARD SHERLOCK**  
ID # 2170965  
NOTARY PUBLIC  
STATE OF NEW JERSEY  
My Commission Expires October 14, 2019



David M. Laigaie

John W. Pauciulo

Attorney for Defendants

ECKERT SEAMANS CHERIN & MELLOTT, LLC

Two Liberty Place, 50 South 16<sup>th</sup> Street, 22<sup>nd</sup> Floor

Philadelphia, PA 19102

**EXHIBIT A - Life Insurance Policy**

Life insurance policy issued by United of Omaha Life Insurance Company, which insures the life of Michael Godfrey, also identified as Policy Number BU1398100



**EXHIBIT B – List of Investors**

There are 44 separate promissory notes outstanding that were issued to 36 investors.

Notes	Last Name	First Name	Effective Date	Principal	Forbearance (Principal Owed)	Interest
1.	██████	██████	2/17/2015	\$35,750.00	\$85,000.00	\$15,300.00
2.	██████	██████	6/1/2015	\$139,100.00	\$89,100.00	\$20,155.59
3.	██████	██████	9/10/2015	\$20,000.00	\$20,000.00	\$2,898.00
4.	██████	██████	9/30/2015	\$53,500.00	\$53,500.00	\$7,752.15
5.	██████	██████	8/27/2015	\$51,400.00	\$51,400.00	\$7,447.86
6.	██████	██████	7/27/2015	\$80,143.00	\$80,143.00	\$11,612.72
7.	██████	██████	8/28/16	\$46,750.00	\$46,750.00	\$3,272.50
8.	██████	██████	6/12/2015	\$52,397.90	\$52,397.90	\$7,592.45
9.	██████	██████	9/15/2015	\$50,000.00	\$50,000.00	\$7,245.00
10.	██████	██████	8/26/2015	\$275,000.00	\$260,000.00	\$38,797.50
11.	██████	██████	7/12/15	\$117,700.00	\$117,700.00	\$17,055.00
12.	██████	██████	7/15/15	\$114,400.00	\$114,400.00	\$16,577.00
13.	██████	██████	3/24/2015	\$144,000.00	\$144,000.00	\$32,406.19
14.	██████	██████	6/18/2015	\$25,000.00	\$23,250.00	\$3,500.00
15.	██████	██████	5/21/16	\$107,000.00	\$107,000.00	\$4,992.62
16.	██████	██████	6/29/2015	\$90,783.00	\$90,783.00	\$13,097.21
17.	██████	██████	8/17/2015	\$50,000.00	\$50,000.00	\$7,245.00
18.	██████	██████	6/10/2015	\$41,000.00	\$41,000.00	\$5,940.90
19.	██████	██████	9/22/2015	\$42,000.00	\$42,000.00	\$6,085.80
20.	██████	██████	7/1/2015	\$58,850.00	\$58,850.00	\$8,526.83
21.	██████	██████	7/22/2015	\$176,000.00	\$106,000.00	\$33,802.40
22.	██████	██████	9/18/2015	\$114,490.00	\$114,490.00	\$19,039.36
23.	██████	██████	9/18/2015	\$123,535.00	\$123,535.00	\$20,535.38
24.	██████	██████	7/15/2015	\$160,500.00	\$160,500.00	\$30,912.25
25.	██████	██████	7/21/2015	\$160,500.00	\$160,500.00	\$23,256.45
26.	██████	██████	9/30/2015	\$107,000.00	\$107,000.00	\$11,932.21
27.	██████	██████	5/28/2015	\$22,000.00	\$22,000.00	\$3,091.50
28.	██████	██████	3/5/2015	\$60,000.00	\$40,000.00	\$10,604.58
29.	██████	██████	8/2/16	\$53,500.00	\$53,500.00	\$3,745.00
30.	██████	██████	6/13/2015	\$37,200.00	\$34,200.00	\$5,180.28
31.	██████	██████	8/13/2015	\$70,000.00	\$70,000.00	\$10,143.00
32.	██████	██████	8/5/16	\$81,320.00	\$81,320.00	\$5,692.40
33.	██████	██████	3/22/2015	\$20,000.00	\$20,000.00	\$4,500.86

34.	████	████	3/24/2015	\$193,368.00	\$193,368.00	\$43,516.11
35.	████████	████	9/6/2015	\$98,400.00	\$98,400.00	\$14,258.16
36.	████	████	9/26/2015	\$30,000.00	\$30,000.00	\$4,347.00
37.	████	████	9/18/2015	\$31,500.00	\$31,500.00	\$4,564.35
38.	████	████	9/26/2015	\$54,500.00	\$54,500.00	\$7,897.05
39.	████	████	9/28/2015	\$70,000.00	\$30,000.00	\$7,343.00
40.	████	████	6/10/2015	\$73,000.00	\$73,000.00	\$10,577.70
41.	██████	████	4/2/2015	\$277,600.00	\$277,600.00	\$62,472.13
42.	██████	██████	8/1/2015	\$181,000.00	\$181,000.00	\$51,802.20
43.	██████	██████	8/29/15	\$65,000.00	\$65,000.00	\$12,226.50
44.	██████	██████	9/12/15	\$200,000.00	\$200,000.00	\$57,240.00
	<b>TOTALS</b>			<b>\$4,055,186.90</b>	<b>\$3,904,686.90</b>	<b>\$696,180.19</b>

**EXHIBIT C – Schedule of Payment**

<b>Pmnt #</b>	<b>Amount</b>	<b>Principal</b>	<b>Interest</b>	<b>Prejudgment</b>		<b>Total</b>
				<b>Interest</b>	<b>Unallocated</b>	
<b>1</b>	\$250,000	\$250,000	\$ -	\$ -	\$ -	\$250,000
<b>2</b>	\$600,000	\$600,000	-	-	-	\$600,000
<b>3</b>	\$600,000	\$600,000	-	-	-	\$600,000
<b>4</b>	\$600,000	\$600,000	-	-	-	\$600,000
<b>5</b>	\$1,983,666	\$1,854,687	\$128,979	-	-	\$1,983,666
<b>6</b>	\$45,333	-	\$45,333	-	-	\$45,333
<b>7</b>	\$45,333	-	\$45,333	-	-	\$45,333
<b>8</b>	\$45,333	-	\$45,333	-	-	\$45,333
<b>9</b>	\$45,333	-	\$45,333	-	-	\$45,333
<b>10</b>	\$45,333	-	\$45,333	-	-	\$45,333
<b>11</b>	<u>\$393,929</u>	-	<u>\$340,536</u>	<u>\$21,772</u>	<u>31,621</u>	<u>\$393,929</u>
	<u>\$4,654,260</u>	<u>\$3,904,687</u>	<u>\$696,180</u>	<u>\$21,772</u>	<u>\$31,621</u>	<u>\$4,654,260</u>

# **Exhibit “15”**

SECURITIES AND EXCHANGE COMMISSION  
By: ANDREW M. CALAMARI  
Regional Director  
New York Regional Office  
200 Vesey Street, Suite 400  
New York, New York 10281-1022  
(212) 336-1100

WILLIAM E. FITZPATRICK  
ACTING UNITED STATES ATTORNEY  
(Designated Local Counsel)  
By: CATHERINE R. MURPHY  
Assistant U.S. Attorney  
970 Broad Street  
Newark, New Jersey 07102  
Email: [catherine.murphy2@usdoj.gov](mailto:catherine.murphy2@usdoj.gov)  
(973) 297-2098

**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

**U.S. SECURITIES AND EXCHANGE COMMISSION,**

**Plaintiff,**

**-against-**

**WILLIAM R. SCHANTZ III and VERTO CAPITAL  
MANAGEMENT LLC,**

**Defendants.**

Civil Action No.

**COMPLAINT**

Plaintiff U.S. Securities and Exchange Commission (“Commission”), for its Complaint against defendants William R. Schantz (“Schantz”) and Verto Capital Management LLC (“Verto”) (collectively, “Defendants”), alleges as follows:

**SUMMARY OF ALLEGATIONS**

1. This action concerns an illegal securities offering orchestrated by defendant Schantz and his entity, defendant Verto. From at least November 2013 through at least

November 2015, Verto and another entity controlled by Schantz issued approximately \$12.5 million in nine-month 7% promissory notes (“Notes”) to at least 80 investors based on false representations regarding the collateral backing the Notes, the past profitability of Schantz’s companies, Defendants’ use of investor proceeds, and Verto’s internal financial reporting. The Note sales purportedly were to fund Verto’s purchase and sale of life insurance policies on the secondary market (also referred to as “life settlements”).

2. Defendants sold the Notes primarily through a group of Texas insurance brokers (the “Brokers”) who targeted religious investors. Schantz authorized the Brokers to use marketing materials bearing logos for Verto and an affiliated entity, also owned by Schantz, that created the false impression that the Notes were relatively safe investments. For example, the materials misrepresented the amount of collateral (*i.e.*, insurance policies) backing the Notes and also misleadingly portrayed Verto and its affiliates as historically profitable (in fact, they had been unprofitable for several years). Similar false statements regarding purported collateral appeared in offering documents that Defendants prepared for Verto investors.

3. In addition, the offering materials for the Notes misleadingly told investors that Verto would buy and sell policies only with “third parties.” In 2015, however, when Verto ran into financial difficulty, Schantz began transferring several Verto-owned policies to a new Schantz-controlled investment fund – without timely paying Verto the full market value of those policies. Verto investors thus effectively financed those transactions to the benefit of Schantz’s separate fund and detriment of Verto investors. Defendants never disclosed this conflict of interest to Verto investors.

4. Verto also misleadingly promised to use investor funds only for “general working capital purposes,” without disclosing to investors that Schantz was (1) taking outsized

distributions for himself (i.e., over \$3.4 million, or over 25% of investor funds taken in); and (2) using new investor money to repay prior investors in Ponzi-like fashion.

5. Due to the high cost of servicing the Notes (including 7% interest in nine months and a 7% commission paid to the Brokers), insufficient profit from the life settlement transactions, and Schantz's outsized (and improper) personal use of investor funds, Schantz failed to repay at least 36 investors within their 9-month Note terms (and has entered into so-called "forbearance agreements" with those investors). Verto currently owes remaining investors approximately \$4 million, including accrued interest.

6. In addition, the Notes sales constituted unregistered sales of securities for which no applicable registration exemption existed and, thus, violated the securities sale registration provisions of the federal securities laws.

7. By this action, the Commission seeks, among other things, to terminate Defendants' fraudulent activity and protect investors by maximizing assets available for their recovery.

### **VIOLATIONS**

8. By virtue of the conduct alleged herein, each of the Defendants, directly or indirectly, singly or in concert, has engaged and is engaging in transactions, acts, practices and courses of business that constitute violations of Sections 5(a), 5(c), 17(a)(2), and 17(a)(3) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)].

9. Unless Defendants are permanently restrained and enjoined, they will again engage in the acts, practices, transactions and courses of business set forth in this complaint and in acts, practices, transactions and courses of business of similar type and object.

**NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT**

10. The Commission brings this action pursuant to authority conferred by Securities Act Section 20(b) [15 U.S.C. § 77t(b)], seeking a final judgment permanently enjoining Defendants from future violations of the securities laws provisions that Defendants violated as alleged in this Complaint, ordering Defendants to disgorge their ill-gotten gains and imposing on Defendant Schantz a civil money penalty pursuant to Securities Act Section 20(d) [15 U.S.C. § 77t(d)].

**JURISDICTION AND VENUE**

11. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1331, and Securities Act Sections 20(b), 20(d) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d), 77v(a)].

12. Venue is proper in this district pursuant to 28 U.S.C. § 1391(b)(2), and Securities Act Section 22(a) [15 U.S.C. § 77v(a)]. Certain of the events constituting or giving rise to the alleged violations occurred in the District of New Jersey. For example, Schantz is a resident of Moorestown, New Jersey; Verto's office is headquartered in Maple Shade, New Jersey; and some of the investors were located in New Jersey.

13. In connection with the conduct alleged in this complaint, Defendants, directly or indirectly, have made use of the means or instruments of transportation or communication in, and the means or instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange.

**DEFENDANTS**

14. **Schantz**, 62, resides in Moorestown, New Jersey. Schantz founded and owns defendant Verto, as well as entities Senior Settlements LLC, Mid Atlantic Financial, LLC,



Bedrock Funding, LLC, Harper Financial, LLC, and Green Leaf Capital Management LLC (“Green Leaf”). Schantz was last associated with an NASD member firm in 2000. In 2002, the NASD sanctioned and suspended Schantz for having brokered the sale of unregistered nine-month notes (similar to those alleged in this Complaint) without disclosing the sales to the NASD-member firm with which he was associated. In 2006, Schantz entered into a consent order with the New Jersey Bureau of Securities (for the same conduct) and disgorged \$7,000 in commissions he earned selling these nine-month notes.

15. **Verto** is a Delaware Limited Liability Company that is headquartered in Maple Shade, New Jersey, that Schantz formed in 2009. According to its website, Verto conducts private placement securities offerings to accredited investors and invests in bundles of life settlements.

## **FACTS**

### **I. Verto’s Business Model**

16. From at least November 2013 through November 2015, Defendants issued approximately \$12.5 million in Verto Notes to approximately 80 investors.<sup>1</sup> Generally, the Brokers sold Verto Notes to Texas investors, who learned of the Note program through the Brokers’ advertisements on a Christian-themed radio show. A few investors, however, were located elsewhere across the country, including New Jersey, Indiana, Nevada, and South Carolina.

17. Each Note investor signed a Purchaser’s Representative Certification containing boilerplate statements concerning his or her net worth and sophistication (*i.e.* that they were accredited investors). However, neither the Brokers nor Schantz took any steps to assure

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<sup>1</sup> Some of these Notes were issued in the name of Verto’s holding company, Mid Atlantic. Since on or around February 2014, all of the Notes were issued by Verto.

themselves that investors were accredited. No “Form D” – stating that Verto has complied with the exemption in Rule 506(c) of the Securities Act – has ever been filed with the Commission.

18. According to a Verto-issued “Information Booklet” for the “Verto Nine Month Secured Note Program,” (the “Information Booklet”), Verto “engaged in the business of purchasing existing life insurance policies in the secondary market (‘Life Settlements’) for its own accounts as well as with a view to reselling them to third parties.” The Information Booklet also states that Verto “will purchase Life Settlements with the assistance of Senior Settlements, LLC (the ‘Originator’)” and that “[t]he Originator has been involved in the Life Settlement market for over 16 years.”

19. According to the Information Booklet, a “life settlement” is the sale of a life insurance policy by its owner to a third party purchaser (often through a licensed broker) for more than its immediate cash “surrender” value (but at a discount to the policy’s face value or death benefit). The discount depends on the insured’s life expectancy. Sellers typically are elderly individuals who can no longer afford their policy premium payments.

20. By their terms, the Notes were to mature nine months from issuance with 7% interest (a 9.3% annualized return). According to the Information Booklet, “the repayment of the Promissory Notes is secured by a collateral assignment and pledge of all of the Life Settlements owned by the issuer from time-to-time which includes Life Settlements acquired with the proceeds of the note.” If Verto defaults on a Note, the holder, “subject to the law of the State of New Jersey will have the legal right to obtain ownership of one of more Life Settlements in order to generate cash to repay the amounts due under the [N]ote.”

## **II. Misrepresentations in the Offer and Sale of the Verto Notes**

21. From in or about October 2013 through 2015, Defendants, through the Brokers

and otherwise, made misrepresentations in marketing and offering materials for the Notes regarding purported collateral backing the Notes, the profitability of Schantz's companies, Verto's use of investor proceeds, and Verto's internal financial reporting.

22. The offering documents included the Information Booklet that was provided to Note investors as well as a Promissory Note Purchase Agreement that was signed by Verto and the Note investors (the "Promissory Note Purchase Agreement"). Exhibits to the Promissory Note Purchase Agreement included a Form of Promissory Note (the "Form of Promissory Note") and Collateral Assignment and Pledge Agreement (the "Collateral Assignment and Pledge Agreement"); both were executed by Verto.

23. The Brokers also distributed to potential Note investors a marketing brochure concerning the Note program containing information that Schantz provided to the Brokers and language that Schantz approved for the Brokers' use with potential investors (the "Marketing Brochure").

24. The Marketing Brochure also appeared (and purported) to be issued by Senior Settlements or Verto, as it prominently featured the "Senior Settlements" or "Verto Capital Management" logo (but not the Brokers' own business logo).

25. The Marketing Brochure described the Notes as "a short term excellent growth investment" that was "not a speculative investment" and that an event of default was "unlikely."

26. In or about late 2013, language nearly identical to the Marketing Brochure also appeared on the Brokers' publicly-available websites.

**A. Misrepresentation Concerning Collateral**

27. The Marketing Brochure falsely and misleadingly stated that the Notes were "fully collateralized," and specifically that the "Life Settlement assets will have a minimum ratio

of 2:1 or 200%. . . .”

28. The quoted 200% collateral language meant that, at any given time, the “face-value” of Verto-owned insurance policies (*i.e.*, the policies’ ultimate full payout amount upon the death of the insured) would equal at least 200% of the amount of Verto’s outstanding note indebtedness at that time.

29. For most of the time period December 2013 through in or about November 2015, however, the face value of the Verto-owned insurance policies was materially less than the promised 200% of the outstanding note indebtedness. In fact, the face value of the Verto-owned policies reached 200% for, at most, only a few months; for approximately half the time that Notes were being issued, it hovered between 100% and 200%; and for approximately the other half, it fell below 100% (dipping as low as 28% at one point). The “face value” of the collateral for current Note holders is less than 100%.

**B. Misrepresentation Concerning Profitability**

30. The Marketing Brochure further misleadingly stated that “Verto Capital Management and its affiliate Senior Settlements have built a growing and profitable business over the past 16 years and the probability of a business failure is extremely remote.” This statement was false and misleading, as Schantz’s entities incurred losses of approximately \$1 million or more each year from 2011 through 2013. Furthermore, the probability of a business failure was not “extremely remote,” as Schantz’s various businesses had been struggling since at least the 2008 financial crisis, contrary to the false impression left by the marketing brochure.

31. Furthermore, from its inception, the Note program operated at a significant loss, generating insufficient returns from life settlement trading to cover expenses.

**C. Misrepresentation Concerning Third-Party Sales**

32. The Collateral Assignment and Pledge Agreement limited Verto's ability to resell its policies to third parties: "[Verto] may sell, transfer and convey any Policy to a third party for value." Contrary to this, however, on or around June 2015, Schantz transferred two Verto-owned policies to Green Leaf, an entity formed by Schantz around the same time for the purpose of selling subscriptions in fractional interests of policies, without paying Verto the full value for them up front and without any formal sale or accounting documentation. Schantz subsequently transferred two additional Verto-owned policies to Green Leaf in the same manner. By contrast, when Verto sold policies to actual third parties, it generally received cash payment from the third party within a few days.

33. After Verto transferred policies to Green Leaf, Green Leaf sold fractional interests in portions of those policies to Green Leaf investors. Green Leaf then used part of the proceeds of those sales to pay Verto at least part of the fair market value of the transferred policies.

34. Schantz's undisclosed transfers of the four Verto-owned policies to Green Leaf, an entity whose sole member and owner was Schantz, contradicted the Verto offering documents' statement to trade policies only with "third parties." Green Leaf was not a third party as it was an entity that, like Verto, was solely owned by Schantz. Thirty investors purchased Notes after those transfers began. Moreover, all Verto investors who held Notes after those transactions have experienced actual harm because Verto did not timely receive full market value for selling its policies to Green Leaf. Instead, Verto investors essentially financed Green Leaf's purchases of those policies.

**D. Misrepresentation Concerning Financial Statements**

35. The Information Booklet falsely stated that "[Verto] will prepare and make available its income statements and balance sheets (which will be reflected in year-end income

statements and balance sheets as of December, 31<sup>st</sup>),” and that “[Verto’s] financial statements are internally prepared in accordance with Generally Accepted Accounting Principles.” At the time this statement was made it was false because Verto did not maintain income and balance sheets and did not have financial statements. In fact, Verto does not maintain any financial books or records on a current basis and has not completed a financial summary for 2014 to date.

**E. Misrepresentation Concerning Use of Funds**

36. The Promissory Note Purchase Agreement stated that Verto will use investor funds for “general working capital purposes including but not limited to fund [Verto’s] purchase and acquisition of life insurance policies and the cost and expenses necessary to maintain the life insurance policies in full force and effect, such as policy premiums, broker fees, servicer fees and underwriting fees.” Contrary to this statement, however, Schantz used Note sale proceeds to (1) take disproportionately large distributions for himself; and (2) and covered the shortfall by using new investor money to pay old Note investors, in Ponzi-like fashion.

37. Throughout the note offerings, Schantz was using Verto investor funds to distribute to himself over \$3.4 million – over 25% of the \$12.5 million received from Verto investors.

38. While telling investors that Verto would use their money for working capital purposes, Schantz was actually funding his own misappropriations by routinely repaying earlier investors with later Verto-investor money. According to Verto, from the start of the Note program in November 2013 through November 2015, Verto made approximately \$3 million in profit by selling policies. During this same period (November 2013 through November 2015), Schantz made distributions to himself totaling roughly \$2.8 million and paid over \$700,000 in broker fees for the Notes. Thus, for at least a significant time period, Schantz’s only source of cash to repay his earliest Note holders was new investor money. Schantz also routinely has

commingled funds related to his various entities in their various bank accounts, making it difficult to ascertain precisely where Verto investor money has gone.

**F. “Activity Reports” Misrepresentation**

39. The Information Booklet stated that Verto “will prepare and distribute quarterly activity reports...evidencing all activity for the previous quarter,” which detailed life insurance policies that were sold and the policies in inventory. At best, Schantz prepared quarterly activity reports sporadically, and he apparently disseminated only two (for the third and fourth quarters of 2014). He disseminated those two reports solely to certain of the Brokers and certain investors (as part of their Note subscription package). Both of those activity reports painted a false picture of Verto’s profitability. The reports discuss certain insurance policy trades that did not occur during the time period identified. For example, the Third Quarter 2014 Trading Activity Report lists a specific policy with a \$1,800,000 face value, and states that Verto sold the policy on September 13, 2014 for a profit of \$145,000 and a profit percentage of 33.72%. Although Verto claims it was at one point in contract to purchase the policy, the deal fell through and Verto never owned or sold this policy. In addition, Verto identified a profitable trade on a policy that Verto apparently never owned. Specifically, the Third Quarter 2014 Trading Activity Report lists a another policy with \$1 million face amount, and states that Verto sold the policy on September 20, 2014 for a profit of \$40,000 and a profit percentage of 14.81%. Verto has never owned or sold this policy.

**G. Material Omissions in the Forbearance Agreements**

40. According to Verto, Note holders have been repaid approximately \$9 million, leaving 36 unpaid Note holders owed approximately \$3.5 million excluding interest. Those 36 have signed “forbearance” agreements with Verto, extending their Notes by nine months or less.

41. The forbearance agreements state in part: “Verto acknowledges and agrees that the Note has matured and that the principal and accrued interest is currently due and payable in full,” and Verto “ratifies and confirms that the Note is valid and binding and enforceable in accordance with its terms.” The agreements further state that the Note holders, “without waiving any rights and remedies” under the original Notes, have agreed to forbear exercising those rights.

42. In entering into the forbearance agreements, Verto did not correct any of its prior misstatements or omissions to Verto investors described in paragraphs 21-39 above and, thus, essentially reaffirmed them. Thus, for example, although Verto and/or the Brokers have informed at least some forbearing Note investors that Verto currently lacks sufficient funds to repay the Notes, Verto has not informed forbearing investors that Verto’s “face-value” insurance policy collateral is less than 100% (far below the 200% originally promised), or that Verto has been repaying those investors who refused to forbear (from the limited funds currently available).

43. Consequently, each forbearance agreement constitutes a continuation of Defendants’ prior misrepresentations to the forbearing investors.

**FIRST CLAIM FOR RELIEF**  
**Violations of Securities Act Sections 17(a)(2) and 17(a)(3)**  
**(All Defendants)**

44. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 43 of this Complaint.

45. Defendants, directly or indirectly, singly or in concert, by use of the means or instruments of transportation or communication in interstate commerce, or of the mails, in connection with the offer or sale of securities, have: (a) obtained, and are obtaining, money or property by means of untrue statements of material fact, or have omitted, and are omitting, to



state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; and (b) engaged, and are engaging, in transactions, acts, practices and courses of business which would operate as a fraud or deceit upon the purchaser.

46. By reason of foregoing, Defendants, directly or indirectly, singly or in concert, have violated, are violating, and unless enjoined, will continue to violate Securities Act Sections 17(a)(2) and 17(a)(3) [15 U.S.C. § 77q(a)(2) and 77q(a)(3)].

**SECOND CLAIM FOR RELIEF**  
**Violations of Securities Act Sections 5(a) and 5(c)**  
**(All Defendants)**

47. The Commission realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 43.

48. Defendants were primary participants in the offerings and sales of the Notes.

49. At the time of the offers and sales of the Notes, no registration statements were filed or in effect regarding those securities offerings and sales, and no exemption from such registration applied to those offerings and sales.

50. Defendants, directly or indirectly, made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer and sell securities through the use or medium of a prospectus or otherwise, and carried or caused to be carried through the mails, or in interstate commerce, by means or instruments of transportation, such securities for the purpose of sale or for delivery after sale, when no registration statement had been filed or was in effect as to such securities.

51. By reason of the foregoing, Defendants violated, and unless enjoined will again violate, Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and (c)].

**PRAYER FOR RELIEF**

**WHEREFORE**, the Commission respectfully requests that the Court grant the following relief:

**I.**

A Final Judgment permanently, restraining and enjoining Defendants, their agents, servants, employees and attorneys and all persons in active concert or participation with them, who receive actual notice of the injunction by personal service or otherwise, and each of them, from future violations of Section 5 [15 U.S.C. §§ 77e(a) and (c)] and Sections 17(a)(2) and (3) of the Securities Act [15 U.S.C. § 77q(a)(2) and 77q(a)(3)].

**II.**

A Final Judgment ordering Defendants to disgorge their ill-gotten gains, plus prejudgment interest, and such other and further amount as the Court may find appropriate.

**III.**


A Final Judgment ordering Defendants to pay civil money penalties pursuant to Securities Act

Section 20(d) [15 U.S.C. § 77t(d)].

**IV.**

Such other and further relief as this Court deems just and proper.

Dated: May 4, 2017                      SECURITIES AND EXCHANGE COMMISSION  
New York, New York

By:   
Andrew M. Calamari, Regional Director  
Lara S. Mehraban  
Steven G. Rawlings  
Jack Kaufman  
Jennifer K. Vakiener  
Vincent T. Hull  
SECURITIES AND EXCHANGE COMMISSION  
New York Regional Office  
200 Vesey Street, Suite 400  
New York, New York 10281-1022  
(212) 336-0106 (Kaufman)  
Email: [KaufmanJa@sec.gov](mailto:KaufmanJa@sec.gov)

Local Counsel for Plaintiff

WILLIAM E. FITZPATRICK  
ACTING UNITED STATES ATTORNEY (Designated Local Counsel)  
By: CATHERINE R. MURPHY  
Assistant U.S. Attorney  
970 Broad Street  
Newark, New Jersey 07102  
Email: [catherine.murphy2@usdoj.gov](mailto:catherine.murphy2@usdoj.gov)  
(973) 297-2098

**LOCAL CIVIL RULE 11.2 CERTIFICATION**

Pursuant to Local Civil Rule 11.2, I certify that the matter in controversy alleged in the foregoing Complaint is not the subject of any other civil action pending in any court, or of any pending arbitration or administrative proceeding.

Dated: May 4, 2017  
New York, New York

SECURITIES AND EXCHANGE COMMISSION

By: 

Andrew M. Calamari, Regional Director  
Jack Kaufman

Jennifer K. Vakiener

SECURITIES AND EXCHANGE COMMISSION

New York Regional Office

200 Vesey Street, Suite 400

New York, New York 10281-1022

(212) 336-0106 (Kaufman)

Email: [KaufmanJa@sec.gov](mailto:KaufmanJa@sec.gov)


**DESIGNATION PURSUANT TO LOCAL CIVIL RULE 101.1(f)**

Pursuant to Local Civil Rule 101.1(f), the undersigned hereby designates the United States Attorney for the District of New Jersey to receive service of all notices or papers in this action at the following address:

Catherine R. Murphy  
Assistant U.S. Attorney  
970 Broad Street  
Newark, New Jersey 07102  
Email: catherine.murphy2@usdoj.gov  
(973) 297-2098

Dated: May 4, 2017  
New York, New York

SECURITIES AND EXCHANGE COMMISSION

By:   
Andrew M. Calamari, Regional Director  
Jack Kaufman  
Jennifer K. Vakiener  
SECURITIES AND EXCHANGE COMMISSION  
New York Regional Office  
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(212) 336-0106 (Kaufman)  
Email: [KaufmanJa@sec.gov](mailto:KaufmanJa@sec.gov)

# **Exhibit “16”**



DIRECT DIAL NUMBER:  
215-575-7090

Joseph H. Jacovini  
jjacovini@dilworthlaw.com

June 27, 2024

George Bochetto, Esq.  
Bochetto & Lentz, P.C.  
1524 Locust Street  
Philadelphia, PA 19102

Re: Expert Opinion for Dean Vagnozzi v. John W. Pauciulo, Esq., et al.

Dear Mr. Bochetto:

You have asked for my opinion on whether a 200-person general practice law firm should have in place an adequate system of internal controls to supervise and monitor the actions of its lawyers in complying with their professional responsibilities to firm clients, particularly in corporate securities and financing transactions involving raising hundreds of millions of dollars of investments from the public over a number of years. Specifically, in the matter of Dean Vagnozzi v. Pauciulo, Esq., et al., did Eckert Seamans fail to have such a system in place?

### **BACKGROUND**

I am currently a Senior Partner and Chairman Emeritus of Dilworth Paxson LLP and member of its Executive Committee. I served as Chairman of Dilworth Paxson for over 25 years, and as Chair of its Corporate and Business Department. I have served as Chair of Drexel University (currently Board member), The Philadelphia Orchestra and numerous other public, private and governmental institutions. For over 50 years, I regularly counsel public and private clients in complex corporate matters, commercial transactions, and litigation, including mergers and acquisitions, financing and securities transactions, corporate governance, investigations, control transactions and corporate reorganizations. I regularly represent special litigation committees of corporations. I have received numerous professional recognition awards and regularly lectures on corporate matters, and served as a professor of law at Lewis & Clark Law School. (See attached firm bio.)

1500 Market Street, Suite 3500E • Philadelphia, PA 19102-2101 • 215-575-7000 • Fax: 215-754-4603  
Pennsylvania • New Jersey • New York • Delaware  
www.dilworthlaw.com

George Bochetto, Esq.

June 27, 2024

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In rendering this opinion, I have reviewed the captioned Complaint, the deposition of Tim Coons, Esq., the General Counsel of the Eckert firm, the Pennsylvania Rules of Professional Conduct and published accounts of the matter involving Mr. Vagnozzi and Par Funding.

### INTRODUCTION

- The law firm of Eckert Seamans Cherin & Mellott, LLC (“Eckert”) has 15 offices -- according to its most recent website ([www.eckertseamans.com](http://www.eckertseamans.com)) -- in 11 states. Eckert has more than 200 lawyers engaged in more than 60 practice areas, including corporate finance and securities law. According to its recent reports of financial performance, Eckert’s annual revenues exceed \$140,000,000, with profits of \$500,000 per member for approximately 100 equity members.
- The Preamble to the Pennsylvania Rules of Professional Conduct (RPC) provides in paragraph [4] that in all professional functions a lawyer should be competent, prompt and diligent.”
- RPC Rule 1.1 states: “A lawyer shall provide competent representation to a client. Competent representation requires the legal knowledge, skill, thoroughness and preparation reasonably necessary for the representation.”
- RPC Rule 1.8 provides standards for limiting business transactions between a lawyer and client in order to protect the client’s interests.
- RPC Rule 5.1(a) mandates that a law firm (and lawyers who possess managerial authority in a law firm, must “make reasonable efforts to ensure that the firm has in effect *measures giving reasonable assurance that all lawyers in the firm* conform to the Rules of Professional Conduct. Comment [2] to RPC 5.1 elaborates on this requirement, noting that appropriate policies and procedures would include, inter alia, those designed to detect and resolve conflicts of interest.” Comment [3] notes that the appropriate scope of such measures may depend on the nature of the firm. For example, “[in] a small firm of experienced lawyers, informal supervision and periodic review of compliance with the required systems ordinarily will suffice. In a large firm, or in practice situations in which difficult ethical problems frequently arise, more elaborate measures may be necessary.” The Comment observes that some firms “have a procedure whereby junior lawyers can make confidential referral of ethical problems directly to a designated senior partner or special committee.” A firm may also rely on continuing legal education on professional ethics. The ethical atmosphere of a firm is significant “and the partners may not assume that all lawyers associated with the firm will inevitably conform to the Rules.” Finally, Comment [5] notes that partners...have at least indirect responsibility for all work being done by the firm.”



George Bochetto, Esq.

June 27, 2024

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### ANALYSIS

- Responsible law firms as large as Eckert, with numerous offices and with as many practice areas, should have in place an adequate system of internal controls to monitor and supervise its practice areas, including structures and policies to know the reputation, nature and business of its clients, the type of legal services being provided to clients by lawyers within the firm, the adequacy of the lawyers' skills to properly represent the clients, and to review and monitor representations being made by its lawyers to clients, opposing counsel, and third parties about the lawyer's services and the clients business affairs.
- In the area of corporate finance and securities law, such internal controls are particularly critical to protect the client, the firm, and third parties from conduct outside the norm. This is especially true when the investing public is directly solicited for investments in entities established through the use of the law firm's services and through offering materials produced by the firm.

In order to effectively supervise and monitor its attorneys, examples of appropriate system internal controls based on practices norms would include the following, inter alia:

- At least two experienced partners must sign off on all legal opinions.
- The firm should have internal counsel available to deal with ethical and professional issues involving the Firm and its clients. They have responsibility for risk management. Internal firm counsel should make active inquiries of lawyers in fulfilling its responsibilities and reporting to the firm's executive board or committee.
- The chairs of the firm's practice groups and satellite office managing partners should conduct regular meetings with its members to discuss and understand what major matters are currently being worked on and any particular legal or ethical issues arising from such matters. At these meetings, there should be continual reinforcing of the obligations of each attorney to consult with practice or office heads or senior attorneys on any unusual or sensitive ethical or professional issues or conflicts of interest and to report any unauthorized or questionable action by any lawyer in the firm. The firm should require prior approval of investments in clients, board positions with clients, directorships and other board positions. There should be annual disclosure of any potential liability of the firm for malpractice, conflicts of interest and similar professional conduct matters.
- Firm management should reaffirm the need for attorneys to know their clients through reasonable due diligence, including background and reputation checks as appropriate.

George Bochetto, Esq.

June 27, 2024

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- Firm management should regularly circulate to all attorneys information on new clients and new representations for possible conflicts and background information.
- Firm management should require prior approval of public statements made by its lawyers regarding clients.
- The firm's executive board or committee must promptly respond to any "red flags" coming to their attention regarding conflicts of interest, malpractice or any unusual activities by any attorney of the firm, including speaking on behalf of a client's business in connection with soliciting investments from the public.
- Finally, the executive board or committee must constantly consider whether a lawyer's judgment on behalf of a client is affected by fees paid by that client. When a lawyer's compensation is overly dependent on one client, it creates a climate for abuse.

Notwithstanding the foregoing, firm management cannot micro-manage every action taken by a lawyer in representing a client. However, it must have a general awareness of sensitive and significant matters being handled by the firm and be alert to any red flags which comes to its attention involving questionable actions of an attorney.

### CONCLUSION

I have reviewed the deposition transcript of Tim Coons, Esquire, the chief legal officer of Eckert during the years in question in which John Pauciulo, Esq. was representing Mr. Vagnozzi and his entities in connection with raising funds from the public for investment in PAR Funding. Mr. Coons' testimony acknowledged the following relevant facts:

- Neither Mr. Coons nor firm management spoke with Mr. Pauciulo about regulatory investigations of Mr. Vagnozzi and his investment entities prior to the spring of 2020 when Mr. Pauciulo approached the firm's business division to discuss becoming in-house counsel for Mr. Vagnozzi. Mr. Coons did not review the regulatory complaints and filings when he first became aware of the matter. Dep. Transcript pages 38, 39 and 40.
- There was no process or requirement in place at the firm by which attorneys were required or encouraged to report to firm management the commencement of regulatory investigations of an ongoing client. Dep. Transcript page 41.
- During the period 2017-2021, no member of firm management was responsible to monitor Mr. Pauciulo's securities practice. Dep. Transcript pages 44 and 45.

George Bochetto, Esq.

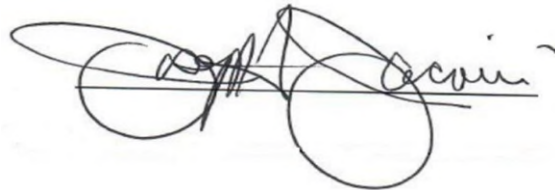
June 27, 2024

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- Prior to the initiation of the Par Funding litigation, neither Mr. Coons nor any other member of firm management were aware that hundreds of millions of dollars were being raised from the public through securities documents prepared by Mr. Pauciulo. Dep. Transcript page 51 and 52.
- In connection with obtaining malpractice coverage, neither Mr. Coons nor firm management were aware of the size of the investments being raised by the Vagnozzi clients represented by Mr. Pauciulo. Dep. Transcript pages 59 and 60.
- Neither Mr. Coons nor firm management had any knowledge that Mr. Pauciulo desired to invest in Dean Vagnozzi's investment entities and the firm did not have any policy manuals or procedures regarding such investments. Dep. Transcript pages 82 and 83.
- The firm had no requirements that an attorney had to receive prior approval prior to making an investment in a client. Dep. Transcript page 84.
- Neither Mr. Coons nor firm management were aware that Mr. Pauciulo participated in Mr. Vagnozzi's radio advertisements soliciting investors. Dep. Transcript page 92.
- Neither Mr. Coons nor firm management were aware that Mr. Pauciulo had appeared on videos and tapes endorsing Mr. Vagnozzi's business. Dep. Transcript page 111-112.

Based upon Mr. Coon's testimony of his firm's practices and other relevant information, it is my opinion, to a reasonable degree of professional certainty, that the Eckert firm failed to have in place an adequate system of internal controls to supervise Mr. Pauciulo's activities on behalf of Mr. Vagnozzi and his entities. Further, there were sufficient "red flags" arising from Mr. Pauciulo's activities on behalf of Mr. Vagnozzi's entities that should have alerted the firm to inquire into Mr. Pauciulo's activities.

Very truly yours,

A handwritten signature in black ink, appearing to read "George Bochetto", written over a horizontal line.

JHJ:mn

Attachments

George Bochetto, Esq.  
June 27, 2024  
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## Joseph H. Jacovini

CHAIRMAN EMERITUS | CHAIR, STRATEGIC & FINANCIAL PLANNING | MEMBER, EXECUTIVE COMMITTEE

215-575-7090

[jjacovini@dilworthlaw.com](mailto:jjacovini@dilworthlaw.com)

Primary Office: 1500 Market St., Suite 3500E Philadelphia, PA 19102

[vCard](#)   [Download PDF](#)   [LinkedIn](#)



### Overview

Joseph H. Jacovini regularly counsels public and private clients in complex corporate matters, commercial transactions, and litigation, including mergers and acquisitions, corporate governance, investigations, control transactions, and corporate reorganizations. He regularly represents special litigation committees of public corporations.

### Professional & Community Activities

- Board Member, LaFrance Corporation
- Trustee, Drexel University, Drexel Online, and Thomas R. Kline School of Law
- Former Chairman of the Board of Trustees, Drexel University
- Chairman of the Board, Casa Farnese (Senior Citizen Housing)
- Board Member, Catholic Foundation of Greater Philadelphia
- Visiting Professor of Law, Lewis & Clark Law School
- Emeritus Trustee, Philadelphia Orchestra
- Former Acting Chairman of the Board, Philadelphia Orchestra
- Former Board Member, Pennsylvania Lawyers Fund for Client Security
- Former Board Member and Chairman, Philadelphia Regional Port Authority and Ports of Philadelphia and Camden, Inc., appointed by Gov. Robert P. Casey
- Former Chairman, Pennsylvania State Education Delegation to People's Republic of China
- Former Chairman of the Board of Directors, American Heart Association- Greater Philadelphia
- Former Chairman of the Board of Directors, Cystic Fibrosis Foundation- Greater Philadelphia
- Former Chair and Board Member, Beyond Celiac
- Former Chairperson, REDI Inc.
- Former Protocol Chief, City Delegation to Tianjin, Peoples Republic of China
- Representative, City of Philadelphia Delegation to Republic of Argentina
- President, Clio Philadelphia Global Network Foundation
- Chair, City of Philadelphia Richardson Dilworth Award Committee

### Professional Recognition

- Selected to Philadelphia Best Lawyers "Lawyer of the Year", Corporate Law category, 2022
- Selected to *The Best Lawyers in America*® in the area of Corporate Law, 2006–2023
- *Pennsylvania Super Lawyers*, 2004–2021
- Beyond Celiac Service Award, 2018
- The Republic of Italy, Awards of Merit Cavaliere Ufficiale, 1988; Commendatore, 2017
- The Legal Intelligencer, Lifetime Achievement, 2016
- Rutgers University, Leap Scholars Leadership Award, 2016
- Breath of Life Award, Cystic Fibrosis Foundation, 2015
- Humanitarian Award, REDI Inc., 2013
- Preferred Leadership Award, The Justinian Society & Foundation, 2011
- The Learned Hand Award, American Jewish Committee, 2007
- American Heart Association, Heart of Philadelphia Award, 2006
- Drexel University, Honorary degree, 2004
- The Philadelphia Pinnacle Award, 2003
- Tenth Annual Purple Aster Award, Grand Lodge of Pennsylvania, 1993

Further information on methodologies is available via [these links](#).

**Assistant: Madeline Natal**

Direct: 215-575-7091

[mnatal@dilworthlaw.com](mailto:mnatal@dilworthlaw.com)

### Practice Areas

- Banking & Financial Services
- Procurement
- Securities
- Mergers & Acquisitions
- Startups & Emerging Businesses

### Industries

- Financial Services
- Infrastructure
- Family Office
- Construction Contracts and Labor
- Construction Litigation

### Education

- M.A., Villanova University, 1967
- LL.B., Harvard Law School, 1965
- B.A., College of the Holy Cross, 1962

### Bar Admissions

- Pennsylvania, 1965

George Bochetto, Esq.

June 27, 2024

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- [26 Attorneys Named Among the Best Lawyers In America](#)
- [Eighteen Dilworth Paxson Attorneys Named to 2020 The Best Lawyers in America® List](#)
- [Nineteen Dilworth Attorneys Named 2019 Pennsylvania Super Lawyers and Rising Stars](#)
- [Twelve Dilworth Paxson Attorneys Recognized in 2019 Pennsylvania's Best Lawyers Publication](#)
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- [Dilworth Paxson's Stephen J. Harmelin and Joseph H. Jacovini to be Honored by Philadelphia Bar Association](#)
- [Dilworth's Stephen J. Harmelin and Joseph H. Jacovini to be Honored by Philadelphia Bar Association on November 3, 2016](#)
- [Ten Dilworth Attorneys Named to 2017 The Best Lawyers in America® List](#)
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- [Joseph Jacovini Throws Out the First Pitch on "Celiac Awareness Night" with the Philadelphia Phillies](#)
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# **Exhibit “17”**

**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.

---

**DECLARATION OF JAMES C. SCHWARTZMAN, ESQUIRE**

I, James C. Schwartzman, Esquire, hereby declare the following to be true and correct to the best of my knowledge, information and belief:

1. I have been asked by counsel for Dean Vagnozzi to provide my expert opinion with respect to the liability insurance procured by the law firm Eckert Seamans Cherin & Mellott LLC (“Eckert”) as it relates to the firm’s liability exposure from the legal malpractice arising out of the firm’s representation of Dean Vagnozzi and several others raising funds that were ultimately invested in a merchant cash advance company, Complete Business Group Solutions, Inc. d/b/a Par Funding (“Par Funding”).
2. More specifically, I have been asked to opine on whether the insurance liability limits for the Eckert firm, \$50 Million per claim, are consistent with commercially reasonable standards in light of the firm’s significant involvement with raising funds for Par Funding.
3. Qualifications:
  - Before addressing the above issues, let me confirm that a major part of my practice deals with the Rules of Professional Conduct in Pennsylvania, as well as disciplinary and licensing issues affecting Pennsylvania attorneys generally. For your information, I have included a copy of my Curriculum Vitae as **Exhibit “1”** to this Report.
  - Upon review of my Curriculum Vitae, you will see that I served six (6) years on the Disciplinary Board of the Supreme Court of Pennsylvania. For two (2) of

those years I was Chairman and Vice-Chairman, and those two (2) years happened to be the years in which our present Rules of Professional Conduct were written by the Disciplinary Board and sent to the Supreme Court of Pennsylvania for approval. Since that time, I have consulted or provided expert testimony on numerous occasions regarding the conduct of attorneys and law firms and whether or not their conduct deviated from the appropriate standard of care.

- Let me also note that from 2008 to 2014, I served on the Supreme Court of Pennsylvania Interest on Lawyers Trust Account Board (the “IOLTA Board”), concluding my term as Chair of that body; from 1992 to 1999, I served on the Supreme Court of Pennsylvania Continuing Legal Education Board, concluding my term as Chairman; from 2014 to 2018, I was a member of the Pennsylvania Judicial Conduct Board, serving as its Chairman from 2016-2018; and from 2018 to 2022, I served as a Judge on the Court of Judicial Discipline, concluding my term as President Judge.
4. Documents Reviewed. I have reviewed and relied upon the following documents in formulating the declaration that follows.
- Deposition of Timothy Coons and Exhibits dated June 19, 2023
  - Complaint dated May 11, 2021 in matter captioned:

Dean Vagnozzi v. John W. Pauciulo, Esquire and  
Eckert Seamans Cherin & Mellott, LLC;  
CCP Philadelphia, April Term, 2021 No. 002115
  - Complaint dated May 4, 2017 in matter captioned:

U.S. Securities and Exchange Commission v.  
William R. Schantz III and Verto Capital;  
US District Court, District of New Jersey;  
Civ 3115 (RBK) ECF Case
  - Amended Final Judgment as to Defendants William R. Schantz and Verto Capital
  - Initial Decision of Cameron Elliot in Matter of Retirement Surety LLC, et al
  - Order Granting Summary Disposition in Part in Matter of Retirement Surety LLC
  - Order in Matter of John W. Pauciulo, Esq. Instituting Public Administrative and Cease-And-Desist Proceedings
  - List of Investors in Par Funding



- Spreadsheet identifying all Par Funding investors' principal investments that came from Funds and promoters represented by Pauciulo and Eckert
  - Consent Order by Pennsylvania Department of Banking and Securities against CBSG
  - Cease-And-Desist Order issued by the New Jersey Bureau of Securities against CBSG
  - Emergency Cease and Desist Order issued by Texas State Securities Board against CBSG and others, including Vagnozzi entities
  - Cease and Desist Order against Vagnozzi and his entities
5. Based upon my review of the foregoing documents and based upon my more than 50 years practicing law as described above, I declare to a reasonable degree of professional certainty, that the Eckert firm failed to take reasonable steps to properly insure itself for general liability events, such as malpractice of the financial magnitude in this case, in light of the many red flags surrounding Pauciulo's securities practice that pre-dated the liability claims stemming from Par Funding investments. In addition, Eckert failed to properly supervise and oversee the work Pauciulo was performing for Par Funding.
  6. Eckert is based in Philadelphia, Pennsylvania. According to its website ([www.eckertseamans.com](http://www.eckertseamans.com)), Eckert has 15 offices located in 11 states. The firm has more than 200 lawyers engaged in more than 60 practice areas, including corporate finance and securities law. According to its report, Eckert's annual revenues exceed \$140,000,000, with profits of 500,000 per partner for approximately 100 equity partners.
  7. Responsible law firms as large and with as many practice areas as Eckert consistently develop internal controls concerning its practice areas, including structures and policies to know the nature and business of its clients, the needs and practices of its clients, to know and review the type of legal services being provided to its clients by its lawyers within the firm in order to assess the proper levels of general liability insurance firms should carry.
  8. Key among the internal controls is for management to have a very clear understanding of the financial magnitude of the client matters it is handling and the financial exposure the firm has regarding liability to its clients and third parties for mistakes, malpractice, or reckless misconduct.
  9. In the area of corporate finance and securities law, such internal controls are particularly important to protect the client, the firm, and third parties from mistakes or reckless conduct, especially where, as in the practice of John Pauciulo, the investing public is directly solicited for investments in entities established by Pauciulo subject to scrutiny by the Securities and Exchange Commission and other state regulators.

10. Where the representation of a particular client spans many years, produces millions of dollars in legal fees, and results in the raising of hundreds of millions of dollars from the investing public, such oversight and scrutiny are absolutely essential in fulfilling the firm's obligations to maintain reasonable and adequate liability insurance.
11. Here, Pauciulo provided legal services to multiple clients, including Dean Vagnozzi, in creating investment funds that raised approximately \$190 million that were invested in Par Funding.
12. In this regard, I have been supplied the list of the investors in Par Funding, which was filed by the Receiver appointed in the federal receivership action, *SEC v. CBSG, d/b/a Par Funding, et al.*, 20-cv-81205-RAR ("Par Funding Receivership Action"). According to that list, which took the form of an Exhibit filed by the Receiver, the total amount of principal invested in Par Funding was \$365,293,654.10.
13. Of the \$365 Million invested, it has been represented to me by Vagnozzi's counsel that at least \$190,428,044.66 was invested in Par Funding by fund managers that were represented by Pauciulo and Eckert for purposes of creating Private Placement Memoranda for each fund and related legal services.
14. I have reviewed a copy of a spreadsheet provided by Vagnozzi's Counsel listing all Par Funding investors' principal investments. The investment funds represented by Pauciulo and Eckert are identified on the spreadsheet by yellow highlights.
15. According to the analysis on this spreadsheet, the legal services provided by Pauciulo and Eckert are responsible for more than \$190 Million being invested with Par Funding.
16. I have read and reviewed the deposition transcript of Tim Coon, Esquire, the chief legal officer of Eckert during the years in question in which John Pauciulo was representing clients raising public funds for investment in Par Funding, and note that he testified:
  - a. No one at Eckert was supervising Pauciulo's work, nor was anyone responsible to do so. (Dep Tr 45.)
  - b. No one ever reviewed even one of the dozens of Private Placement Memoranda Pauciulo prepared for raising hundreds of millions of dollars from the investing public. (Dep Tr 50-51.)
  - c. No one at Eckert was ever aware of the amounts of money being raised from the investing public through the Private Placement Memoranda created by Pauciulo. (Dep Tr 51.)
  - d. No one at Eckert was aware that at least two regulatory agencies had conducted investigations and found securities law violations even as Pauciulo was creating 5

additional Private Placement Memoranda and raising tens of millions of dollars from the investing public. (Dep Tr 53-54.)

- e. No one at Eckert was aware Pauciulo was appearing in radio advertisements or videos for Dean Vagnozzi. (Dep Tr 92-93, 106, 113-114.)
  - f. No one interviewed Pauciulo or was aware in any way regarding the amount of money being raised from the general public for Par Funding nor the amount of legal fees being charged. (Dep. Tr. 60.)
  - g. No one at Eckert analyzed, reviewed or supervised Pauciulo's practice, clients, or financial exposure in setting the firm's general liability claims coverage. (Dep. Tr. 59-60)
17. I have also reviewed documents pertaining to regulatory actions that were filed against Pauciulo's clients, including against Dean Vagnozzi, as well as actions against CBSG d/b/a Par Funding.
18. Significantly, these regulatory and related court actions *pre-dated* the SEC's receivership action, which was filed on July 24, 2020, as well as the three Class Actions filed by Par Funding investors, which were filed on August 5, 2020, September 9, 2020, and November 6, 2020, respectively, in *Caputo et al. v. Vagnozzi, et al.*, 1:20-cv-0142-CFC (D. Del Aug. 5, 2020); *Montgomery et al. v. Eckert Seamans, et al.*, 1-20-cv-23750-DPG (S.D.Fl. Sep. 9, 2020); *Melchior et al. v. Vagnozzi et al.*, 2-20-cv-05562-BMS (E.D.Pa. Nov. 6, 2020).
19. In this regard, the following regulatory and court actions were filed against Pauciulo clients and Par Funding *before* the SEC's July 24, 2020 receivership action and *before* the Class Actions filed by Par Funding investors:
- a. On May 4, 2017, the SEC filed a Complaint in the U.S. District Court, District of New Jersey, *SEC v. William R. Schantz and Verto Capital*, No. 1:17-cv-03115 ("Schantz SEC Case"). Part of the Schantz SEC Case involved the sale of promissory notes which Schantz used to invest in Verto Capital. Schantz and Verto Capital were clients of Pauciulo while he was a partner at Eckert.
  - b. In the Schantz SEC Case, the SEC alleged there were approximately \$12.5 million of 9-month Notes issued to "at least 80 investors." Among other problems, the SEC concluded "the Notes sales constituted unregistered sales of securities from which no applicable registration exemption existed and, thus, violated the securities sale registration provisions of the federal securities laws." Pauciulo was counsel of record for the Respondents in the Schantz SEC Case.
  - c. On July 6, 2017, the SEC issued an order instituting proceedings in *the Matter of Retirement Surety LLC, et al.*, File No. 3-18061 ("Retirement Surety SEC Action"), alleging three additional individuals (Thomas Rose, David Leeman,

and David Featherstone) willfully violated federal securities laws by acting as unregistered brokers in the sale of unregistered securities which were promissory notes issued by Verto Capital.

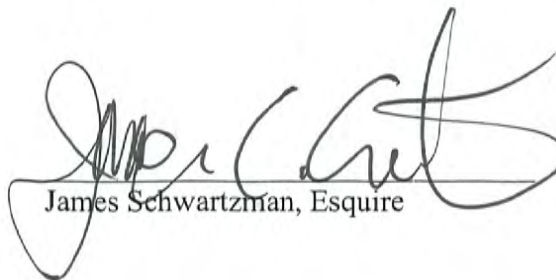
- d. In a decision in the matter, the SEC found that the Respondents sold the Notes based on the advice they received from William Schantz and his lawyer – John Pauciulo – who told the individuals the Notes were “not a security” and need not be registered.
- e. In 2018, the Pennsylvania Department of Banking and Securities conducted an investigation of CBSG, resulting in a Consent Order against CBSG that it violated the Pennsylvania Securities Act of 1972, 70 P.S. § 1-301. The Consent Order was entered on November 28, 2018, and imposed a \$499,000 fine against CBSG based on an unregistered agent offering and selling CBSG promissory notes in Pennsylvania. *Pa. Dep’t of Banking and Securities v. Complete Business Solutions Group, Inc. d/b/a/ Par Funding, 18-0098.*
- f. On December 27, 2018, the New Jersey Bureau of Securities issued a Cease-and-Desist Order against CBSG, based on CBSG’s sale of unregistered securities (promissory notes) in New Jersey and use of unregistered agents, in violation of the New Jersey securities laws. *In re the Matter of Complete Business Solutions Group, Inc. and Complete Business Solutions Group, Inc. d/b/a Par Funding.*
- g. On May 30, 2019, the Pennsylvania Department of Banking and Securities entered into a Consent Order with Dean Vagnozzi, issuing an administrative assessment of \$490,000 based on Vagnozzi selling a non-negotiable Term Promissory Note (the funds from which were invested in Par Funding) to Pennsylvania consumers while not registered as an agent at the time of the sale. Pauciulo, while a partner at Eckert, improperly advised Vagnozzi that he did not need to be registered as an “agent” in order to sell such Promissory Notes. Vagnozzi signed this Consent Order on April 30, 2019 and was represented by Pauciulo in the Pennsylvania Department of Banking and Securities proceeding before April 30, 2019.
- h. In February 2020, the Texas State Securities Board issued an Emergency Cease and Desist Order against CBSG and others, including Vagnozzi’s entities. The Texas Securities Board alleged CBSG engaged in fraud for failure to disclose to investors the Pennsylvania and New Jersey Regulatory Actions against CBSG and court actions filed against CBSG based on its lending practices.
- i. On July 14, 2020, the SEC’s New York office issued an Order Instituting Administrative and Cease-And-Desist Proceedings against Dean Vagnozzi and his entity Abetterfinancialplan.com, LLC, concerning Dean Vagnozzi raising funds to be invested in a company called “Fallcatcher,” which the SEC described as a “startup company” that “purportedly operated for the purpose

of creating, marketing, and selling biometric devices and software to track patients receiving treatment for substance addiction.” The SEC’s Order – to which Vagnozzi agreed while Pauciulo represented him – found Vagnozzi violated federal securities laws by soliciting investments in Fallcatcher without being registered as a broker or dealer in accordance with Section 15(b) of the Exchange Act. Pauciulo and Eckert Seamans improperly advised Vagnozzi that he need not be registered as a broker or dealer for purposes of soliciting investments in Fallcatcher. Although the SEC’s Order was entered on July 14, 2020, the SEC’s investigation started sometime in 2019.

20. All of the above regulatory actions provided Eckert and its equity partners many red flags about Pauciulo’s risky securities practice and should have prompted immediate inquiry about the massive liability to which Pauciulo’s securities practice was exposing the firm.
21. Had Eckert performed any inquiry it would have been obvious that Pauciulo was facilitating the firm’s clients raising almost \$200 million for Par Funding -- an entity that, as early as 2018, was already under intense regulatory scrutiny.
22. Based upon all the foregoing facts and circumstances, Eckert was more than just negligent in its supervision of and knowledge about the practice of one of its equity partners, John Pauciulo. Eckert was reckless and irresponsible in this regard. The Eckert firm had absolutely no understanding of the amount of investments Pauciulo was facilitating or about the intense regulatory scrutiny Par Funding and Vagnozzi were under.
23. Eckert was reckless and irresponsible in light of the fact that: (a) Pauciulo was assisting clients in raising almost \$200 million for investments in Par Funding, (b) there were many red flags about the risky regulatory environment surrounding Par Funding, and (c) Eckert “routinely” determined to carry only \$50 million of general liability coverage,
24. It is my opinion, held to a reasonable degree of professional certainty, that the decision-making of the Eckert firm and its equity partners rendered the firm severely underinsured.
25. It was irresponsible, unreasonable and not at all consistent with commercially reasonable standards for a firm of Eckert’s size and the type of corporate and

securities transaction work the firm was engaged in to only have \$50 million per claim of liability insurance.

Date: June 28, 2024



James Schwartzman, Esquire

# **EXHIBIT 1**

**RESUME OF JAMES C. SCHWARTZMAN**

**ADDRESS**

*Office: Stevens & Lee  
620 Freedom Business Center  
Suite 200  
King of Prussia, PA 19406*

**TELEPHONE**

*Office: (215) 751-2863*

**EDUCATION**

**LAW SCHOOL**

*Villanova University School of Law  
Degree: Juris Doctor (cum laude) May, 1972  
Class Rank: 7th out of 157  
Honors: Villanova Law Review (Associate Editor)  
Order of the Coif (National Legal Honorary)  
Graduated with Honors (cum laude)  
Publications: Comment, Adopted Children in Pennsylvania: A Class  
Without Clause, 17 Villanova Law Review 1066 (1972)*

**COLLEGE**

*Washington University  
St. Louis, Missouri 63130  
Degree: A.B. in Psychology (May, 1967)  
Honors: Honors Course in Economics*

**EMPLOYMENT**

*2005-Present Shareholder in Law Firm of Stevens & Lee  
Chair, Ethics and Professional Responsibility Group  
Litigation practice with emphasis on Ethics and  
Professional Responsibility.*

*1992 – 2005 Private Practice;  
Law Office of James C. Schwartzman & Associates  
engaged in general practice of law with emphasis on  
litigation, ethics and professional responsibility matters.*

*1977-1992 Private Practice;  
Senior shareholder in law firm of Schwartzman & Hepps;  
engaged in general practice of law with emphasis on  
litigation, ethics and professional responsibility matters.*

*1974 – 1977 Assistant United States Attorney  
Eastern District of Pennsylvania*

*1972 – 1974 Law Clerk to Honorable J. William Ditter, Jr.  
United States District Judge (E.D. of Pa)*

**ADMITTED TO PRACTICE**

*Supreme Court of the United States  
Supreme Court of Pennsylvania  
United States Court of Appeals – Third Circuit  
United States District Court (E.D. Pa)  
United States District Court (M.D. Pa)  
United States Tax Court  
United States Court of Claims*

**PROFESSIONAL ASSOCIATIONS**

*Pennsylvania Bar Association  
Philadelphia Bar Association  
American Trial Lawyers Association  
Pennsylvania Trial Lawyers Association  
Philadelphia Trial Lawyers Association  
Association of Professional Responsibility Lawyers*

**REFERENCES**

*On Request*



OTHER

Court of Judicial Discipline, (Retired)

Judge, 2018 – 2022

President Judge – 2021 to 2022

Disciplinary Board of the Supreme Court of Pennsylvania,

Chairman, 1986 - 1987

Vice-Chairman, 1985 - 1986

Member, 1983 - 1989

Continuing Loral Education Board of the Supreme Court of Pennsylvania

Chairman, 1996 - 1999

Vice-Chairman, 1992 - 1995

Member, 1992 - 1999

Interest on Lawyers Trust Account (IOLTA) Board of the Supreme Court of Pennsylvania

Chairman, 2013 - 2014

Vice-Chairman, 2012

Member, 2008 - 2014

Judicial Conduct Board of Pennsylvania

Chairman, 2016 - 2018

Vice-Chairman, 2015

Member, 2014 - 2018

Villanova Law School Girard-diCarlo Center for Ethics, Integrity and Compliance

Board Member, 2019 - Present

Southeastern Pennsylvania Transportation Authority

Board of Directors, 1991 - 2015

Independence Blue Cross Board of Directors

Board of Directors, 1993 - 2019

Ethics Director; American Electronic Laboratories, Inc.

National Heritage Life Insurance Company:

Appointed by the Insurance Commissioner of the State of Delaware to oversee the liquidation of approximately Five Hundred Million (\$500,000,000,00) Dollars of real estate assets of an insolvent Insurance company.

Trustee, 1997 - 2001

Committee of Seventy; 2002-2015

Non-partisan, non-profit organization of concerned citizens founded in 1904 and dedicated to research, education, and concerted action in the interest of good government

Instructor: Attorney General's Advocacy Institute United States Department of Justice;

Lecturer: Temple University Graduate Law School;

Received various awards, honors and commendations from United States Department of Justice

AV Preeminent Rated by Martindale-Hubbell

Appointed by Governor Robert Casey to Philadelphia Trial Court

Nominating Commission; 1987 - 1995

Member – Philadelphia Senatorial Judicial

Nominating Commission; 1987 - 1995

Pennsylvania Super Lawyer: 2004; 2005; 2006; 2007; 2008; 2009; 2010; 2011; 2012; 2013;

2014; 2015; 2016; 2017; 2018; 2019; 2020, 2021, 2022, 2023, 2024

Voted one of Top 100 Lawyers in Pennsylvania

Voted one of Top 100 Lawyers in Philadelphia

The Best Lawyers in America: Listed in the 2006; 2007; 2008; 2009; 2010; 2011; 2012; 2013;

2014; 2015; 2016; 2017; 2019; 2020, 2021, 2022, 2023, 2024

Ethics and Professional Responsibility

Legal Malpractice Law – Plaintiffs

Legal Malpractice Law – Defendants

2022 and 2015 Best Lawyers in America “Lawyer of the Year” – Philadelphia

Ethics and Professional Responsibility

Legal Malpractice Law

2019 Villanova Law School Award for Public Service

# **Exhibit “18”**



WWW.MENDES.COM

November 9, 2020

Anthony P. Spain  
Equity Partner  
212.261.8337  
Anthony.Spain@mendes.com

**VIA E-MAIL**

Timothy S. Coon, Esq.  
Eckert, Seamans, Cherin & Mellott, LLC  
U.S. Steel Tower  
600 Grant Street, 44<sup>th</sup> Floor  
Pittsburgh, PA 15219

Re: Scottsdale Insurance Company, et al.  
Lawyers Professional Indemnity Insurance  
Insured: Eckert Seamans Cherin & Mellott, LLC  
Claimants: Schapperle, et al.  
Our File: 435,586

Dear Timothy:

We refer to our previous correspondence with you and your Firm regarding the captioned matter. We appreciate the information you have provided thus far and ask that you please keep us apprised of all developments as they occur.

On May 7, 2020 the Firm notified Insurers of the Schapperle Claim (Our File: 436,586), which was made against the firm in connection with its representation of Mr. Dean Vagnozzi and certain merchant cash advance investment funds. Subsequently, the Firm notified Insurers of two class-action styled lawsuits that were filed against the insured firm in connection with its representation of Vagnozzi and the same merchant cash advance funds, *Caputo et al. v. Vagnozzi et al* (the "Delaware Action") and *Montgomery et al. v. ESCM, Pauciulo et al.* (the "Florida Action"). The Firm also notified Insurers of an ongoing SEC investigation initiated against Mr. Vagnozzi and other related parties, wherein the Firm is not a party to the suit, but has been implicated by the complaint and subpoenaed for information ("SEC Action"). Lastly, on July 14 2020, the Firm notified Insurers of another claim asserted against the Firm in connection with its representation of Vagnozzi in connection with the formation of several life insurance investment funds, including the Pillar 6 Life Settlement Fund, L.P (the "Pillar 6 Claim") (Our File 436,033).

As the Firm has notified Insurers of claims and circumstances arising out of its representation of Mr. Vagnozzi, as described above, we direct your attention to Section II. B. of the captioned policy, which states in relevant part:

All CLAIMS (regardless of whether they involve one or more INSUREDS) arising out of the same ACT, or series of related ACTS, shall constitute a single CLAIM, irrespective of the number of claimants and shall be deemed to have been made during the POLICY PERIOD in which such CLAIM arising from the ACT or series of related ACTS is first made against such INSUREDS without regard to the POLICY PERIOD(S) in which later CLAIMS arising out of such ACT or series of related ACTS are asserted.

Our File: 435,586

Page 2 of 2

Based on the information available to us at this time, it appears that the Schapperle matter, the SEC Action the Delaware Action and the Florida Action may "aris[e] out of the same ACT, or series of interrelated ACTS" and therefore constitute a single "CLAIM" under the captioned policy. Accordingly, Insurers will treat these matters as a single "CLAIM" under the captioned policy, made on May 7, 2020.

With respect to the Pillar 6 Claim, based on the information available to us at this time, Vagnozzi's merchant cash advance appears to be separate from Vagnozzi's life insurance business. Accordingly, Insurers will continue to treat the Pillar 6 Claim as a separate claim made under the captioned policy on July 10, 2020. However, we reserve Insurers' rights to evaluate this determination further as additional information comes to light.

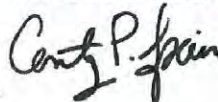
Further, we note that the complaints in the Delaware and Florida Actions contain allegations that the Firm and its attorneys engaged in and/or aided and abetted fraudulent and dishonest conduct. Accordingly, we must respectfully reserve Insurers' rights pursuant to Exclusion E. of the captioned policy, which excludes from coverage "any CLAIM alleging the fraud or dishonesty of any INSURED if a judgment or other final adjudication shall establish that such INSURED committed or personally acquiesced in the commitment by another INSURED of active and deliberate fraud or dishonesty with actual fraudulent or dishonest purpose and intent." We note, however, that Exclusion E. does not "exclude coverage to the FIRM, or to any other INSURED who was not so adjudged to have committed or personally acquiesced to such fraud or dishonesty."

Finally, it is alleged in the complaint in the Florida Action that the Firm was served with a subpoena in 2017, in connection with the SEC investigation of Mr. Vagnozzi. Please advise us whether the Firm or its attorneys were served with a subpoena in connection with the SEC investigation and, if so, the date(s) of such service. Also, to the extent available, please provide us with a copy of that subpoena.

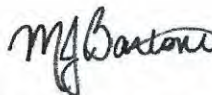
Thank you for your cooperation. We trust that you appreciate that our actions and inquiries herein are without prejudice to any rights or defenses specifically reserved or otherwise generally available to our clients. Should you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,

MENDES & MOUNT, LLP



By: Anthony P. Spain



By: Melissa J. Bartone

# **Exhibit “19”**

**ECKERT**  
S E A M A N S  
ATTORNEYS AT LAW

Eckert Seamans Cherin & Mellott, LLC  
U.S. Steel Tower  
600 Grant Street, 44<sup>th</sup> Floor  
Pittsburgh, PA 15219

TEL: 412 566 6000  
FAX: 412 566 6099

Timothy S. Coon  
(412) 566-214  
tcoon@eckertseamans.com

March 21, 2022

Megan Bright, Esq.  
Mendes & Mount, LLP  
750 Seventh Avenue  
New York, NY 10019

Re: Scottsdale Insurance Company et al  
Lawyers Professional Indemnity Insurance  
Insured: Eckert Seamans Cherin & Mellott LLC  
Mendes File: 435,586

Dear Megan:

Thank you for your February 22, 2022 letter updating and advising on our Insurers' reservation of rights. As in the past, on behalf of the Insureds under the policy we reserve all of our rights under the Policy.

Having reviewed your letter, in connection with our Insurers' position that all of the various claims and suits relate back to the *Schapperle* claim, which was asserted in May, 2020, we must respectfully disagree as we believe it is premature to make that determination. We do agree, based on information known at this point, that several of the pending matters are substantially similar and related, for example the *Caputo*, *Montgomery* and *Melchior* class actions. However, we believe further information is needed to assess whether some of the other suits are limited to "claims that arise out of the same Act or series of related Acts". As one example, the *Dean Vagnozzi* suit appears to allege different acts, claims, and time periods than those involved in the three class actions or the *Schapperle* claim. As another example, we do not yet have a complaint in the *Legacy Advisory Group/David Gollner* matter (commenced by writ of summons in October 2021) so we do not know the acts and claims that will be asserted. However plaintiffs' counsel has said that this suit is "different from" the earlier-filed *Parker* case in which David Gollner and his fund are plaintiffs.

As such, Eckert respectfully reserves all of its rights on the position that all of the pending claims and suits are a single CLAIM under the 2019-20 policy. We believe the situation should clarify after the court orders staying the various matters are lifted and we will certainly engage with you



Megan Bright  
March 21, 2022  
Page 2

further at that time. We also acknowledge that if, hypothetically, any other policy applies to any of the claims or suits then Eckert would be responsible for the Retention under that policy.

By reserving its rights, Eckert in no way intends to lend any credence to the allegations, or imply that Eckert or any Eckert attorney will incur liability as a result of the lawsuits, claims or potential claims. Thank you, and if you have any questions please let me know.

Very truly yours,

A handwritten signature in cursive script that reads "Timothy S. Coon".

Timothy S. Coon  
Chief Legal Officer

Cc: Timothy Q Hudak

# Exhibit "20"



## **Sworn Declaration of Perry Abbonizio**

I, Perry Abbonizio, of legal age, residing in Collegeville, PA 19426, hereby state the following:

1. During the four years that Dean Vagnozzi raised money to invest with Complete Business Solutions Group, Inc. d/b/a Par Funding ("Par Funding") from 2016-2020, I was his main contact. Mr. Vagnozzi and I would speak several times a week;

2. During that 4-year period, in spite of helping to bring in over 100 Million of investor dollars to Par Funding, I would estimate that Dean Vagnozzi was in Joseph Laforte's presence no more than 15 times;

3. The State of PA commenced their investigation into Par Funding on January 4, 2018 and it continued throughout most of 2018. Dean Vagnozzi was never told about this investigation;

4. Dean Vagnozzi conducted numerous agent recruiting events over the four years that I worked with him. I attended and spoke at several of these events. It was mistakenly alleged that Mr. Vagnozzi recruited agents to solely raise money to invest with Par Funding. During his agent recruiting events, Mr. Vagnozzi also discussed agents working with him to sell Life Insurance, Life Settlements, Real Estate and Litigation Funding;

5. It was alleged that Dean Vagnozzi and I had a coordinated effort to recruit and train agents to raise investment dollars for Par Funding. This is not true. I would speak at Mr. Vagnozzi's agent recruiting events, but I would follow up with the agents that I met on my own. I had my own way of helping agents and Mr. Vagnozzi has his. Mr. Vagnozzi and I never discussed and/or coordinated a process to train agents;

6. It was alleged that once the State of PA commenced their investigation into Par Funding, Mr. Vagnozzi worked with Par Funding to create the "Agent Fund" model in an effort to conceal information about Joseph Laforte and/or Par Funding. This also is not true. Mr. Vagnozzi had very little interaction with anyone from Par Funding about the creation of his first fund, and again, Mr. Vagnozzi was unaware of the State of PA's investigation;

7. Dean Vagnozzi was not privy to any information pertaining to Par's default rates, underwriting practices or number of lawsuits other than what was conveyed to him by Par's management team;

8. Dean Vagnozzi was never made aware of the fact that there were serious problems with the Euler Hermes Policy that was supposedly insuring Mr. Vagnozzi's ABFP Income Fund 3;

9. When Par Funding defaulted on March 25<sup>th</sup>, 2020, Dean Vagnozzi had numerous heated exchanges with Joseph Laforte. Mr. Vagnozzi demanded to see Par's

financials. He wanted proof that Par Funding was insolvent before he would sign off on a restructured note for investors;

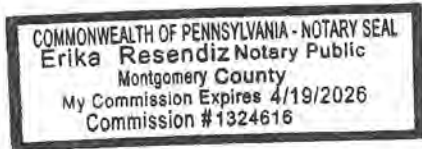
10. Dean Vagnozzi was promised no compensation by Par Funding for investors to accept the restructured promissory notes from PAR;

11. ***In summary, Dean Vagnozzi was not an insider with PAR Funding and I never witnessed him do anything but fight for what was in the best interest of his investors. I believe that all of the fraudulent allegations and assumption made against Mr. Vagnozzi by the SEC's Miami Office led by Amie Berlin, Senior Trial Counsel and Linda Schmidt, Sr Counsel, were wrong;***

*Perry S. Abbonizio 4-28-2023.*

On this 28<sup>th</sup> day of April, 2023 PERRY S. ABBONIZIO personally appeared before me and provided his identity using Pennsylvania driver's license. Perry Abbonizio then signed this instrument before me here *Perry S. Abbonizio*

Signature Notary: *Erika Resendiz* Seal:



My Commission expires: 04/19/2026

# Exhibit "21"

# Perry Abbonizio's Sworn Delcaration

## Sworn Declaration of Perry Abbonizio

I, Perry Abbonizio, of legal age, residing in Collegeville, PA 19426, hereby state the following:

1. During the four years that Dean Vagnozzi raised money to invest with Complete Business Solutions Group, Inc. db/a Par Funding ("Par Funding") from 2016-2020, I was his main contact. Mr. Vagnozzi and I would speak several times a week;
2. Doing that 4-year period, in spite of helping to bring in over 100 Million of investor dollars to Par Funding, I would estimate that Dean Vagnozzi was in Joseph Lafora's presence no more than 15 times;
3. The State of PA commenced their investigation into Par Funding on January 4, 2018 and it continued throughout most of 2018. Dean Vagnozzi was never told about this investigation;
4. Dean Vagnozzi conducted numerous agent recruiting events over the four years that I worked with him. I attended and spoke at several of these events. It was mistakenly alleged that Mr. Vagnozzi recruited agents to solely raise money to invest with Par Funding. During his agent recruiting events, Mr. Vagnozzi also discussed agents working with him to sell Life Insurance, Life Settlements, Real Estate and Litigation Funding;

Perry Abbonizio worked as a consultant for PAR. He is a cooperating witness for the DOJ against Joe Lafora. He could have exonerated Dean from day one!

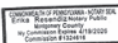
5. It was alleged that Dean Vagnozzi and I had a coordinated effort to recruit and train agents to raise investment dollars for Par Funding. This is not true. I would speak at Mr. Vagnozzi's agent recruiting events, but I would follow up with the agents that I met on my own. I had my own way of helping agents and Mr. Vagnozzi has his. Mr. Vagnozzi and I never discussed and/or coordinated a process to train agents;
6. It was alleged that once the State of PA commenced their investigation into Par Funding, Mr. Vagnozzi worked with Par Funding to create the "Agent Fund" model in an effort to conceal information about Joseph Lafora and/or Par Funding. This also is not true. Mr. Vagnozzi had very little interaction with anyone from Par Funding about the creation of his first fund, and again, Mr. Vagnozzi was unaware of the State of PA's investigation;
7. Dean Vagnozzi was not privy to any information pertaining to Par's default rates, underwriting practices or number of lawsuits other than what was conveyed to him by Par's management team;
8. Dean Vagnozzi was never made aware of the fact that there were serious problems with the Euler Hermes Policy that was supposedly insuring Mr. Vagnozzi's ABFP Income Fund 3;
9. When Par Funding defaulted on March 25<sup>th</sup>, 2020, Dean Vagnozzi had numerous heated exchanges with Joseph Lafora. Mr. Vagnozzi demanded to see Par's

- financials. He wanted proof that Par Funding was insolvent before he would sign off on a restructured note for investors;
10. Dean Vagnozzi was promised no compensation by Par Funding for investors to accept the restructured promissory notes from PAR;
  11. In summary, Dean Vagnozzi was not an insider with PAR Funding and I never witnessed him do anything but fight for what was in the best interest of his investors. I believe that all of the fraudulent allegations and assumption made against Mr. Vagnozzi by the SEC's Miami Office led by Amie Berlin, Senior Trial Counsel and Linda Schmidt, Sr Counsel, were wrong.

*Perry S. Abbonizio* 4-28-2023

On this 28<sup>th</sup> day of April, 2023, PERRY S. ABBONIZIO personally appeared before me and provided his identity using Pennsylvania driver's license. Perry Abbonizio then signed this instrument before me here *Perry S. Abbonizio*

Signature Notary *[Signature]* Seal



My Commission expires: 04/19/2026

# June 1 2016 PPM

**Confidential Private Placement Offering Memorandum**

**BANKROLL 1 LLC**  
 a Delaware limited liability company  
 114 Indian Lane  
 Collegeville, PA 19426  
 610-812-6656

for the sale of:

**ONE YEAR PROMISSORY NOTES BEARING INTEREST AT THE RATE OF 12.125%  
 TWO YEAR PROMISSORY NOTES BEARING INTEREST AT THE RATE OF 14.75%  
 THREE YEAR PROMISSORY NOTES BEARING INTEREST AT THE RATE OF 16.60%**

This Confidential Private Placement Offering Memorandum relates to an offering undertaken by Bankroll 1 LLC (the "Company") for the sale of the Company's one year promissory notes bearing interest at the rate of 12.125% ("One Year Notes"), two year promissory notes bearing interest at the rate of 14.75% ("Two Year Notes") and three year promissory notes bearing interest at the rate of 16.60% ("Three Year Notes" and, together with the One Year Notes and the Two Year Notes, the "Notes"). Notes will be issued in the minimum amount of Fifty Thousand Dollars (\$50,000) although the Company reserves the right to issue Notes in lesser amounts and in increasing increments of Five Thousand Dollars (\$5,000). All funds accepted will be deposited directly through The Bryn Mawr Trust Company as escrow agent for the Company.

THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION DOES NOT PASS UPON THE MERITS OF OR GIVE ITS APPROVAL TO ANY SECURITIES OFFERED BY THE TERMS OF THE OFFERING, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF ANY OFFERING CIRCULAR OR OTHER SELLING LITERATURE. THESE SECURITIES ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE COMMISSION; HOWEVER, THE COMMISSION HAS NOT MADE AN INDEPENDENT DETERMINATION THAT THE SECURITIES OFFERED HEREUNDER ARE EXEMPT FROM REGISTRATION.

	Price to Public	Underwriting Discount and Commission	Proceeds To Issuer Or Other Person
Per \$25,000	\$5,000	\$0	\$5,000
Total	\$5,000,000	\$0	\$5,000,000

**THIS OFFERING INVOLVES SOME DEGREE OF RISK.  
 SEE "RISK FACTORS."**

**JUNE 1, 2016**

(000094)

ESCM\_DV-0106042

**Summary of the Offering**

THIS SUMMARY OF CERTAIN PROVISIONS OF THIS OFFERING IS INTENDED FOR QUICK REFERENCE ONLY AND DOES NOT FULLY REFLECT ALL OF THE TERMS OF THE OFFERING. PROSPECTIVE INVESTORS SHOULD READ AND UNDERSTAND THIS ENTIRE MEMORANDUM AND THE EXHIBITS BEFORE MAKING AN INVESTMENT DECISION WITH RESPECT TO THIS OFFERING.

<b>Company</b>	Bankroll 1 LLC (the "Company") has been established as a Delaware limited liability company for the purpose of purchasing promissory notes issued by companies which provide merchant cash advances to small businesses.
<b>Risk Factors</b>	An investment in the Company involves a certain degree of risk. You should consider the risk factors commencing on page 3 including, among others, worsening economic conditions may result in decreased demand for merchant cash advances and cause default rates to increase and if the information provided by customers is incorrect or fraudulent, a customer's qualifications to receive a merchant cash advance may be misjudged and, accordingly, default rates may be higher than anticipated.
<b>Offering</b>	The Company is offering promissory notes (the "Offering") (i) bearing interest at the rate of 12.125% with a term of one year ("One Year Notes"), (ii) bearing interest at the rate of 14.75% with a term of two years ("Two Year Notes") and (iii) notes bearing interest at the rate of 16.60% with a term of three years ("Three Year Notes" and, together with the One Year Notes and the Two Year Notes, the "Notes"). The Company has not established any minimum or maximum number of Notes which it will issue. The Company may begin operations with any amount. There is no minimum amount which must be raised before commencing operations. The Company reserves the right to continue the Offering for an additional thirty (30) days.
<b>Minimum Investment</b>	The minimum investment is \$50,000 but the Company reserves the right to accept investments of lesser amounts.
<b>Use of Proceeds</b>	The gross proceeds of the offering will be used to pay expenses incurred in connection with the formation of the Company and this Offering and to purchase promissory notes issued by one or more companies which provide merchant cash advances to small businesses which promissory notes will have interest rates higher than the interest rates of the Notes (the "Portfolio").

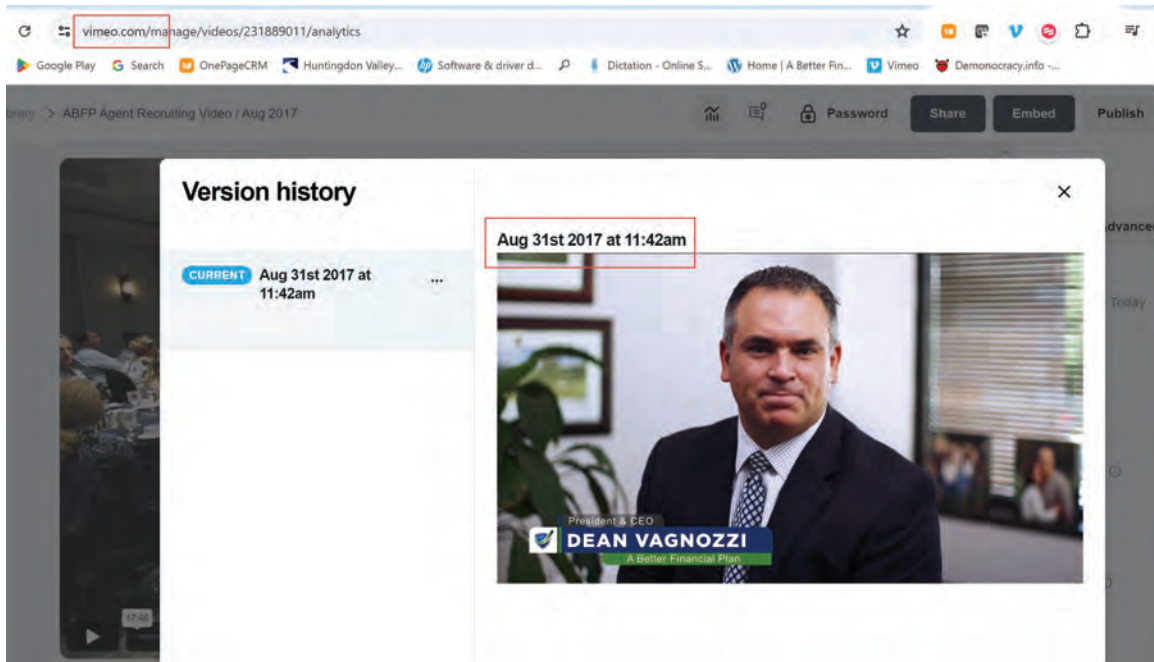
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ESCM\_DV-0109050

# Agent Fund Video Aug. 2017

- **Dean posts an agent recruiting video on August 31, 2017 on his Vimeo account four months before the PADBS commenced their investigation into PAR, which Dean did not even know about.**



## Oct. 2017 Email about Agent Funds

After pressing PAR to do PPM's instead of a Finder arrangement, PAR gave Dean the ok in early October 2017 to create the Agent Funds. This is an email to Pauciulo on October 4<sup>th</sup> 2017 telling him that.

---

**From:** Dean Vagnozzi <dean@abetterfinancialplan.com>  
**Sent:** Oct 4, 2017 7:28 AM  
**To:** "John W. Pauciulo" <JPauciulo@eckeritseamans.com>  
**Subject:** Meeting/next fund

Hey John

I had a nice chat with Gary yesterday .

1) I want to meet to form a fund to invest in Mca we started to do last year.

2) put a fund together for life settlements that sells notes like you suggested.

How is your bandwidth for this stuff?

Perhaps we can do this over the phone. You tell me.

Dean



# Nov. 2017 Email Options for Agent Funds

**From:** Dean Vagnozzi [/O=CHOST/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DEAN1A2]  
**Sent:** Sunday, November 05, 2017 3:29:11 PM  
**To:** Joe Mack  
**CC:** Perry Abbonizio  
**Subject:** Questions...  
**Attachments:** image002.png

Joe...I'm only a few days away from my agents arriving and I have a question or two. Your answer will help me finalize my plan. Let me know if we can discuss later, you, Perry and I. Thanks

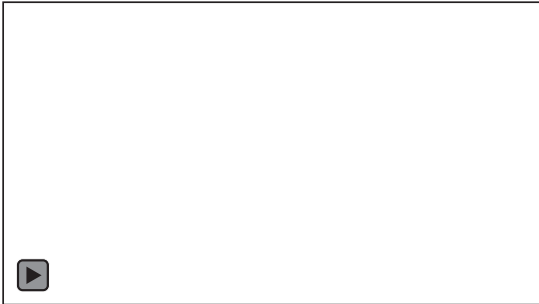
We are going to give agents 2 options:

1. Do their own MCA fund  
 This will allow them to sell to non accredited investors...up to 35 of them. As I have said 100x before, these investors believe it or not are the best clients I have. The ppm will provide all the disclosure needed to make it a suitable investment for them and comply with all regulations. This will also allow the agent to maximize his income and I believe this option is most beneficial to all parties involved. The negative is that it will likely cost agents 10k to start a fund. The fund can be structured so that the agent is reimbursed that 10k by a tiny piece of every investor. 10k may not seem like a lot of money to you and me, but it is to the majority of agents. Even though they can be reimbursed, many will still hesitate to spend the 10k. So, the question here is would you consider paying for 1/3 the 10k or the entire 10k for agents Perry and I feel are "good"? We can structure the agreement that you get reimbursed the money first before any commissions are paid. We can also structure this option so that all paperwork/money comes to my office first, and we deal with Joe Cole and he won't have to deal with 20 agents...just my girl Michelle. Of course Joe Cole will need to send monthly payments to the agents fund, but paperwork comes to us first (maybe Alexis can help us) and commissions come to me, and I pay agent since the agent will be in my "downline."

2. Sell my MCA fund  
 We can structure this so that I pay them a salary. I came up with the following idea (and my attorney loves it)...for any agent that wants to sell into my fund, I charge a \$ 6500 fee too. This fee covers my "training" of them. But I will simultaneously have them sign a 3 month employment contract in which I pay them \$ 500 a week salary for them to generate MCA business. Over 3 months, I will have paid them their \$ 6500 back that they gave me, and that will be ample time for them to generate sales for MY MCA fund. If they generate sales I will pay them an additional quarterly bonus based on how much comes in the previous 3 months. If they suck, the agreement ends after 3 months and I lose nothing. If they are good, I obviously keep paying them a salary followed by quarterly bonuses and everyone is happy. Again, my attorney loves this. One problem here...my fund can only have 35 non accredited investors...and I will save all of those 35 slots for prospects I come across here in my back yard. So if an agent choses this option, he can only sell to Accredited investors, which will severely reduce the amount of money that comes in. This option will do ok...but not as much as option 1 above...which is why I'd like to see if you can help.

This November 2017 email was sent to Laforte telling him about Dean's intention of giving the agents attending my event in King of Prussia the option to do their own PPM or to be an employee of Dean's and sell the MCA investment that way, which was blessed by Pauciulo. This is 2 months before the PADBS commenced their Jan 4, 2018 investigation into PAR.

## November 7, 2017 Agent Meeting, King of Prussia, PA



Each of Dean’s agent meetings discussed **numerous** ways in which Dean was offering to help them grow their practice (Life Insurance, Life Settlements, Litigation Funding). The agent meetings were never an effort to expand business for PAR only. They were about expanding Dean’s network and practice. PAR was just one of the offerings. This video proves the content that Dean covered at the November 7, 2017 agent meeting was more than just PAR.



:05 – Dean: “How many billable hours do I have with you to get them involved and keep everybody out of trouble”

4:30 - Dean tells them they can do a Litigation Funding PPM NOW! For Life Settlement or MCA/PAR, discussing how to have agents sell into Dean’s PPMs. Point is, this wasn’t a meeting to find agents for just PAR. See the Kansas City Life Banner. Dean was discussing having them selling his ABFP Income Fund COMPLIANTLY, which he was given the green light to do in October.

11:20 – John: “My job is to make sure things are compliant, period!”

12:10 DEAN “the plan is to do a fund next year.....get things going in December so that it’s done in January”

# Dean reports to Pauciulo about Agent Funds


PAR gave Dean the go ahead for agents to do their own PPM's in Mid December 2017, 3 weeks before the PADBS commenced their investigation into PAR.

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**From:** Dean Vagnozzi <dean@abetterfinancialplan.com>  
**Sent:** Dec 16, 2017 9:16 AM  
**To:** "John W. Pauciulo" <JPauciulo@eckertscamans.com>  
**Subject:** Today

Hey John.

If you happen to be free for lunch today, let me know. I'm going to my office this morning to clean up some things.

 I've gotten the go ahead from par funding to do more than just my fund. I have numerous agents that I believe will do a fund now if we let them.

I have a meeting Wednesday with the par funding guys. I need to lay out how we will roll this out as to process of how it works from the time someone says they want to invest etc.


So I need to know how I roll this out as to comp etc so that I'm not doing anything wrong. 


So let me know. If not today. I assume we can find time to speak Monday or Tuesday

# Dean suggested Par Funding Should be mentioned in PPM

On February 26, 2019 Dean emailed Pauciulo, saying he thought CBSG Par Funding should be referenced in the ABFP Income Fund 3 PPM.

ABFP 3 FUND !!

 Dean Vagnozzi  
To: Pauciulo, John W.

 Forward Tue 2/26/2019 11:54 AM

You forwarded this message on 12/14/2020 3:18 PM.

John,


We are anxious to go with the ABFP 3 Income fund.

Can you get me the PPM today? Tomorrow? You said last week that it can be done this week.

Last week you were not sure if you should mention cbsg as the main document since the insurance policy will be with them. I thought you should. You were not sure.

Let me know.

CBSG/PAR was never mentioned in any of our Income fund PPM's. Here is an email where I clearly say that I thought they should be referenced.



**Dean J. Vagnozzi**  
President & CEO  
[Abetterfinancialplan.com](http://Abetterfinancialplan.com), llc  
234 Mall Blvd, Suite 270  
King Of Prussia, PA 19406  
484-425-7393  
Increased Returns - Decreased Risk

# 3) Par's Default Rate & Underwriting Practices


CBSG Funding Analysis  
01/01/13 - 01/31/20

What we were told PAR's default rate was...

Month	Year	Funding Count	Funded Total	AVG Funding	Factoring AVG <sup>1</sup>	Avg Term	Monthly Factor% <sup>2</sup>	New AR	AR Total <sup>3</sup>	AR Change	Factoring Losses <sup>4</sup>	Funding Exposure <sup>5</sup>	Exposure % <sup>6</sup>
TOTAL	2013	336	\$ 13,455,766.30	\$ 37,797.10	1.35	123	3.9%	\$ 19,064,984.47	\$ 5,688,670.71	\$ 5,688,670.71	\$ 1,264,465.50	\$ 302,296.51	1.7%
TOTAL	2014	978	\$ 16,932,688.07	\$ 17,313.59	1.33	94	7.4%	\$ 31,951,849.33	\$ 8,778,474.37	\$ 4,089,803.66	\$ 1,622,534.64	\$ 331,947.39	2.0%
TOTAL	2015	703	\$ 28,741,086.51	\$ 40,883.48	1.35	116	6.3%	\$ 50,316,486.89	\$ 17,615,473.88	\$ 7,836,999.51	\$ 3,059,835.62	\$ (153,741.39)	-0.5%
TOTAL	2016	1087	\$ 68,065,864.62	\$ 62,618.09	1.34	132	5.4%	\$ 138,236,034.04	\$ 59,067,326.39	\$ 41,451,852.51	\$ 5,409,620.98	\$ 210,069.88	0.3%
TOTAL	2017	2036	\$ 191,048,079.69	\$ 93,835.01	1.38	139	5.7%	\$ 367,440,333.29	\$ 177,067,138.86	\$ 117,999,812.47	\$ 12,624,610.06	\$ 2,459,220.87	1.3%
TOTAL	2018	3384	\$ 340,666,086.72	\$ 100,669.65	1.37	124	6.2%	\$ 642,158,545.47	\$ 2,824,865,241.82	\$ 2,647,798,102.96	\$ 33,985,267.94	\$ 6,190,776.15	1.8%
JAN	2019	334	\$ 25,864,259.02	\$ 77,437.89	1.34	144	4.9%	\$ 48,385,444.62	\$ 313,546,855.41	\$ 7,636,410.66	\$ 1,864,994.92	\$ 214,907.86	0.8%
FEB	2019	294	\$ 28,284,259.08	\$ 96,204.96	1.30	120	5.2%	\$ 47,635,034.67	\$ 327,228,270.63	\$ 13,681,415.22	\$ 1,081,775.31	\$ (108,665.48)	-0.4%
MAR	2019	369	\$ 28,542,761.29	\$ 77,351.66	1.34	107	6.6%	\$ 43,376,748.13	\$ 332,807,186.10	\$ 5,578,915.47	\$ 2,281,428.31	\$ (34,302.71)	-0.1%
APR	2019	382	\$ 24,892,280.30	\$ 65,163.04	1.36	107	7.0%	\$ 78,605,907.84	\$ 342,464,691.48	\$ 9,657,505.38	\$ 991,621.12	\$ 149,370.36	0.6%
MAY	2019	358	\$ 30,286,186.06	\$ 84,598.29	1.31	105	6.2%	\$ 45,342,925.10	\$ 344,000,270.70	\$ 1,535,579.22	\$ 2,553,917.12	\$ (14,262.84)	0.0%
JUN	2019	448	\$ 29,816,360.59	\$ 66,554.38	1.32	107	6.2%	\$ 66,205,402.20	\$ 350,253,767.37	\$ 6,253,496.67	\$ 1,396,021.89	\$ 50,358.75	0.2%
JUL	2019	414	\$ 32,467,505.92	\$ 78,423.93	1.32	104	6.4%	\$ 53,486,821.19	\$ 361,976,660.11	\$ 11,722,892.74	\$ 2,591,860.57	\$ 537,395.64	1.7%
AUG	2019	393	\$ 36,165,409.59	\$ 92,023.94	1.29	106	5.7%	\$ 111,391,920.86	\$ 382,034,057.80	\$ 20,057,397.69	\$ 9,033,897.09	\$ 731,980.01	2.0%
SEP	2019	457	\$ 48,989,078.80	\$ 107,197.11	1.34	108	6.6%	\$ 135,772,548.34	\$ 412,848,066.88	\$ 30,814,009.08	\$ 5,870,130.67	\$ (2,066,751.16)	-4.2%
OCT	2019	480	\$ 39,957,579.14	\$ 83,244.96	1.33	102	6.7%	\$ 69,675,871.93	\$ 423,577,381.13	\$ 10,729,314.25	\$ 2,222,330.76	\$ (89,677.46)	-0.2%
NOV	2019	527	\$ 29,879,405.58	\$ 56,697.16	1.34	96	7.4%	\$ 84,984,257.16	\$ 433,032,391.28	\$ 9,455,010.15	\$ 5,223,938.48	\$ 1,013,324.01	3.4%
DEC	2019	585	\$ 40,680,834.12	\$ 69,539.89	1.32	95	7.0%	\$ 67,607,252.57	\$ 443,234,811.68	\$ 10,202,420.40	\$ 3,515,473.14	\$ 238,665.35	0.6%
JAN	2020	885	\$ 54,431,075.98	\$ 61,504.04	1.32	98	6.8%	\$ 83,016,014.59	\$ 466,077,987.04	\$ 22,843,175.36	\$ 2,118,718.73	\$ (355,286.49)	0.7%
		<b>14,470</b>	<b>\$ 1,109,166,564.38</b>	<b>\$ 76,652.84</b>	<b>1.33</b>	<b>112</b>	<b>6.3%</b>	<b>\$ 2,184,654,382.69</b>			<b>\$ 98,712,382.85</b>	<b>\$ 9,799,625.25</b>	<b>0.9%</b>

- PAR provided monthly spreadsheets like this which consistently showed default rates under 2% ;

# Par's Default Rate & Underwriting Practices



Ending Exposure <sup>5</sup>	Exposure % <sup>4</sup>
502,296.51	3.7%
331,947.39	2.0%
(153,741.39)	-0.5%
210,069.88	0.3%
2,459,220.87	1.3%
6,190,776.15	1.8%
214,907.86	0.8%
(108,665.48)	-0.4%
(34,302.71)	-0.1%
149,370.36	0.6%
(14,262.84)	0.0%
50,358.75	0.2%
537,395.64	1.7%
731,980.01	2.0%
(2,066,751.16)	-4.2%
(99,677.46)	-0.2%
1,015,324.01	3.4%
238,665.35	0.6%
(355,286.49)	-0.7%
<b>9,799,625.25</b>	<b>0.9%</b>

# Par's Brochures on Default Rate & Underwriting Practices

Dean relayed to investors information pertaining to PAR's underwriting that PAR provided to Dean, via PAR brochures as seen below and from sitting in on countless meetings between potential PAR investors and PAR management, which included underwriters. Dean had no reason to think that PAR's underwriting was anything other than what they said it was, and there is no proof to contradict that statement.

## HOW OUR MODEL WORKS

It all starts with underwriting.

Par Funding uses a financial matrix for our underwriting which evaluates clients with an emphasis based on cash flow rather than traditional credit metrics.

We investigate numerous sources in addition to credit scores to screen applicants including:

- MCA Industry databases
- Background checks
- On-Site inspections

We complete the underwriting process to reach a decision in 48-72 hours.

PAR 9

# 3) Par's Default Rate & Underwriting Practices

Part of a Brochure from PAR that we were provided to hand to potential investors

## USING SOCIAL MEDIA TO EXPAND UNDERWRITING INTELLIGENCE

As much as business and financing have changed, basic tools for identifying default risks remain as they were for some time. Statistical algorithmic modeling technologies work by automating the collection of data relevant to the financial strength of a merchant: revenue, costs, credit history, cash flow, profitability. They work well. But they can't detect all the factors that can make or break a cash advance. Extra steps to achieve meaningful, personal and often intangible qualities of an applicant make all the difference.

Par Funding extends the value of underwriting algorithms using social media, a new force that promises to transform the MCA business.

### THERE'S NO SUBSTITUTE FOR PERSONAL ON-SITE MERCHANT INSPECTION

The Par Funding emphasis on thorough underwriting is especially evident in details of our process, such as on-site inspection. Visual confirmation of a business's viability yields the highest levels of confidence in the future viability of merchant partners.

Social media, and the Par Funding force of underwriters skilled to use it, gives us access to an unprecedented range of added data for supporting decisions about credit worthiness. It's a window to the character of an applicant and other more tangible and measurable indices. Through their social networks, we gain insights into merchant spending habits, management philosophy, business vision and goals, education, work history, the profiles of others in the network and their credit indicators. We see the strength of the applicant's professional networks - and get a more in-depth

Our media-savvy underwriters also navigate social networks to see what others - customers, suppliers, competitors, and industry members - say about the applicant's character and day-to-day practices. Reputation can be created, shaped and amplified on social media.

This approach complements algorithms, which are by definition tied to looking at the past. They won't help you find a merchant's vision, ambition and drive for future expansion and growth.

## EXCEPTIONAL UNDERWRITING RIGOR: BEYOND UNDERWRITING ALGORITHMS

Par Funding became very good at spotting potential defaults by applying a unique underwriting methodology. The care and discipline invested in approving a cash advance results in an especially selective approach to monetizing our service. That means typically funding no more than two of every 10 prospects we encounter. We learn more about our clients before doing business through a proven, multi-step underwriting process.

We locate and begin productive dialogue with prospects through a nationwide network of sales professionals.

The potential client takes the first step by providing important decision-support information in its funding application. The application gathers the basics: length of time in business, ownership details and planned use of capital. It requires evidence of credit worthiness, such as bank statements and personal credit.

We examine key indicators of business health, including average monthly bank deposits, other sources of funding, recurring overhead and other outstanding payment obligations.

A background check further confirms that the merchant we fund is likely to be reliable and trustworthy.

Personal interviews with the merchant provide the opportunity to build rapport, answer questions and prepare for our credit committee decision.

A credit profile shows credit history, credit worthiness score (FICO), outstanding liens, credit limits, risk scores tax debts and other information available through social media, Clear, Thomson Reuters or Experian.

On-site inspections of the merchant's physical places of business provide us positive verification of the legitimacy of the business and accuracy of statements made on the application. The on-site inspection can be a labor-intensive extra step, but it has been proven to enhance the low default rate we experience.

The signed agreement, which includes a personal guarantee from each merchant and the means for fully transparent access to the merchant bank account for the term of the engagement, goes before the credit committee.

Business from applicants that aren't approved can be brokered to other MCA companies with less demanding underwriting standards. This helps to provide our sales professionals with the incentive to continue to pursue all feasible new opportunities.

These are breakthrough underwriting techniques that help spot risks early, identifying promising partners and laying the foundation for long-term, repeat business relationships.



# Par's Default Rate & Underwriting Practices

## Sworn Declaration of Perry Abbonizio

I, Perry Abbonizio, of legal age, residing in Collegeville, PA 19426, hereby state the following:

1. During the four years that Dean Vagnozzi raised money to invest with Complete Business Solutions Group, Inc. d/b/a Par Funding ("Par Funding") from 2016-2020, I was his main contact. Mr. Vagnozzi and I would speak several times a week;

2. Doing that 4-year period, in spite of helping to bring in over 100 Million of investor dollars to Par Funding, I would estimate that Dean Vagnozzi was in Joseph Laforte's presence no more than 15 times;

3. The State of PA commenced their investigation into Par Funding on January 4, 2018 and it continued throughout most of 2018. Dean Vagnozzi was never told about this investigation;

4. Dean Vagnozzi conducted numerous agent recruiting events over the four years that I worked with him. I attended and spoke at several of these events. It was mistakenly alleged that Mr. Vagnozzi recruited agents to solely raise money to invest with Par Funding. During his agent recruiting events, Mr. Vagnozzi also discussed agents working with him to sell Life Insurance, Life Settlements, Real Estate and Litigation Funding;

5. It was alleged that Dean Vagnozzi and I had a coordinated effort to recruit and train agents to raise investment dollars for Par Funding. This is not true. I would speak at Mr. Vagnozzi's agent recruiting events, but I would follow up with the agents that I met on my own. I had my own way of helping agents and Mr. Vagnozzi has his. Mr. Vagnozzi and I never discussed and/or coordinated a process to train agents;

6. It was alleged that once the State of PA commenced their investigation into Par Funding, Mr. Vagnozzi worked with Par Funding to create the "Agent Fund" model in an effort to conceal information about Joseph Laforte and/or Par Funding. This also is not true. Mr. Vagnozzi had very little interaction with anyone from Par Funding about the creation of his first fund, and again, Mr. Vagnozzi was unaware of the State of PA's investigation;

7. Dean Vagnozzi was not privy to any information pertaining to Par's default rates, underwriting practices or number of lawsuits other than what was conveyed to him by Par's management team;

8. Dean Vagnozzi was never made aware of the fact that there were serious problems with the Euler Hermes Policy that was supposedly insuring Mr. Vagnozzi's ABFP Income Fund 3;

9. When Par Funding defaulted on March 25<sup>th</sup>, 2020, Dean Vagnozzi had numerous heated exchanges with Joseph Laforte. Mr. Vagnozzi demanded to see Par's

# Dean's Reaction to Par Funding's March 2020 Default

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3. The State of PA commenced their investigation into Par Funding on January 4, 2018 and it continued throughout most of 2018. Dean Vagnozzi was never told about this investigation;

4. Dean Vagnozzi conducted numerous agent recruiting events over the four years that I worked with him. I attended and spoke at several of these events. It was mistakenly alleged that Mr. Vagnozzi recruited agents to solely raise money to invest with Par Funding. During his agent recruiting events, Mr. Vagnozzi also discussed agents working with him to sell Life Insurance, Life Settlements, Real Estate and Litigation Funding;

5. It was alleged that Dean Vagnozzi and I had a coordinated effort to recruit and train agents to raise investment dollars for Par Funding. This is not true. I would speak at Mr. Vagnozzi's agent recruiting events, but I would follow up with the agents that I met on my own. I had my own way of helping agents and Mr. Vagnozzi has his. Mr. Vagnozzi and I never discussed and/or coordinated a process to train agents;

6. It was alleged that once the State of PA commenced their investigation into Par Funding, Mr. Vagnozzi worked with Par Funding to create the "Agent Fund" model in an effort to conceal information about Joseph Lafora and/or Par Funding. This also is not true. Mr. Vagnozzi had very little interaction with anyone from Par Funding about the creation of his first fund, and again, Mr. Vagnozzi was unaware of the State of PA's investigation;

7. Dean Vagnozzi was not privy to any information pertaining to Par's default rates, underwriting practices or number of lawsuits other than what was conveyed to him by Par's management team;

8. Dean Vagnozzi was never made aware of the fact that there were serious problems with the Euler Hermes Policy that was supposedly insuring Mr. Vagnozzi's ABFP Income Fund 3;

9. When Par Funding defaulted on March 25<sup>th</sup>, 2020, Dean Vagnozzi had numerous heated exchanges with Joseph Lafora. Mr. Vagnozzi demanded to see Par's

financials. He wanted proof that Par Funding was insolvent before he would sign off on a restructured note for investors;

10. Dean Vagnozzi was promised no compensation by Par Funding for investors to accept the restructured promissory notes from PAR;

11. In summary, Dean Vagnozzi was not an insider with PAR Funding and I never witnessed him do anything but fight for what was in the best interest of his investors. I believe that all of the fraudulent allegations and assumption made against Mr. Vagnozzi by the SEC's Miami Office led by Amie Berlin, Senior Trial Counsel and Linda Schmidt, Sr Counsel, were wrong;

*Perry S. Abbonizio* 4-28-2023.

On this 28<sup>th</sup> day of April, 2023, PERRY S. ABBONIZIO personally appeared before me and provided his identity using Pennsylvania driver's license. Perry Abbonizio then signed this instrument before me here *Perry S. Abbonizio*

Signature Notary *[Signature]* Seal:



My Commission expires: 04/19/2026

## Par's March 25, 2020 Default & Exchange Notes

Joe McElhone  
2157769338

Wednesday, March 25, 2020 *Default*

My dad is a retired policeman. He put in 125k. Was supposed to get it back today. He trusted me. Havent called him. Scared. Joe, the sooner you can provide more clarity to people the better. Thanks

7:56 AM

Week or 2. 9:08 AM

Joe...I'm about to break the hearts over 600 people that are gonna worry like crazy. Just tell me they will be ok

10:51 AM

Ms Berlin has alleged that I had an agreement with PAR to be compensated if I persuaded investors to take a new, restructured deal with PAR. I would NEVER EVER do that. The following text messages make that 1000% clear.

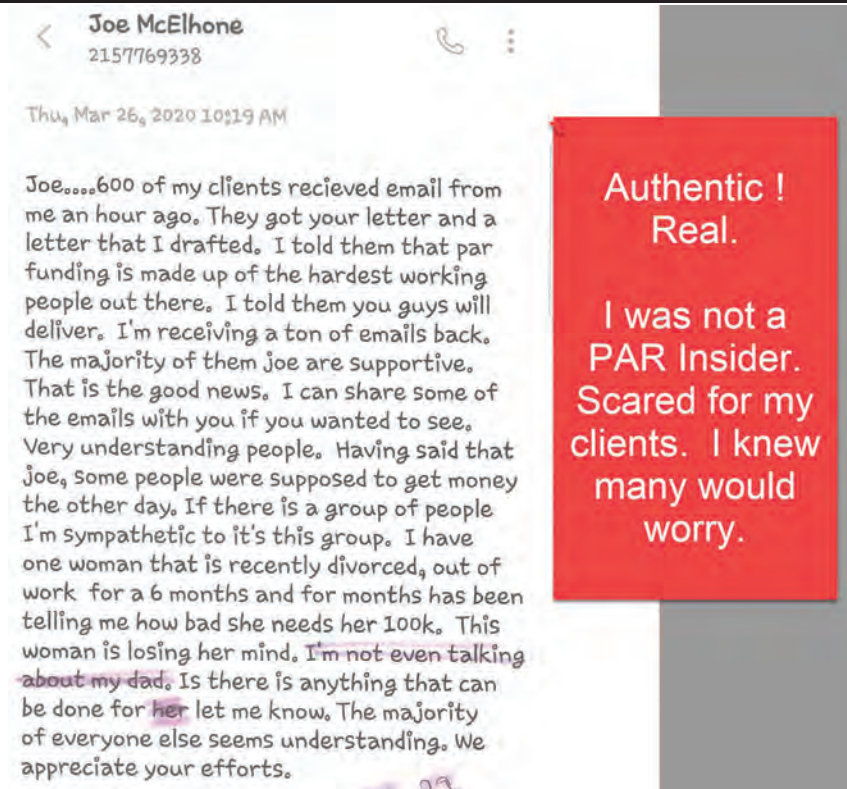
I WAS NOT ON PAR's SIDE

This is the day Par defaulted, March 25th.

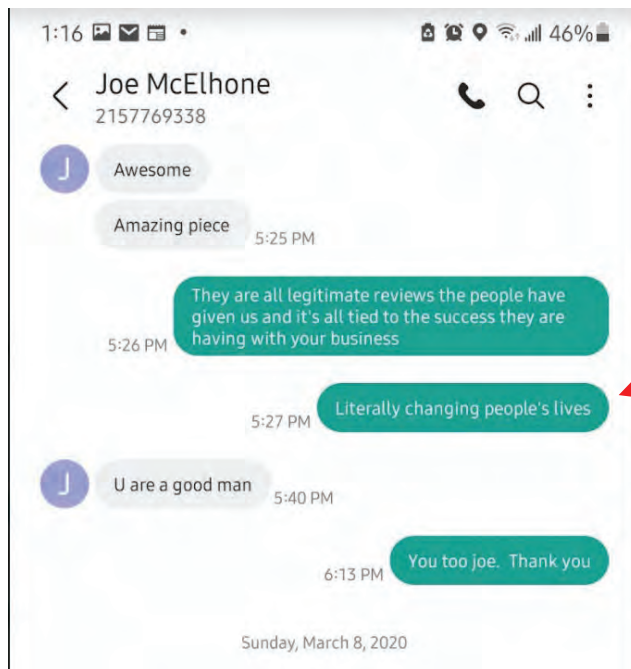
I was scared. My 80 year old father was an investor. First of many text message.

The following text messages clearly show that I was working on behalf of my investors, not PAR!

## Par's March 25, 2020 Default & Exchange Notes



# I Truly Thought We Had the Greatest Investment Ever!



We were all making a lot of money, and so were ABFP investors. I sent this text to Laforte in early March 2020

This proves how I felt.

# Exhibit "22"

**'IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

DENNIS MELCHIOR; LINDA LETIER; TERESA :  
KIRK-JUNOD; ROBERT HAWRYLAK; JOSEPH :  
F. BROCK; JR.; RAYMOND G. HEFFNER; JOHN :  
MADDEN; THOMAS D. GREEN; MAUREEN A. :  
GREEN; DOMINICK BELLIZZIE; JANET :  
KAMINSKI; CYNTHIA BUTLER; WILLIAM :  
BUTLER; EDWARD WOODS; GLEN W. COLE, :  
JR.; JOHN BUTLER; ROBERT BETZ; MICHAEL :  
D. GROFF; SHAWN P. CARLIN; MARCY H. :  
KERSHNER; JOHN W. HARVEY; LAURIE H. :  
SUTHERLAND; WILLIAM M. SUTHERLAND; :  
BRUCE CHASAN; RANDAL BOYER, JR. AS :  
POA :  
FOR CHANTAL BOYER; ROY MILLS; JACE A. :  
WEAVER; GEORGE S. ROADKNIGHT; :  
ROBERT :  
DELROCCO; LEONARD GOLDSTEIN; DAVID :  
JAKEMAN; FRED BARAKAT; NEIL :  
BENJAMIN; :  
MARK NEWKIRK; MICHAEL SWAN; :  
BARBARA :  
BARR; MICHAEL BARR; JOSEPH CAMAIONI; :  
JORDAN LEPOW; MARILYN SWARTZ; :  
ROBERT :  
L. YORI; JOAN L. YORI; MARK A. TARONE; :  
RAYMOND D. FERGIONE; RAYMOND BRUCE :  
BOEHM; ROBIN LYNN BOEHM; PATRICIA :  
CROSSIN-CHAWAGA; CHARLES P. MOORE; :  
JAMES E. HILTON; DOUGLAS C. KUNKEL; :  
BONNIE LEE BEEMAN; ERNEST S. LAVORINI; :  
ELIZABETH ANN DOYLE; JOSEPH :  
GREENBERG; PAUL J. DAVIS; WILLIAM P. :  
BETZ, JR.; and DONALD DEMPSEY, on behalf of :  
themselves and all others similarly situated, :  
Plaintiffs, :

Case No.: 2:20-cv-05562-BMS

vs. :

DEAN VAGNOZZI; :  
CHRISTA VAGNOZZI; :  
ALBERT VAGNOZZI; :  
ALEC VAGNOZZI; :  
SHANNON WESTHEAD; :

JASON ZWIEBEL; :  
 ANDREW ZUCH; :  
 MICHAEL TIERNEY; :  
 PAUL TERENCE KOHLER; :  
 JOHN MYURA; :  
 JOHN W. PAUCIUOLO; :  
 ECKERT SEAMANS CHERIN & MELLOTT, :  
 LLC; :  
 SPARTAN INCOME FUND, LLC; :  
 PISCES INCOME FUND LLC; :  
 CAPRICORN INCOME FUND I, LLC; :  
 MERCHANT SERVICES INCOME FUND, LLC; :  
 COVENTRY FIRST LLC; :  
 PILLAR LIFE SETTLEMENT FUND I, L.P.; :  
 PILLAR II LIFE SETTLEMENT FUND, L.P.; :  
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 PILLAR 7 LIFE SETTLEMENT FUND, L.P.; :  
 PILLAR 8 LIFE SETTLEMENT FUND, L.P.; :  
 ATRIUM LEGAL CAPITAL, LLC; :  
 ATRIUM LEGAL CAPITAL 2, LLC; :  
 ATRIUM LEGAL CAPITAL 3, LLC; :  
 ATRIUM LEGAL CAPITAL 4, LLC; :  
 FALLCATCHER, INC.; :  
 PROMED INVESTMENT CO., L.P.; and :  
 WOODLAND FALLS INVESTMENT FUND, :  
 LLC, :  
 Defendants. :

**DEFENDANTS ECKERT SEAMANS CHERIN & MELLOTT, LLC’S AND JOHN W. PAUCIUOLO’S MOTION TO STAY PROCEEDINGS, OR IN THE ALTERNATIVE, TO DISMISS PLAINTIFFS’ CLASS ACTION COMPLAINT**

Defendants Eckert Seamans Cherin & Mellott, LLC and John W. Pauciulo, by and through their attorneys, respectfully move this Court to stay the proceedings, or in the alternative, to dismiss Plaintiffs’ Class Action Complaint with prejudice pursuant to Federal Rules of Civil Procedure 12(b)(6) and 9(b) for the reasons set forth in the accompanying



memorandum of law. A proposed Order is attached. Oral argument is requested.

Dated: January 15, 2021

Respectfully submitted,

*/s/ Jay A. Dubow*

Jay A. Dubow (PA Bar No. 41741)  
Joanna J. Cline (PA Bar No. 83195)  
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*Attorneys for Defendants Eckert Seamans  
Cherin & Mellott, LLC and John W.  
Pauciulo*

**CERTIFICATE OF SERVICE**

The undersigned certifies that on January 15, 2021, a true and correct copy of the foregoing Defendants Eckert Seamans Cherin & Mellott, LLC's and John W. Pauciulo's Motion to Stay Proceedings, or in the Alternative, to Dismiss Plaintiffs' Class Action Complaint was electronically filed with the Clerk of the Court for the Eastern District of Pennsylvania using the CM/ECF system. Notice of this filing will be sent to all parties by operation of the Court's electronic filing system. Parties may access this filing through the court's CM/ECF system.

/s/ Jay A. Dubow  
Jay A. Dubow

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

DENNIS MELCHIOR; LINDA LETIER; TERESA :  
KIRK-JUNOD; ROBERT HAWRYLAK; JOSEPH :  
F. BROCK; JR.; RAYMOND G. HEFFNER; JOHN :  
MADDEN; THOMAS D. GREEN; MAUREEN A. :  
GREEN; DOMINICK BELLIZZIE; JANET :  
KAMINSKI; CYNTHIA BUTLER; WILLIAM :  
BUTLER; EDWARD WOODS; GLEN W. COLE, :  
JR.; JOHN BUTLER; ROBERT BETZ; MICHAEL :  
D. GROFF; SHAWN P. CARLIN; MARCY H. :  
KERSHNER; JOHN W. HARVEY; LAURIE H. : Case No.: 2:20-cv-05562-BMS  
SUTHERLAND; WILLIAM M. SUTHERLAND; :  
BRUCE CHASAN; RANDAL BOYER, JR. AS :  
POA  
FOR CHANTAL BOYER; ROY MILLS; JACE A. :  
WEAVER; GEORGE S. ROADKNIGHT; :  
ROBERT  
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BARR; MICHAEL BARR; JOSEPH CAMAIONI; :  
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BONNIE LEE BEEMAN; ERNEST S. LAVORINI; :  
ELIZABETH ANN DOYLE; JOSEPH :  
GREENBERG; PAUL J. DAVIS; WILLIAM P. :  
BETZ, JR.; and DONALD DEMPSEY, on behalf of :  
themselves and all others similarly situated, :  
Plaintiffs, :  
:  
vs. :  
:  
DEAN VAGNOZZI; :  
CHRISTA VAGNOZZI; :  
ALBERT VAGNOZZI; :  
ALEC VAGNOZZI; :  
SHANNON WESTHEAD; :  
JASON ZWIEBEL; :

ANDREW ZUCH; :  
 MICHAEL TIERNEY; :  
 PAUL TERENCE KOHLER; :  
 JOHN MYURA; :  
 JOHN W. PAUCIUOLO; :  
 ECKERT SEAMANS CHERIN & MELLOTT, :  
 LLC; :  
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 FALLCATCHER, INC.; :  
 PROMED INVESTMENT CO., L.P.; and :  
 WOODLAND FALLS INVESTMENT FUND, :  
 LLC, :  
 Defendants. :

**PROPOSED ORDER**

AND NOW, this \_\_\_\_ day of \_\_\_\_\_, 2021, upon consideration of Defendants Eckert Seamans Cherin & Mellott, LLC’s and John W. Pauciulo’s Motion to Stay Proceedings, or in the Alternative, to Dismiss Plaintiffs’ Class Action Complaint, and any response thereto, it is hereby ORDERED that:

- 1. The Motion to Stay Proceedings is GRANTED; or,
- 2. In the Alternative, the Motion to Dismiss Plaintiffs’ Class Action

Complaint is GRANTED, and Plaintiffs’ Class Action Complaint is DISMISSED with prejudice.

---

HON. BERLE M. SCHILLER  
 UNITED STATES DISTRICT JUDGE

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

DENNIS MELCHIOR; LINDA LETIER; TERESA :  
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F. BROCK; JR.; RAYMOND G. HEFFNER; JOHN :  
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ELIZABETH ANN DOYLE; JOSEPH :  
GREENBERG; PAUL J. DAVIS; WILLIAM P. :  
BETZ, JR.; and DONALD DEMPSEY, on behalf of :  
themselves and all others similarly situated, :

Case No.: 2:20-cv-05562-BMS

Oral Argument Requested

Plaintiffs, :

vs. :

DEAN VAGNOZZI; :  
CHRISTA VAGNOZZI; :  
ALBERT VAGNOZZI; :  
ALEC VAGNOZZI; :  
SHANNON WESTHEAD; :  
JASON ZWIEBEL; :

ANDREW ZUCH; :  
MICHAEL TIERNEY; :  
PAUL TERENCE KOHLER; :  
JOHN MYURA; :  
JOHN W. PAUCIULO; :  
ECKERT SEAMANS CHERIN & MELLOTT, :  
LLC; :  
SPARTAN INCOME FUND, LLC; :  
PISCES INCOME FUND LLC; :  
CAPRICORN INCOME FUND I, LLC; :  
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FALLCATCHER, INC.; :  
PROMED INVESTMENT CO., L.P.; and :  
WOODLAND FALLS INVESTMENT FUND, :  
LLC, :  
Defendants. :

**DEFENDANTS ECKERT SEAMANS CHERIN & MELLOTT, LLC’S AND JOHN W. PAUCIULO’S MEMORANDUM OF LAW IN SUPPORT OF MOTION TO STAY PROCEEDINGS, OR IN THE ALTERNATIVE, TO DISMISS PLAINTIFFS’ CLASS ACTION COMPLAINT**



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## PRELIMINARY STATEMENT

Plaintiffs filed this action with full knowledge that proceeding with it will violate a stay order that has been entered by a different federal court in a similar civil action involving many of the same facts, claims, and defendants that has been brought by the U.S. Securities and Exchange Commission (“SEC”). In that action, the SEC has asserted claims based on an alleged scheme<sup>1</sup> operated by Joseph LaForte (“LaForte”) and Lisa McElhone (“McElhone”) involving merchant cash advance financings offered through their company, Complete Business Solutions Group, Inc. d/b/a Par Funding (“Par Funding”). Here, Plaintiffs’ central focus is also Par Funding. Plaintiffs allege that to fund its cash advances, Par Funding raised funds from other individuals and entities such as Defendant Dean J. Vagnozzi (“Vagnozzi”) and entities that he controlled, including ABetterFinancialPlan.com LLC d/b/a Better Financial Plan (“ABFP”).

On August 13, 2020, the court in the SEC Action appointed a receiver for several entities including Par Funding, ABFP, and ABFP-related entities (the “Receivership Entities”) and entered a stay of all proceedings relating to the Receivership Entities or any individuals connected to the Receivership Entities. Fully aware of this stay, and despite the fact that the Receivership Entities are central to their allegations here, Plaintiffs intentionally crafted their Complaint to avoid naming the Receivership Entities as defendants in an attempt to avoid the stay. Plaintiffs themselves even acknowledge this strategy in their Complaint.<sup>2</sup>

However, allowing Plaintiffs to proceed here would be improper and particularly

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<sup>1</sup> The Complaint’s factual allegations are accepted as true solely for purposes of this Motion. Defendants Eckert Seamans Cherin & Mellott, LLC (“Eckert”) and John W. Pauciulo (“Pauciulo”) disagree with the characterization of and accuracy of many of the factual allegations and reserve all rights to challenge them at a later date should this action proceed.

<sup>2</sup> Counsel for Eckert and Pauciulo asked Plaintiffs’ counsel if they would agree to a stay but on November 23, 2020, Plaintiffs’ counsel responded that they did not believe this action is subject to a stay order.

prejudicial to Defendants Eckert Seamans Cherin & Mellott, LLC (“Eckert”) and John W. Pauciulo (“Pauciulo”). Vagnozzi and his entities were clients of Eckert. Pauciulo, a member of Eckert, was the lead lawyer on the engagements. Eckert and Pauciulo have also been named as defendants in two other related actions that were previously filed by Plaintiffs’ counsel and are currently subject to stays. To avoid violating the order entered in the SEC Action, to be consistent with the stay orders entered by the other two courts, and to avoid prejudice to Eckert and Pauciulo, this action also should be stayed.

If the Court declines to stay this case, however, then the Complaint should be dismissed as to Eckert and Pauciulo with prejudice. Despite the fact that Eckert and Pauciulo only provided legal services to Vagnozzi and his companies, Plaintiffs baselessly attempt to hold them responsible for a multitude of direct and aiding and abetting claims without legal or factual basis. Plaintiffs have failed to plead allegations demonstrating that Eckert or Pauciulo had knowledge of or involvement in any alleged fraud or similar misconduct and have failed to state a claim.

### **FACTUAL BACKGROUND**

#### **A. The Parties and Relevant Non-Parties**

Plaintiffs are investors who allegedly purchased securities that were promoted and offered by Vagnozzi and his companies. Compl. ¶¶ 33-88. Plaintiffs allege that Vagnozzi and non-party ABFP conspired with others to advertise, market, and sell merchant cash advance investments. *Id.* ¶ 2. More specifically, Plaintiffs allege that Vagnozzi, through ABFP, sold unregistered securities, including investments backed by merchant cash advances to small businesses, life-settlement funds, litigation funding investments, real estate investments, and other alternative investments. *Id.* ¶ 135. The money that was raised for merchant cash advances was then loaned to non-party Par Funding, which made cash advances to small merchant borrowers. *Id.* ¶ 159. The Complaint also alleges that Vagnozzi raised funds for Par Funding

through Agent Funds managed by his company, ABFP Management Company, LLC (“ABFP Management”). Plaintiffs allege that Pauciulo, in his capacity as a member of Eckert and as counsel to Vagnozzi, provided legal services such as creating Private Placement Memoranda (“PPM”) and offering materials for Vagnozzi and the alleged related Agent Funds. *Id.* ¶ 10.

## **B. The SEC Action**

Plaintiffs’ allegations clearly chronicle the same events that prompted the SEC to file an action in the Southern District of Florida. On July 24, 2020, the SEC brought claims against, among others, Par Funding, its principals, Vagnozzi, ABFP, ABFP Management, and ABFP Income Funds for fraud in violation of the securities laws and for the sale of unregistered securities. An Amended Complaint was filed on August 10, 2020. Ex. A, ECF No. 119, No. 20-cv-81205 (S.D. Fla. Aug. 10, 2020) (“SEC Complaint”). The SEC Complaint alleges Par Funding issued merchant cash advances to businesses from funds raised in part by entities Vagnozzi controlled. SEC Compl. ¶¶ 4, 6.

On August 13, 2020, the court in the SEC Action appointed a receiver for several entities, including: Par Funding, ABFP, ABFP Management Co., LLC, and ABFP-related income funds (the “Receivership Entities”). Ex. B, ECF No. 141, Case No. 20-cv-81205 (S.D. Fla. Aug. 13, 2020) (“Receivership Order”), ¶ 1; Compl. ¶ 123. The court also entered a broad stay of:

*All civil legal proceedings of any nature*, including, but not limited to . . . actions of any nature involving . . . (c) *any of the Receivership Entities*, including subsidiaries and partnerships; or, (d) *any of the Receivership Entities’ past or present officers, directors, managers, agents*, or general or limited partners sued for, or in connection with, any action taken by them while acting in such capacity of any nature, whether as plaintiff, defendant, third-party plaintiff, third-party defendant, or otherwise (such proceedings are hereinafter referred to as ‘Ancillary Proceedings’).

*Id.* ¶ 32 (emphasis added). Pursuant to the Receivership Order, “[t]he parties to any and all Ancillary Proceedings are enjoined from commencing or continuing any such legal proceeding, or from taking any action, in connection with any such proceeding.” *Id.* ¶ 33. In addition, “[a]ll

Ancillary Proceedings are stayed in their entirety, and all Courts having any jurisdiction thereof are enjoined from taking or permitting any action until further Order of this Court.” *Id.* ¶ 34.

### **C. The Delaware Action**

Certain of Plaintiffs’ counsel in this action filed a class action on behalf of investors in the District of Delaware on August 5, 2020 alleging the same conduct alleged in the SEC Action and here. ECF No. 1, No. 1:20-cv-01042 (D. Del. Aug. 5, 2020) ¶ 2 (alleging Vagnozzi, ABFP, Pauciulo, and Eckert “through the numerous pass-through shell companies that are dominated and controlled by Vagnozzi . . . have conspired to advertise, market and sell ABFP merchant cash advance investments”). On August 27, 2020, the Receiver filed a Notice of Stay and stated:

Defendants A BETTER FINANCIAL PLAN, ABFP MANAGEMENT CO., LLC...are “Receivership Entities” as defined in...the [Receivership Order]. As set forth in... the Amended Complaint, Defendant Dean Vagnozzi is the principal of A BETTER FINANCIAL PLAN and manages, oversees, and coordinates ABFP MANAGEMENT COMPANY, LLC and the ABFP Income Funds. Ex. A ¶ 6, 7, 22-28. Thus, these entities and Mr. Vagnozzi are subject to the litigation stay entered by the...Southern District of Florida.

Ex. C, ECF No. 24, No. 1:20-cv-01042 (D. Del. Aug. 27, 2020) (“Delaware Notice of Stay”), p. 2. The court granted Receiver’s Request for Stay on September 9, 2020. ECF No. 30, No. 1:20-cv-01042-CFC (D. Del. Sept. 9, 2020) (“Delaware Stay Order”).

### **D. The Florida Action**

On September 9, 2020, some of the same counsel as Plaintiffs here, filed another class action against Vagnozzi, Pauciulo, Eckert, and others in the Southern District of Florida. *See* ECF No. 1, No. 1:20-cv-23750-DPG (S.D. Fla. Sept. 9, 2020), (“Florida Action”). Plaintiffs and Receiver filed a Joint Notice of Stay and Motion for Administrative Order Temporarily Closing Case (“Florida Notice of Stay”). Ex. D, ECF No. 15, No. 1:20-cv-23750-DPG (S.D. Fla. Nov. 2, 2020). The parties argued a stay was required under the Receivership Order because: (1) Vagnozzi was the founder and manager of one of the Receivership Entities and its related funds;



(2) “Plaintiffs’ claims . . . against [Pauciulo and Eckert] are based on . . . legal work they performed in creating offer documents for investments in Par Funding” and the Receivership Order required a stay of all legal proceedings involving any Receivership Property. *Id.* at ¶¶ 6, 7. On November 5, 2020, the court granted the Notice of Stay and closed the case for administrative purposes. ECF No. 16, No. 1:20-cv-23750-DPG (S.D. Fla. Nov. 5, 2020).

**E. Summary of Allegations Relating to Eckert and Pauciulo**

Perhaps in response to the stays entered in the SEC, Florida, and Delaware Actions, Plaintiffs filed this lawsuit against many of the same defendants but specifically omitted the Receivership Entities. Instead, they focus on legal services that Eckert and Pauciulo provided to ABFP-related Receivership Entities, including:

- Drafting documents pertaining to the formation of certain entities that raised money for investments for various alternative investments including merchant cash advances. Compl. ¶¶ 103-106; 108-15; 116-19; 121-22.
- Drafting formation documents for certain Receivership Entities. *Id.* ¶¶ 124, 125, 126-133.
- Creating PPMs, corporate registration and offering materials used by non-parties ABFP and ABFP Management to offer individuals the opportunity to open funds to issue and sell securities. *Id.* ¶ 10.
- Attending and participating in ABFP investment seminars, investor conference calls and other communications with ABFP investors. *Id.* ¶ 12.
- Discussing a proposed restructuring of investments. *Id.* ¶¶ 227, 229-50.

**ARGUMENT**

**I. THIS ACTION SHOULD BE STAYED.**

**A. Legal Standard Applying to Stays of Proceedings.**

The Court has the inherent power to control its docket and incidental to this authority is the power to stay proceedings. *Giovanni v. U.S. Dept of the Navy*, 2019 U.S. Dist. LEXIS 215446, \*4 (E.D. Pa. Dec. 16, 2019) (citing *Bechtel Corp. v. Local 215, Laborers’ Int’l Union*, 544 F.2d 1207, 1215 (3d Cir. 1976)). To decide such a motion, “the Court must consider: (1)

whether a stay will simplify the issues and promote judicial economy; (2) the balance of the harm to the parties; and (3) the length of the requested stay.” *Id.* (quotations omitted).

**B. A Stay is Necessary Because Proceeding Would Violate the SEC Stay Order.**

The stay entered in the SEC Action is broad and applies to “[a]ll civil legal proceedings of any nature . . . involving . . . (c) “any of the Receivership Entities”; or (2) “any of the Receivership Entities’ past or present officers, directors, managers, agents . . . sued for, or in connection with, any action taken by them while acting in such capacity of any nature.” Receivership Order, ¶ 32. As the Receiver acknowledged in the Florida and Delaware Notices of Stays, ABFP and ABFP Management Co. are “Receivership Entities” as defined in the Receivership Order. Delaware Notice of Stay, 2. In addition, Vagnozzi “is the principal of [ABFP] and manages, oversees, and coordinates ABFP Management Company, LLC and the ABFP Income Funds.” *Id.* Thus, according to the Receiver, “these entities and Mr. Vagnozzi are subject to the litigation stay entered by the [court in the SEC Action].” *Id.*

Here, the Court should enter a stay for the same reasons. Vagnozzi is also a Defendant in this action, and Plaintiffs clearly allege that Vagnozzi is the principal of ABFP and manages ABFP Management and related entities. Compl. ¶ 10. This action is an Ancillary Proceeding, and thus, as the courts in the Florida and Delaware Actions agreed, Vagnozzi and his related entities are subject to the SEC Action’s stay.

Moreover, Plaintiffs’ attempt to evade the litigation stay by not naming entities like ABFP as defendants should be rejected. Plaintiffs admit<sup>3</sup> that “[b]ut for the stay of litigation, the Receivership Entities would be named as defendants in this action.” *Id.* ¶ 123. Plaintiffs have

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<sup>3</sup> Further, footnote 1 of the Complaint acknowledges the stay and states that “litigation against certain Defendants named herein is stayed. The instant Complaint is not intended to violate the terms of such stay, but rather, is brought for purposes of satisfying and/or tolling the applicable statutes of limitations . . . .” Compl., n.1.

thus clearly intended to violate the stay by filing the instant action. It is all the more outrageous for them to do so as counsel for this action are the same counsel in the Delaware and Florida Actions and thus fully aware of the scope of the stay order issued in the SEC Action.

**C. Eckert and Pauciulo Will Be Prejudiced Without A Stay.**

Here, Eckert and Pauciulo may be harmed or prejudiced if a stay is not entered, which weighs in favor of granting a stay. The allegations here are almost identical to those pled in the SEC, Florida, and Delaware Actions and all relate to conduct allegedly perpetrated through the Receivership Entities. Any discovery in this action would thus clearly require discovery from the Receivership Entities and related persons. Such discovery, however, would be impossible to obtain because of the stay order in the SEC Action. Eckert and Pauciulo would be unable to obtain relevant documents and information from the Receivership Entities and therefore be significantly prejudiced if this action was allowed to proceed while the stay is pending.

**D. Eckert and Pauciulo Are Requesting a Stay of Limited Duration.**

Eckert and Pauciulo do not request an indefinite stay but only a stay until those in the related actions are lifted, which weighs in favor of a stay. Further, there is a trial date set for this year in the SEC Action, and the stay there could be amended or modified any time before then.

**E. A Stay Will Simplify the Issues and Promote Judicial Economy.**

Ignoring the stay entered by the court in the SEC Action could lead to a procedural morass. Eckert and Pauciulo reserve the right to request that this action be consolidated with or, pursuant to 28 U.S.C. § 1404, transferred to the Delaware and Florida Action forums when the stays are lifted in those cases. *See also Belsome v. Rex Venture Group, LLC*, 2012 U.S. Dist. LEXIS 171142, \*15-16 (E.D. La. Dec. 3, 2012) (granting request to transfer investor class action in part because of two related cases pending in a different district and observing that the action before it likely fell within the scope of a stay order entered in a related SEC action). Forcing the

parties to proceed in this action would potentially deprive them of the right to do so however because if the stays are lifted in the other actions, the actions will be at different stages, potentially making consolidation impractical. Moreover, any ruling on the merits in this action may further complicate, or even prevent, any potential consolidation or transfer of the case.

**F. The First-Filed Doctrine Provides an Additional Basis for a Stay.**

Under the first-filed rule, “in all cases of federal concurrent jurisdiction, the court which first has possession of the subject matter must decide it.” *O.P. Schuman & Sons, Inc. v. DJM Advisory Grp., LLC*, 2017 U.S. Dist. LEXIS 22402, \*7 (E.D. Pa. Feb. 16, 2017) (quoting *EEOC v. Univ. of Pa.*, 850 F.2d 969, 971, 977 (3d Cir. 1988)). “[A] court exercising its discretion under the first-filed rule should stay or transfer a second-filed suit.” *Chavez v. Dole Food Co.*, 836 F.3d 205, 220 (3d Cir. 2016). The application of the first-filed rule “turns on which court first obtains possession of the subject of the dispute, not the parties of the dispute.” *Schreiber v. Eli Lilly & Co.*, 2006 U.S. Dist. LEXIS 13477, \*8 (E.D. Pa. Mar. 27, 2006).

As described above, this case and the SEC, Florida, and Delaware Actions share the same subject matter. Plaintiffs in all three cases allege misconduct related to the same entities. Moreover, both the District of Delaware and the Southern District of Florida have already obtained jurisdiction of the subject matter, and there may be a future dispute over which court should decide the cases under the first-filed rule. A stay or dismissal here will avoid wasted judicial efforts and conflicting judgments and any potential prejudice to Eckert and Pauciulo.

**II. IF THE CASE IS NOT STAYED, THEN THE CLAIMS SHOULD BE DISMISSED WITH PREJUDICE UNDER RULE 12 (b)(6).**

**A. Legal Standard.**

To survive a motion to dismiss under Rule 12(b)(6), “a complaint must contain sufficient factual matter, accepted as true, to ‘state a claim for relief that is plausible on its face.’” *Ashcroft*

*v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)); *Sheridan v. NGK Metals Corp.*, 609 F.3d 239, 262 n.27 (3d Cir. 2010). Factual allegations that fail “to raise a right to relief above the speculative level” or merely state a “conceivable” claim will not suffice. *Twombly*, 550 U.S. at 555, 570. At this stage, a court must accept as true a complaint’s well-pleaded factual allegations and draw all reasonable inferences in the light most favorable to plaintiff. *Nami v. Fauver*, 82 F.3d 63, 65 (3d Cir. 1996). However, a court need not give credence to “bald assertions” or “legal conclusions.” *In re Burlington Coat Factory Sec. Litig.*, 114 F.3d 1410, 1429 (3d Cir. 1997) (quoting *Iqbal*, 556 U.S. at 678). A plaintiff must plead sufficient “factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” *Santiago v. Warminster Twp.*, 629 F.3d 121, 132 (3d Cir. 2010) (quoting *Iqbal*, 556 U.S. at 678).

In addition, fraud-based claims must meet Rule 9(b)’s heightened pleading requirement. The complaint “must state with particularity the circumstances constituting fraud.” Fed. R. Civ. P. 9(b). Thus, to satisfy Rule 9(b), the allegations must include “who made a misrepresentation to whom and the general content of the misrepresentation.” *Travelers Indem. Co. v. Cephalon, Inc.*, 32 F. Supp. 3d 538, 551 (E.D. Pa. 2014) (quotations omitted). “This heightened pleading standard of 9(b) not only gives defendants notice of the claims against them, but also it combats ‘frivolous suits brought solely to extract settlements’ from defendants and ‘provides an increased measure of protection for their reputations.’” *Schatzberg v. State Farm Mut. Auto. Ins. Co.*, 877 F. Supp. 2d 232, 248 n.7 (E.D. Pa. 2012) (quoting *In re Burlington*, 114 F.3d at 1418)).

**B. Count I (Violation of 18 U.S.C. § 1962(c)) Should Be Dismissed.**

1. The securities fraud exception bars the RICO Claim.

The Private Securities Litigation Reform Act amended the RICO act to prevent predicate acts of securities fraud from forming the basis of a civil RICO case. The securities fraud

exception states “no person may rely upon any conduct that would have been actionable as fraud in the purchase or sale of securities to establish a violation of section 1962.” 18 U.S.C. § 1964(c). “[T]he amendment was intended not simply ‘to eliminate securities fraud as a predicate offense . . . but also to prevent a plaintiff from ‘pleading other specified offenses, such as mail or wire fraud, as predicate acts under civil RICO if such offenses are based on conduct that would have been actionable as securities fraud.’” *Bald Eagle Area Sch. Dist. v. Keystone Fin. Inc.*, 189 F.3d 321, 327 (3d Cir. 1999) (quoting H.R. Conf. Rep. No. 104-369, at 47 (1995)).

The Third Circuit has relied on this exception to dismiss RICO claims against alleged perpetrators of a scheme where the alleged conduct was actionable as securities fraud. *Id.* at 328. In *Keystone*, the Third Circuit found that in the SEC’s related action, it had alleged a scheme perpetrated through the purchase and sale of investment agreements in violation of Section 10(b), Rule 10b-5, and other securities laws. The court held “[t]hat same Ponzi scheme is at the heart of this RICO action” and that the RICO claim was thus barred. *Id.* at 328-29; *see also Zazzali v. Hirschler Fleischer, P.C.*, 482 B.R. 495 (Bankr. D. Del. 2012) (applying securities fraud exception and dismissing RICO claim against law firm that drafted allegedly misleading PPM). Further, courts have construed this exception broadly. “[I]f the alleged conduct could form the basis of a securities fraud claim against *any party*—be it against, or on behalf of, the plaintiff, defendants or a non-party—it may not be fashioned as a civil RICO claim.” *Zohar CDO 2003-1, Ltd. v. Patriarch Partners, LLC*, 286 F. Supp. 3d 634, 644 (S.D.N.Y. 2017) (emphasis added).

This action is procedurally similar to the action analyzed by the court in *Keystone*. Here, the SEC filed a civil action in the Southern District of Florida asserting claims for violations of various provisions of the federal securities laws. Further, the conduct alleged here clearly relates to securities fraud, as Plaintiffs’ allegations and claims are based on the same conduct alleged in

the SEC Action. And though Plaintiffs do not refer to securities in Count I, it is clear from the allegations that their claims are based on the sale of securities.<sup>4</sup> For example, Plaintiffs allege that Eckert and Pauciulo had some involvement in creating investment contracts that were subject to regulation as securities under both state and federal laws. Compl. ¶ 187.

The securities law claims do not have to involve registered securities to be within the RICO exception. *Hsieh v. Xu*, 2015 U.S. Dist. LEXIS 195286, \*56 (C.D. Cal. May 22, 2015) (dismissing RICO claim based on the securities fraud exception because “[u]nder 15 U.S.C. § 78j(b), securities fraud related to securities that are not registered in a national exchange is still actionable” and that section “is to be construed broadly”) (citing *SEC v. Zanford*, 535 U.S. 813, 819 (2002)). Thus, Count One against Eckert and Pauciulo is barred under section 1964(c).

2. Plaintiffs have failed to allege the elements of a RICO claim.

Count One still fails even if the Court finds that the securities fraud exception does not bar Plaintiffs’ RICO claim. To state a claim under Section 1962(c), “a plaintiff must allege: (1) conduct (2) of an enterprise (3) through a pattern (4) of racketeering activity.” *Grant v. Turner*, 505 Fed. Appx. 107, 111 (3d Cir. 2012) (citations omitted). Here, Plaintiffs have failed to plead the elements of a RICO claim against Eckert and Pauciulo, and Count One should be dismissed.

a. *Plaintiffs do not plead a pattern of “racketeering activity.”*

A pattern of racketeering requires a pleading of at least two predicate acts of racketeering. *Lum v. Bank of America*, 361 F.3d 217, 223 (3d Cir. 2004). “To establish a pattern, two critical factors must be present: 1) a relationship between the acts of racketeering charged; and 2) a threat of continuing activity, or continuity.” *Royal Indem. Co. v. Pepper Hamilton LLP*, 479 F. Supp. 2d 419, 428 (D. Del. 2007) (citing *H.J. Inc. v. Northwestern Bell Tel. Co.*, 492 U.S.

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<sup>4</sup> See Compl. ¶ 9 (“Vagnozzi, through ... Non-parties ABFP and [ABFP Management], recruits individuals to create the Agent Funds, offering them the opportunity to open a ‘turnkey’ Agent Fund ready to issue and sell securities”).

229, 239 (1989)). Plaintiffs purport to predicate the RICO claims on alleged violations of wire and investment fraud under 18 U.S.C. § 1343. Compl. ¶ 302. Mail and wire fraud require “(1) the defendant’s knowing and willful participation in a scheme or artifice to defraud, (2) with the specific intent to defraud, and (3) the use of mails or interstate wire communications in furtherance of the scheme.” *U.S. v. McGeehan*, 584 F.3d 560, 565 (3d Cir. 2009). These elements must be pled with “particularity.” Rule 9(b); *Lum*, 361 F.3d at 223-24.

The first deficiency requiring dismissal is that the allegations do not meet the Rule 9(b) pleading standard. The Third Circuit has held that “lumping” defendants together as a group fails to place each defendant on notice of the exact nature of the claims asserted and requires dismissal of RICO claims. *See, e.g., Grant*, 505 Fed. Appx. at 111-12 (affirming dismissal of RICO claims because defendants were lumped together and named as a group). Plaintiffs’ Complaint is replete with examples of lumping all thirty-two defendants. For example, in paragraph 295, Plaintiffs allege “[a]t all relevant times, Defendants devised and carried out a scheme to conduct the affairs of the ABFP Enterprise to intentionally defraud investors.” Without more, this type of pleading clearly fails to meet Rule 9(b)’s pleading standard.

Second, Plaintiffs fail to allege predicate acts committed by Eckert and Pauciulo. “[A]lthough attorneys are not immune from liability simply because they represent a client . . . legitimate acts of attorneys on behalf of clients cannot form the basis of a RICO claim.” *Morin v. Trupin*, 711 F. Supp. 97, 105 (S.D.N.Y. 1989); *see Paul S. Mullin & Assoc., Inc. v. Bassett*, 632 F. Supp. 532 (D. Del. 1986) (rejecting plaintiffs’ RICO claim against lawyer who prepared a letter to a prospective purchaser of plaintiffs’ business). Courts also have rejected conclusory allegations that lawyers committed mail and wire fraud when they provided legal services to clients. For example, in *Zazzali*, the court found that even though the law firm drafted PPMs that



were used to defraud investors, without more, the complaint failed to establish the law firm’s knowing and willful participation in a fraudulent scheme. 482 B.R. at 514. Nor does any allegation suggest that Eckert and Pauciulo received anything other than the usual fees they charge their clients for services. Merely pleading that a law firm “knew” of a scheme and provided legal services is insufficient to establish a claim. *Zazzali*, 482 B.R. at 514.

The Complaint does not allege a predicate act based on any knowing and willful participation by Eckert and Pauciulo in a scheme, or their specific intent to deceive. The allegations regarding Eckert and Pauciulo’s conduct consist of attorneys representing clients. In addition, the allegations regarding any alleged knowledge and participation are speculative, unsupported, and lack specificity. For example, Plaintiffs allege Vagnozzi discussed “the purported low-risk and relative safety of investments in ABFP funds” and then speculate “[i]t is likely that Defendants Pauciulo and Eckert, given their position as longtime counsel to Vagnozzi and ABFP, and in view of Pauciulo’s attendance at ABFP investment seminars . . . would have been aware of this.” Compl. ¶ 13. And though Plaintiffs later describe alleged communications with investors, they do not allege Eckert or Pauciulo had knowledge of any fraudulent conduct.

Plaintiffs also do not allege that any of the services Eckert and Pauciulo provided were not typical legal services. Rather, Plaintiffs describe legal services typically provided by counsel, such as drafting corporation formation documents and PPMs. Plaintiffs’ main complaint appears to be what Vagnozzi allegedly did following these services. For example, Plaintiffs allege that Eckert and Pauciulo’s legal services “allowed” Vagnozzi to represent he had the help of attorneys. *Id.* ¶ 289. There is nothing improper alleged on the part of Eckert or Pauciulo. Thus, the Complaint does not allege a predicate act.

Third, there was no pattern of racketeering activity. “A RICO plaintiff must show that the

predicate acts of racketeering either constitute or threaten long-term criminal activity.” *Royal Indem.*, 479 F. Supp. 2d at 428 (citing *H.J. Inc.*, 492 U.S. at 239). “Continuity may be either ‘close-ended’ or ‘open-ended.’”<sup>5</sup> *Id.* Here, Plaintiffs have not satisfied the continuity requirement. While Plaintiffs broadly allege that Eckert and Pauciulo provided legal services to Vagnozzi for years, these allegations are only based on proper services such as the drafting of PPMs and filing of corporate documents. There is no plausible allegation that such legal services were predicate acts, and Plaintiffs do not allege any future threats of racketeering activity.

b. *Eckert and Pauciulo did not “conduct” an enterprise.*

Count One fails for the additional reason that no allegations suggest the existence of a plausible enterprise or that Eckert and Pauciulo “conduct[ed] or participate[d], directly or indirectly, in the conduct of” the enterprise. 18 U.S.C. § 1962(c). First, there are no plausible allegations that as legal counsel, Eckert and Pauciulo shared in the “common purpose” alleged. Second, mere participation in an enterprise is insufficient to establish liability. Rather, a defendant must “have some part in directing” an enterprise’s affairs. *Zazzali*, 482 B.R. at 516 (quoting *Reves v. Ernst & Young*, 507 U.S. 170, 178-79 (1993)). Applying *Reves*, the Third Circuit has upheld the dismissal of claims against outside professionals absent allegations that the professional directed affairs. *See, e.g., Univ. of Md. v. Peat, Marwick, Main & Co.*, 996 F.2d 1534, 1539-40 (3d Cir. 1993) (affirming dismissal where accounting firm provided an opinion on financial statements even though they had been falsified). Importantly, these principles apply to outside legal counsel. *See Daugherty v. Adams, et al.*, 2019 U.S. Dist. LEXIS 200436, \*59-60

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<sup>5</sup> “Closed-ended continuity refers ‘to a closed period of repeated conduct,’ and it ‘can be established by proving a series of related predicates extending over a substantial period of time.’” *Germinaro v. Fid. Nat’l Title Ins. Co.*, 737 Fed. Appx. 96, 102 (3d Cir. 2018) (quoting *U.S. v. Bergrin*, 650 F.3d 257, 267 (3d Cir. 2011)). “Open-ended continuity, on the other hand . . . can ‘be established by proving a threat of continuity, which exists where the predicate acts themselves involve threats of long-term racketeering activity, or where the predicate acts are part of an entity’s regular way of doing business.’” *Id.* (quoting *United States v. Pelullo*, 964 F.2d 193, 208 (3d Cir. 1992)).

(W.D. Pa. Nov. 15, 2019) (dismissing RICO claim against law firm because “[t]o the extent lawyers or law firms simply act within the scope of their representation of a client, they are generally not considered to be part of the ‘operation or management’”); *Gilmore v. Berg*, 820 F. Supp. 179, 183 (D.N.J. 1993) (dismissing RICO claim against attorney because preparing and filing incorporation documents “are all common professional services typically rendered by attorneys for their business clients” and did not show he directed the legal entities he represented). Plaintiffs only allege that Eckert and Pauciulo provided legal services to Vagnozzi and do not allege that they exercised control of or directed the affairs of the alleged enterprise.

c. *Plaintiffs fail to adequately allege proximate causation.*

Plaintiffs do not adequately allege that Eckert and Pauciulo proximately caused their injuries. In addition to demonstrating a violation of the statute, Plaintiffs must prove that they were injured “by reason of” this statutory violation. 18 U.S.C. § 1964(c). This requires that the RICO violation alleged was the proximate cause of Plaintiffs’ injury. *Anza v. Ideal Steel Supply Corp.*, 547 U.S. 451, 457 (2006). “To establish proximate cause, the plaintiff must allege ‘some direct relation between the injury asserted and the injurious conduct alleged.’” *Daugherty*, 2019 U.S. Dist. LEXIS 200436 (quoting *Holmes v. Sec. Inv’r Prot. Corp.*, 503 U.S. 258, 268 (1992)). Here, Plaintiffs rely on conclusory allegations to allege an attenuated chain that they claim caused them to suffer losses of their investments. However, Plaintiffs have failed to allege how the legal services that Eckert and Pauciulo provided to Vagnozzi led to any injury.

For all of these reasons, Count One should be dismissed with prejudice.

**C. Counts V and VII (Common Law Fraud/Fraudulent Inducement and Aiding and Abetting Fraud) Against Pauciulo and Eckert Fail to State a Claim.**

Rule 9(b)’s requirement that fraud claims be pled with particularity may be satisfied by describing “the circumstances of the alleged fraud with precise allegations of date, time, or place,

or by using some means of injecting precision and some measure of substantiation into [the] allegations of fraud.” *Bd. of Trs. of Teamsters Local 863 Pension Fund v. Foodtown, Inc.*, 296 F.3d 164, 172 n. 10 (3d Cir. 2002). The elements for fraud are: (1) a representation; (2) which is material to the transaction at hand; (3) made falsely, with knowledge of its falsity or recklessness as to whether it is true or false; (4) with the intent of misleading another into relying on it; (5) justifiable reliance on the misrepresentation; and (6) resulting injury proximately caused by the reliance. *Richards v. Ameriprise Fin., Inc.*, 152 A.3d 1027 (Pa. Super. 2016). Fraudulent inducement requires proof of the same elements. *In re Passarelli Fam. Tr.*, 206 A.3d 1188 (Pa. Super. 2019). The Complaint fails to allege these elements with particularity.

1. Plaintiffs have failed to plead fraud with particularity.

Plaintiffs have failed to meet Rule 9(b)’s heightened pleading standard because they have not pled specific fraud elements as to Eckert and Pauciulo. Plaintiffs allege fraud generally but either lump: (i) all thirty-two defendants together, or (ii) Eckert and Pauciulo with Vagnozzi. *See* Compl. ¶ 33b (“Plaintiff Melchior was fraudulently induced by Defendants, including Vagnozzi, Pauciulo, and Eckert.”); ¶ 157 (“Vagnozzi’s and ABFP’s false and misleading statements and material omissions, which were facilitated by Pauciulo and Eckert ... had the desired result of separating investors from their hard-earned savings”); ¶ 330 (“Defendants concealed from investors the truth about Par Funding’s business and its affiliates”); ¶ 331 (“Defendants misrepresented and concealed Vagnozzi’s extensive history of regulatory violations”).

Courts in this district have repeatedly held that a complaint that “lumps together” multiple defendants without specifying each defendants’ individual conduct fails to satisfy the pleading requirements of Rules 8(a)(2) and 12(b)(6). *See Grande v. Starbucks Corp.*, 2019 U.S. Dist. LEXIS 56292, at \*5 (E.D. Pa. Apr. 2, 2019); *Bartol v. Barrowclough*, 251 F. Supp. 3d 855, 859 (E.D. Pa. 2017). The “lumping of different defendants together makes demonstrating a

plausible claim for relief impossible.” *Watkins v. ITM Records*, 2015 U.S. Dist. LEXIS 96610, \*3 (E.D. Pa. July 24, 2015). The remedy for this type of shotgun pleading is dismissal of all claims. *M.B. Schuylkill Cty.*, 375 F. Supp. 3d 574, 586 n. 4 (E.D. Pa. 2019).

Plaintiffs’ allegations fail to meet the required pleading standards and fail to demonstrate a plausible claim for several additional reasons. First, Plaintiffs improperly group Eckert and Pauciulo with other Defendants and fail to state a plausible claim against them. For example, Plaintiffs allege “[t]he viatical settlement funds created, offered, and sold by Defendants, including Vagnozzi, the ABFP entities, Pauciulo and Eckert Seamans, were investment contracts subject to regulation as securities.” Compl. ¶ 187; *see id.* ¶ 33b (“Plaintiffs [were] fraudulently induced by Defendants, including Vagnozzi, Pauciulo and Eckert. . .”).<sup>6</sup> It is impossible to tell from allegations like this what conduct was allegedly attributable to Eckert and Pauciulo.

Second, Plaintiffs improperly attempt to impute all misrepresentations of Vagnozzi to Eckert and Pauciulo. Count V sets forth the alleged misrepresentations and the alleged concealment of information by Defendants. Compl. ¶¶ 330-31. However, neither Pauciulo nor Eckert are alleged to have made these statements. Similarly, though allegations note Pauciulo’s preparation of the fund and offering documents, they do not describe any representations made by Pauciulo or Eckert to Plaintiffs. *See* Compl. ¶¶ 152, 159, 161, 187, 191, 207, and 223.

Third, Plaintiffs do not allege any specific knowledge of Eckert or Pauciulo, or reckless disregard thereof, or intent. Again, Plaintiffs generally plead knowledge as to all thirty-two “Defendants.” Compl. ¶ 332. Such conclusory pleading does not satisfy the heightened pleading standard. Similarly, Plaintiffs do not allege Eckert or Pauciulo’s specific intent to induce

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<sup>6</sup> These general allegations of fraudulent inducement by Defendants, including Pauciulo and Eckert, are repeated throughout the Complaint. *See* Compl. ¶¶ 34 through 88.

Plaintiffs and again only plead bare, conclusory allegations relating to intent. *See, e.g.*, Compl. ¶ 333 (“Defendants . . . disseminated material falsehoods to create a misleading and false picture of investing in unregistered securities . . . with the intention to induce Plaintiffs . . . to rely on such statements and invest.”). Fraud requires facts sufficient to support a claim that defendant intended to induce plaintiff to act based on a misrepresentation. *Huddleston v. Infertility Center of America, Inc.*, 700 A.2d 453 (Pa. Super. 1997). Plaintiffs have failed to do this here.

Fourth, Plaintiffs have failed to plead proximate causation. An element of fraud is that the resulting injury was proximately caused by the reliance. *Richards*, 152 A.3d at 1035. Plaintiffs do not allege anywhere in the Complaint that their reliance on *Eckert or Pauciulo’s misrepresentations* proximately caused their damages. Again, Plaintiffs lump all thirty-two Defendants together and generally plead that “[a]s a direct result of Defendants’ false and misleading statements and omissions . . . and Plaintiffs’ justifiable reliance thereon, Plaintiffs . . . suffered damages.” Compl. ¶ 340. Likewise, nowhere do Plaintiffs allege that Eckert or Pauciulo’s alleged misconduct proximately caused their damages. Nor could they, as proximate cause requires proof that Eckert or Pauciulo’s misconduct was a “substantial factor” in bringing about Plaintiffs’ harm. *Bouriez v. Carnegie Mellon Univ.*, 585 F.3d 765, 771 (3d Cir. 2009).

2. There was no confidential or fiduciary relationship with Plaintiffs.

Eckert and Pauciulo had no confidential nor fiduciary relationship with Plaintiffs. Plaintiffs allege that a “fiduciary relationship” existed between Vagnozzi, Eckert, and Pauciulo on the one hand and Plaintiffs on the other. Compl. ¶ 334. However, Plaintiffs do not assert any basis for the supposed “special, fiduciary relationship” between Eckert, Pauciulo, and Plaintiffs.

Plaintiffs quote extensively and selectively from two alleged videos released in April 2020 by Vagnozzi in which Pauciulo appeared. *Id.* ¶¶ 229-250. While Plaintiffs have included many “statements” allegedly made by Pauciulo, none of these statements demonstrate fraud.

Pauciulo made it clear to Plaintiffs that he was representing Vagnozzi. *See* Compl. ¶ 229 (“Defendant Pauciulo stated that he had been working with Vagnozzi since 2013 or 2014.”). Further, Plaintiffs have not plead any allegation that Pauciulo represented to Plaintiffs that he was their lawyer or that he attempted to establish an attorney client relationship with Plaintiffs. Plaintiffs had no basis to justifiably rely on any statements made by Pauciulo because: (1) he was not their attorney; and (2) he had no confidential or fiduciary relationship with them.

Eckert and Pauciulo had no duty to speak because there was no confidential or fiduciary relationship with Plaintiffs. Under Pennsylvania law, “there can be no liability for fraudulent concealment absent some duty to speak.” *City of Rome v. Glanton*, 958 F. Supp. 1026, 1038 (E.D. Pa. 1997) (citing *Duquesne Light Co. v. Westinghouse Elec. Corp.*, 66 F.3d 604, 611–12 (3d Cir. 1995)); *In re Estate of Evasew*, 584 A.2d 910, 913 (Pa. 1990)). “[A] duty to disclose does not typically arise unless there is a confidential or fiduciary relationship between the parties . . . .” *Protica, Inc. v. iSatori Techs., LLC*, 2012 U.S. Dist. LEXIS 45717, at \*13-14 (E.D. Pa. Mar. 30, 2012). As Plaintiffs admit, the potential investors were unrepresented individuals who were not clients of Eckert or Pauciulo. Compl. ¶ 228 (“Defendants, including Pauciulo and Eckert Seamans, were purporting to provide legal advice to unrepresented individuals concerning their six-figure investments...”)<sup>7</sup> Plaintiffs have thus failed to demonstrate a confidential or fiduciary relationship with Eckert and Pauciulo that could form the basis of a fraud claim.

3. Pennsylvania has not recognized a claim for aiding and abetting fraud.

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<sup>7</sup> Plaintiffs again allege that Eckert and Pauciulo attempted to provide legal advice to non-clients. Compl. ¶¶ 227-28. The statement Plaintiffs cite to support this baseless claim is not even a statement made by either Defendant. Rather, it contains a statement made by Vagnozzi, who shared a paragraph purportedly drafted by Pauciulo. *Id.* ¶ 227 (“For those of you who are still not sure if you want to take the deal, I leave for you a paragraph from my attorney, John Pauciulo with the law firm of Eckert Seamans.”). There is no allegation that Pauciulo directed Vagnozzi to share this statement or that Pauciulo consented to it being shared. In any event, this statement, without more, would not create an attorney-client relationship between Pauciulo and any investor as it made clear Pauciulo was Vagnozzi’s attorney.

Count VII still fails as a matter of law. The Pennsylvania Supreme Court has not recognized a claim for aiding and abetting fraud, and district courts have dismissed claims on this basis. *See, e.g., Zafarana v. Pfizer, Inc.*, 724 F. Supp. 2d 545, 560 (E.D. Pa. 2010) (declining to recognize cause of action). Thus, as a threshold matter, this Court should decline to recognize this cause of action and dismiss Plaintiffs' claim on this basis.

Further, even if this Court elects to recognize an aiding and abetting fraud cause of action, Plaintiffs have failed to meet the heightened pleading standard that applies. *See, e.g., Berman v. Morgan Keegan & Co.*, 2011 U.S. Dist. LEXIS 27867, \*18-19 (S.D.N.Y. Mar. 14, 2011). Courts have predicted that if recognized, an aiding and abetting fraud claim would require three elements: (1) the commission of a wrongful act (ie, fraud); (2) knowledge of the act by the alleged aider-abettor; and (3) the aider-abettor knowingly and substantially participating in the wrongdoing. *SSC Manager, LLC v. Venezia FC 1907 LP*, 2017 U.S. Dist. LEXIS 118294, \*45 (E.D. Pa. July 27, 2017). Plaintiffs allege "all Defendants had knowledge of the fraud and substantially assisted in the achievement of the fraud." Compl. ¶ 347. Plaintiffs do not allege any facts as to how Eckert or Pauciulo had knowledge of the commission of a purported fraud, nor do they allege facts showing Eckert or Pauciulo knowingly or substantially participated in wrongdoing. These are precisely the type of unsupported allegations that warrant dismissal.

**D. Count II (Negligent Misrepresentation) Fails.**

Some district courts in the Third Circuit have applied Rule 9(b) to negligent misrepresentation claims. *See, e.g., Hanover Ins. Co. v. Ryan*, 619 F. Supp. 2d 127, 142 (E.D. Pa. 2007) ("The particularity requirement of Rule 9(b) applies to claims of negligent misrepresentation."). Even courts that have not applied Rule 9(b) have held "a plaintiff must nonetheless plead negligent misrepresentation with a degree of specificity." *Schmidt v. Ford Motor Co.*, 972 F. Supp. 2d 712, 720 n.3 (E.D. Pa. 2013) (citation omitted). Regardless of



whether the heightened standard applies, like their fraud claims based on the same allegations, Plaintiffs have failed to plead more than conclusory allegations.

The elements of negligent misrepresentation are “(1) a misrepresentation of a material fact; (2) the representor must either know of the misrepresentation, must make the misrepresentation without knowledge as to its truth or falsity or must make the representation under circumstances in which he ought to have known of its falsity; (3) the representor must intend the representation to induce another to act on it; and (4) injury must result to the party acting in justifiable reliance on the misrepresentation.” *Azarchi-Steinhauser v. Protective Life Ins. Co.*, 629 F. Supp. 2d 495, 501 (E.D. Pa. 2009) (internal quotations omitted). In addition, under Pennsylvania law, “[t]he tort of negligent misrepresentation is ‘premised on the existence of a duty owed by one party to another.’” *In re Lewis*, 478 B.R. 645, 664 (Bankr. E.D. Pa. 2012).

Here, like their fraud claim, Plaintiffs have not alleged that Eckert or Pauciulo made a misrepresentation with the intention that another person rely on it or knew of any falsity. Plaintiffs only generally state “Defendants made multiple false and misleading representations and omissions of material fact that they should have known were incorrect.” Compl. ¶ 313. Plaintiffs do not make specific allegations regarding Eckert or Pauciulo’s knowledge.

As with fraud, “an omission or nondisclosure is only actionable under the theory of negligent misrepresentation if there is a duty to speak.” *Weisblatt v. Minn. Mut. Life Ins. Co.*, 4 F. Supp. 2d 371, 380 (E.D. Pa. 1998); see *Brown v. Johnson & Johnson*, 64 F. Supp. 3d 717, 725 (E.D. Pa. 2014) (“To make out their claim of intentional or negligent misrepresentation by concealment of a material fact, Plaintiffs must show that Defendants had a fiduciary duty to disclose the fact.”). As previously stated, Eckert and Pauciulo owed no duty to Plaintiffs. Thus, they had no obligation to speak out regarding any alleged fraudulent omissions made by

Vagnozzi. Plaintiffs' negligent misrepresentation claim should be dismissed.

**E. Count IV (Civil Conspiracy) Fails.**

“Under Pennsylvania law, a claim for civil conspiracy requires proof ‘that two or more persons combined or agreed with intent to do an unlawful act or to do an otherwise lawful act by unlawful means. Proof of malice, i.e., an intent to injure, is essential in proof of a conspiracy. This unlawful intent must be absent justification.’ *McGary v. Williamsport Reg’l Med. Ctr.*, 775 Fed. Appx. 723 (3d Cir. 2019) (quoting *Thompson Coal*, 412 A.2d at 472)).

The Complaint fails to adequately allege a civil conspiracy. Like the other claims, the civil conspiracy claim only generally alleges that all “Defendants combined to accomplish an unlawful purpose.” Compl. ¶ 326. As described above, there are no specific allegations that Eckert and Pauciulo agreed or combined with the other defendants, including Vagnozzi. Similarly, the Complaint contains no specific allegations that Eckert and Pauciulo intended to commit an unlawful act or lawful act by unlawful means, or that they acted with malice.

Further, civil conspiracy claims “must be based on an existing independent wrong or tort that would constitute a valid cause of action if committed by one actor.” *Levin v. Upper Makefield Twp.*, 90 F. App’x 653, 667 (3d Cir. 2004). “[O]nly a finding that the underlying tort has occurred will” support a claim for civil conspiracy. *Boyanowski v. Cap. Area Intermediate Unit*, 215 F.3d 396, 405 (3d Cir. 2000). Plaintiffs do not allege an underlying tort that could serve as a basis for conspiracy. However, if the alleged conspiracy is based on fraud or negligent misrepresentation, those claims fail for the reasons above, and the conspiracy claim fails as well.

The intercorporate conspiracy doctrine also bars Plaintiffs' civil conspiracy claim. “It is well-settled that, under the . . . doctrine, an attorney’s conduct in providing legal services to his client cannot serve as the basis for a conspiracy claim.” *Dille v. Geer*, 2020 U.S. Dist. LEXIS 240860, \*52 (E.D. Pa. Dec. 22, 2020) (citing *Heffernan v. Hunter*, 189 F.3d 405, 413 (3d Cir.

1999)). Thus, Plaintiffs' claim cannot be based on Eckert and Pauciulo's conduct while providing legal services to Vagnozzi. The only exception is when actions "fall outside the scope of representation and are taken for the attorney's 'sole personal benefit.'" *Id.* The Complaint does not allege that Eckert and Pauciulo acted outside the scope of their representation of Vagnozzi for their sole personal benefit, and the civil conspiracy claim therefore fails.

**F. Count VI (Unjust Enrichment) Fails.**

The elements of unjust enrichment are: "[1] benefits [were] conferred on one party by another, [2] appreciation of such benefits by the recipient, and [3] acceptance and retention of these benefits under such circumstances that it would be inequitable for the recipient to retain the benefits without payment of value." *Allegheny Gen. Hosp. v. Philip Morris, Inc.*, 228 F.3d 429, 447 (3d Cir. 2000). Here, the allegations lack specificity and fail to state a claim because they do not suggest Eckert or Pauciulo received a benefit and accepted a benefit with knowledge it would be inequitable for them to retain it. Rather, the Complaint merely alleges that "Defendants were enriched at the expense of Plaintiffs . . . in that the received benefits, commissions, fees and other monetary benefits from the invalid sale of unregistered securities in the ABFP funds to investors . . . ." Compl. ¶ 342. This does not describe how Eckert or Pauciulo were unjustly enriched or could have possibly been unjustly enriched from the sale of unregistered securities. Moreover, there is no allegation that Eckert and Pauciulo received anything more than the typical legal fees they charge clients for their services. Plaintiffs fail to state a claim for unjust enrichment.

**G. Count VIII (Aiding & Abetting Breach of Fiduciary Duty) Fails.**

Plaintiffs have failed to state a claim of aiding and abetting fraud against Eckert or Pauciulo. To state such a claim, a plaintiff must plead "(1) A breach of a fiduciary duty owed to another; (2) knowledge of the breach by the aider and abettor; and (3) substantial assistance or encouragement by the aider and abettor in effecting that breach." *Reis v. Barley, Snyder, Senft &*

*Cohen LLC*, 667 F. Supp. 2d 471, 492 (E.D. Pa. 2009) (citing *Koken v. Steinberg*, 825 A.2d 723, 732 (Pa. Commw. Ct. 2003)). Plaintiffs have not pled allegations to support such a claim against Eckert and Pauciulo because even accepting all allegations as true, they do not demonstrate that that Eckert or Pauciulo knew of a breach of fiduciary duty. Plaintiffs make the conclusory allegation that “all Defendants knowingly assisted and participated in the breaches of fiduciary duty by Defendant, including Vagnozzi, Pauciulo and Eckert Seamans.” Compl. ¶ 352. The Rules, however, require Plaintiffs to assert more than a bare conclusion of the elements. Without more, Plaintiffs’ claim for aiding and abetting breach of fiduciary duty fails as a matter of law.

**H. Plaintiffs’ Tort Claims (Counts II and V) Are Barred by the Economic Loss Doctrine and the Parol Evidence Rule.**

The economic loss doctrine bars Plaintiffs’ tort claims for fraud, fraudulent inducement, and negligent misrepresentation. Under Pennsylvania law, the doctrine “prohibits plaintiffs from recovering in tort economic losses to which their entitlement flows only from a contract.” *ITP, Inc. v. OCI Co., Ltd.*, 865 F. Supp. 2d 672 (E.D. Pa. 2012). “[N]o cause of action exists for negligence that results solely in economic damages unaccompanied by physical or property damage.” *Id.* at 680 (quoting *Azur v. Chase Bank, USA, N.A.*, 601 F.3d 212, 222 (3d Cir. 2010)). “The doctrine applies even if there is no contractual relationship between the parties.” *Id.* at 680-81. Pennsylvania’s economic loss rule also bars fraud claims. *Id.* (citing *Werwinski v. Ford Motor Co.*, 286 F.3d 661, 680 (3d Cir. 2002)). The doctrine similarly bars claims for negligent misrepresentation. *Aetna v. Insys Therapeutics, Inc.*, 324 F. Supp. 3d 541, 557 (E.D. Pa. 2018).

Here, Plaintiffs are only seeking economic damages relating to their financial investments, including “principal, interest and fees previously paid to Defendants.” Compl. at 175. Specifically, those damages arise from written contracts executed in connection with the investments made by Plaintiffs. Plaintiffs are not seeking any physical or property damage.

Therefore, the economic loss doctrine bars Plaintiffs' tort claims.

Plaintiffs' tort claims are also barred by Pennsylvania's parol evidence rule, which "bars consideration of prior representations concerning matters covered in the written contract, even those alleged to have been made fraudulently, unless the representations were fraudulently omitted from the written contract." *Berardine v. Weiner*, 198 F. Supp. 3d 439, 444 (E.D. Pa. 2016). "Pennsylvania's parol evidence rule bars claims of fraud in the inducement and only allows claims of fraud in the execution." *Id.* (quotations omitted). Similarly, "[u]nder Pennsylvania law, the . . . rule applies to . . . negligent misrepresentation claims." *Roundhill Condo. Assn. v. NVR, Inc.*, 2019 U.S. Dist. LEXIS 121143, \*14 (E.D. Pa. July 22, 2019).

Here, Plaintiffs' claims for fraud and negligent misrepresentation arise out of written contracts: namely, PPMs and related corporate registrations and offering materials. Compl. ¶¶ 33-88. The PPMs specifically included an integration clause:

NO PERSONS HAVE BEEN AUTHORIZED TO MAKE REPRESENTATIONS OR TO GIVE ANY INFORMATION WITH RESPECT TO THE OFFERING OF THE NOTES OR THE OPERATIONS OF THE FUND, EXCEPT THE INFORMATION CONTAINED IN THIS MEMORANDUM OR PROVIDED AS SET FORTH BELOW. THIS MEMORANDUM SUPERSEDES ALL PRIOR ORAL OR WRITTEN INFORMATION, IF ANY, PROVIDED TO INVESTORS WITH RESPECT TO THE OFFERING OF THE SECURITIES OR THE OPERATIONS OF THE FUND.

Ex. E at p. i. Plaintiffs do not plead that the written contracts omitted prior representations.

Instead, what Plaintiffs "seek to do is exactly what the Pennsylvania parol evidence rule forbids: to admit evidence of a prior representation in a fully integrated written agreement." *1726 Cherry St. P'ship by 1726 Cherry St. Corp. v. Bell Atl. Prop., Inc.*, 653 A.2d 663, 670 (Pa. Super. 1995).

Thus, Plaintiffs' tort claims are barred by the parol evidence rule and should be dismissed.

### **CONCLUSION**

For all of these reasons, the Court should enter a stay in this action, or in the alternative, dismiss the Complaint against Eckert and Pauciulo in its entirety with prejudice.

Dated: January 15, 2021

Respectfully submitted,

/s/ Jay A. Dubow

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*Attorneys for Defendants Eckert Seamans  
Cherin & Mellott, LLC and John W.  
Pauciulo*

**CERTIFICATE OF SERVICE**

The undersigned certifies that on January 15, 2021, a true and correct copy of the foregoing Defendants Eckert Seamans Cherin & Mellott, LLC's and John W. Pauciulo's Memorandum of Law in Support of Motion to Stay Proceedings, or in the Alternative, to Dismiss Class Action Complaint was electronically filed with the Clerk of the Court for the Eastern District of Pennsylvania using the CM/ECF system. Notice of this filing will be sent to all parties by operation of the Court's electronic filing system. Parties may access this filing through the Court's CM/ECF system.

/s/ Jay A. Dubow  
Jay A. Dubow





ANDREW ZUCH; :  
 MICHAEL TIERNEY; :  
 PAUL TERENCE KOHLER; :  
 JOHN MYURA; :  
 JOHN W. PAUCIUOLO; :  
 ECKERT SEAMANS CHERIN & MELLOTT, :  
 LLC; :  
 SPARTAN INCOME FUND, LLC; :  
 PISCES INCOME FUND LLC; :  
 CAPRICORN INCOME FUND I, LLC; :  
 MERCHANT SERVICES INCOME FUND, LLC; :  
 COVENTRY FIRST LLC; :  
 PILLAR LIFE SETTLEMENT FUND I, L.P.; :  
 PILLAR II LIFE SETTLEMENT FUND, L.P.; :  
 PILLAR 3 LIFE SETTLEMENT FUND, L.P.; :  
 PILLAR 4 LIFE SETTLEMENT FUND, L.P.; :  
 PILLAR 5 LIFE SETTLEMENT FUND, L.P.; :  
 PILLAR 6 LIFE SETTLEMENT FUND, L.P.; :  
 PILLAR 7 LIFE SETTLEMENT FUND, L.P.; :  
 PILLAR 8 LIFE SETTLEMENT FUND, L.P.; :  
 ATRIUM LEGAL CAPITAL, LLC; :  
 ATRIUM LEGAL CAPITAL 2, LLC; :  
 ATRIUM LEGAL CAPITAL 3, LLC; :  
 ATRIUM LEGAL CAPITAL 4, LLC; :  
 FALLCATCHER, INC.; :  
 PROMED INVESTMENT CO., L.P.; and :  
 WOODLAND FALLS INVESTMENT FUND, :  
 LLC, :  
 Defendants. :

**DECLARATION OF JAY A. DUBOW, ESQUIRE**

I, Jay A. Dubow, of full age, hereby certify and say as follows:

1. I am a partner with the law firm of Troutman Pepper Hamilton Sanders LLP, counsel for Defendants Eckert Seamans Cherin & Mellott, LLC (“Eckert”) and John W. Pauciulo (“Pauciulo”) in the above-captioned matter.

2. I respectfully submit this Declaration in support of Defendants Eckert’s and Pauciulo’s Motion to Stay Proceedings, or in the Alternative, to Dismiss Plaintiffs’ Class Action Complaint (the “Motion”). For the convenience of the Court, copies of certain

documents referenced in Defendants' Memorandum of Law in Support of their Motion are attached hereto as follows:

a. Attached hereto as Exhibit A is a true and correct copy of the Amended Complaint filed by the U.S. Securities and Exchange Commission in the U.S. District Court for the Southern District of Florida (the "SEC Action"). ECF No. 119, Case No. 20-cv-81205 (S.D. Fla. Aug. 10, 2020).

b. Attached hereto as Exhibit B is a true and correct copy of the Amended Order Appointing Receiver entered by the U.S. District Court for the Southern District of Florida in the SEC Action on August 13, 2020. ECF No. 141, Case No. 20-cv-81205 (S.D. Fla. Aug. 13, 2020) ("Receivership Order").

c. Attached hereto as Exhibit C is a true and correct copy of the Notice of Stay filed by the Receiver in the U.S. District Court for the District of Delaware. ECF No. 24, Case No. 1:20-cv-01042-CFC (D. Del. Aug. 27, 2020).

d. Attached hereto as Exhibit D is a true and correct copy of the Joint Notice of Stay and Motion for Administrative Order Temporarily Closing Case that was filed by plaintiffs and the Receiver in the U.S. District Court for the Southern District of Florida. ECF No. 15, Case No. 1:20-cv-23750-DPG (S.D. Fla. Nov. 2, 2020).

e. Attached hereto as Exhibit E is a true and correct copy of excerpted pages from a Confidential Private Placement Offering Memorandum of ABFP Income Fund 3, LLC dated March 1, 2019.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: January 15, 2021

/s/ Jay A. Dubow  
Jay A. Dubow

# Exhibit A

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,  
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,  
RETIREMENT EVOLUTION INCOME  
FUND, LLC, f/k/a RE INCOME FUND, LLC,  
RE INCOME FUND 2, LLC,  
LISA MCELHONE,  
JOSEPH COLE BARLETA, a/k/a/ JOE COLE,  
JOSEPH W. LAFORTE, a/k/a JOE MACK,  
a/k/a/ JOE MACKI, a/k/a JOE MCELHONE,  
PERRY S. ABBONIZIO,  
DEAN J. VAGNOZZI,  
MICHAEL C. FURMAN,  
and JOHN GISSAS,

Defendants, and

THE LME 2017 FAMILY TRUST, a/k/a  
LME 2017 FAMILY TRUST,

Relief Defendant.

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**AMENDED COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF<sup>1</sup>**

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<sup>1</sup> The Amended Complaint corrects a scrivener's error, to include "The" in the Relief Defendant's name and identifies the Trustees of the Relief Defendant.

Plaintiff Securities and Exchange Commission (the “Commission”) alleges:

## **I. INTRODUCTION**

1. This case concerns a web of unregistered, fraudulent securities offerings that have raised nearly half a billion dollars from an estimated 1,200 investors nationwide. At the center of this web are Lisa McElhone and her husband, convicted felon Joseph W. LaForte, a/k/a Joe Mack, a/k/a Joe Macki, a/k/a Joe McElhone. The McElhone-LaForte duo is in the business of making opportunistic loans – some of which charge more than 400% interest – to small businesses across America. They offer the loans through a company they control, Complete Business Solutions Group, Inc. d/b/a Par Funding (“Par Funding”).

2. To fuel the Par Funding loans and enrich themselves, the Defendants operate a scheme wherein they raise investor money through unregistered securities offerings. From August 2012 until approximately December 2017, Par Funding primarily issued promissory notes and offered them to the investing public directly and through a network of sales agents.

3. This changed in early January 2018, when Par Funding learned it was under investigation by the Pennsylvania Department of Banking and Securities for violating state securities laws through its use of unregistered agents. In September 2018, Par Funding told the Pennsylvania Securities Regulators it had terminated its agreements with the unregistered sales agents. This was only half of the story.

4. In truth and unbeknownst to the Pennsylvania Securities Regulators, after learning of the investigation Par Funding implemented a new way to fuel its loans – namely, through so-called “Agent Funds” created for the purpose of issuing their own promissory notes, selling the notes to the investing public through unregistered securities offerings, and funneling investor funds to Par Funding. Par Funding compensates the Agent Funds by issuing Par Funding promissory notes to the Agent Funds offering higher rates of return than what the Agent Funds are obligated

to pay investors under the Agent Funds' notes. Par Funding has more than 40 Agent Funds operating today.

5. McElhone and Laforte orchestrate the scheme through Par Funding and McElhone's company, Full Spectrum Processing, Inc., whose employees and officers operate Par Funding. LaForte, Full Spectrum CFO Joseph Cole Barleta, a/k/a Joe Cole, and Par Funding investment director and partial owner Perry S. Abbonizio solicit investors to invest in the securities.

6. Dean J. Vagnozzi, through his company ABetterFinancialPlan.com d/b/a A Better Financial Plan, recruits individuals to create the Agent Funds, offering them the opportunity to open a turnkey Agent Fund that issues and sells securities, complete with training, marketing materials, and an "Agent Guide," as well as a Private Placement Memorandum, corporate registration, and offering materials provided by Vagnozzi's attorney. Vagnozzi manages the Agent Funds through his company ABFP Management Company, LLC, and Abbonizio oversees and coordinates the Agent Funds.

7. Vagnozzi, Michael C. Furman, and John Gissas each operate Agent Funds that raise money for Par Funding through unregistered securities offerings. Vagnozzi operates ABFP Income Fund, LLC and ABFP Income Fund 2, L.P., which issue, offer, and sell promissory notes and limited partnership interests to investors. Furman, through his company United Fidelis Group Corp., operates and manages Fidelis Financial Planning LLC, which issues, offers, and sells promissory notes to investors; and Gissas, through his company Retirement Evolution Group, LLC, operates Retirement Evolution Income Fund LLC and RE Income Fund 2, LLC, both of which issue, offer and sell promissory notes to investors.

8. The fraudulent scheme operates behind multiple veils of secrecy built of the Defendants' lies to conceal: (1) the true nature of Par Funding's loan practices; (2) Par Funding's

true track record of issuing loans and the default rates of the loans; (3) the safety of investing in Par Funding's loans; (4) LaForte's criminal record, identity, and control of Par Funding; (5) three Cease-and-Desist Orders state securities regulators have entered against Par Funding for violating state securities laws; (6) the true result of the New Jersey Division of Securities' investigation of Par Funding; (7) the fact that contrary to Par Funding's representations to the Commission in its filings, it diverts investor funds to McElhone and Cole, Par Funding's CFO, and also funnels money to The LME 2017 Family Trust, which is McElhone's family trust; (8) the fact that contrary to his representations to investors, LaForte has never invested in Par Funding; (9) a Cease-and-Desist Order and sanctions issued against Vagnozzi for violating state securities laws in connection with the Par Funding offering; (10) a Cease-and-Desist Order and sanctions issued against ABFP for violating state securities laws in connection with the Par Funding offering; and (11) a Cease-and-Desist Order and sanctions issued against Abbonizio for violating state securities laws in connection with the Par Funding offering.

9. These lies, and the scheme the Defendants employ to perpetuate them in the unregistered securities offerings, form the basis of this action. Each Defendant plays a critical and substantial role in the fraudulent scheme to misrepresent and conceal the truth. Each individual Defendant solicits investors to purchase securities – either through an Agent Fund or directly from Par Funding – by scheming and lying. And it continues to this day.

10. Based on the ongoing nature of the Defendants' violations and the scienter the Defendants have demonstrated through their willful and wanton disregard for the federal securities laws, the Defendants have shown they will continue to violate the law unless the Court grants the emergency relief the Commission seeks: (1) a Temporary Restraining Order against all Defendants; (2) an Order to Show Cause Why a Preliminary Injunction Should Not be Granted; (3) an Asset Freeze Order; (4) an Order Requiring Sworn Accountings; (5) an Order Prohibiting the Destruction of

Documents; and (6) an Order Expediting Discovery. Simultaneously, the Commission is filing a separate motion seeking the appointment of a Receiver to further protect investors.

## **II. DEFENDANTS AND RELIEF DEFENDANT**

### **A. Defendants**

#### **1. The Par Funding Entities and Employees**

##### ***a. Complete Business Solutions Group, Inc. d/b/a Par Funding***

11. Par Funding is a Delaware company Lisa McElhone and her husband, Joseph LaForte, started in 2011, which had its main office in Philadelphia until 2017 and currently has its sole office in Palm Beach Gardens, Florida. From no later than August 27, 2013 through present, Complete Business Solutions Group has done business using the fictitious name Par Funding. Par Funding provides short-term loans to small businesses and claims to have funded more than \$600 million in loans. Lisa McElhone is Par Funding's President, CEO, and sole employee. McElhone has ultimate decision-making authority for Par Funding. The LME 2017 Family Trust is Par Funding's sole owner, and Lisa McElhone and Joseph LaForte are the trustees of this Trust.

12. In 2018, the Commonwealth of Pennsylvania, acting through the Department of Banking and Securities, Bureau of Securities Compliance and Examinations ("Bureau"), conducted an investigation of certain securities-related activities of Par Funding. Based on the results of its investigation, the Bureau concluded that Par Funding violated the Pennsylvania Securities Act of 1972, 70 P .S. § 1-301 ("Pennsylvania Securities Act"). On November 28, 2018, Par Funding consented to entry of an Order by the Pennsylvania Department of Banking and Securities imposing a \$499,000 administrative assessment for violations of the Pennsylvania Securities Act through the use of an unregistered agent to offer and sell Par Funding promissory notes in Pennsylvania. *Pennsylvania Dep't of Banking and Securities v. Complete Business Solutions Group, Inc. d/b/a Par Funding* (18-0098-SEC-CAO).



13. On December 27, 2018, the New Jersey Bureau of Securities issued a Cease and Desist Order against Par Funding, based on Par Funding's sale of unregistered securities in New Jersey and use of unregistered agents, in violation of the New Jersey securities laws. *In re the Matter of Complete Business Solutions Group, Inc. and Complete Business Solutions Group, Inc. d/b/a Par Funding*.

14. In February 2020, the Texas State Securities Board issued an Emergency Cease and Desist Order against Par Funding and others, alleging fraud and registration violations, and that matter is in active litigation. *In the Matter of Senior Asset Protection, Inc. dba Encore Financial Solutions, Merchant Growth & Income Funding, LLC, ABetterFinancialPlan.com, LLC aka ABetterFinancialPlan, Complete Business Solutions Group, Inc. dba Par Funding, Gary Neal Beasley and Perry Abbonizio* (ENF-CDO-20-1798). The Texas action alleges that all of the respondents engaged in fraud based on their failure to disclose to investors the Pennsylvania and New Jersey Orders against Par Funding and court actions filed against Par Funding based on its lending practices.

***b. Full Spectrum Processing, Inc.***

15. Full Spectrum is a Pennsylvania company created in 2016 and its primary place of business is in Philadelphia, Pennsylvania. Lisa McElhone is the sole owner of Full Spectrum. Since 2017, McElhone has used Full Spectrum to operate Par Funding, which has no employee other than McElhone.

***c. Lisa McElhone***

16. McElhone is a Florida resident. She created Par Funding, is its Chief Executive Officer and sole employee, and is also the sole owner of Full Spectrum. McElhone is and always has been a signatory on all Par Funding bank accounts. On August 1, 2012, the Director for the Department of Consumer and Business Services for the State of Oregon issued a Cease and Desist

Order against McElhone for providing debt management services without registering as a debt management services provider, in violation of the Oregon Mortgage Lender Law and Oregon statutes. McElhone consented to a permanent Cease-and-Desist Order on October 13, 2013. Between July 2015 and October 2019, McElhone received approximately \$11.3 million from Par Funding via checks and wire transfers.

**d. Joseph W. LaForte, a/k/a Joe Mack, a/k/a Joe Macki, a/k/a Joe McElhone**

17. LaForte is a resident of Philadelphia, Pennsylvania and the spouse of Lisa McElhone, with whom he founded Par Funding. LaForte uses the aliases Joe Mack, Joe Macki, and Joe McElhone. LaForte claims to be the owner of Par Funding and runs the day-to-day operations. LaForte acts as the *de facto* CEO of Par Funding and Full Spectrum, and Abbonizio introduces him to investors as Par Funding's president. He also serves as Par Funding's Director of Sales through his employment with Recruiting and Marketing Resources. He conducts his work for Par Funding primarily within the Full Spectrum office space in Philadelphia. From 1995 until 2000, LaForte worked for various securities broker-dealers. He obtained Series 7 and Series 63 securities licenses in 1996 and a Series 24 securities license in 1997; however, these licenses have expired.

18. On October 4, 2006, LaForte was convicted of state charges in New York for grand larceny and money laundering, and on November 8, 2007 he was sentenced to three to ten years in prison and to pay restitution in the amount of \$14.1 million. In 2009, LaForte pled guilty to federal criminal charges in the District of New Jersey for conspiracy to operate an illegal gambling business. He was released from jail in February 2011 and founded Par Funding with his wife, McElhone, shortly thereafter while on supervised release.

*e. Joseph Cole Barleta, a/k/a Joseph Cole a/k/a Joe Cole*

19. Cole is a resident of Philadelphia, Pennsylvania. He was employed by Par Funding as its CFO until 2017, when all of Par Funding employees were converted to Full Spectrum employees. Since 2017, he has been employed by Full Spectrum as Full Spectrum's CFO, and through his employment at Full Spectrum has functioned as the CFO of Par Funding from 2017 through present. From July 2019 until October, Cole received about \$1.8 million from Par Funding, which included investor funds, through payments to his company ALB Management Inc. Between July 2016 and November 2019, Par Funding transferred about \$14.4 million, which included investor funds, to Beta Abigail and New Field Ventures, LLC, companies in which Cole has an ownership or other beneficial interest.

*f. Perry S. Abbonizio*

20. Abbonizio claims to be an owner and managing partner of Par Funding and he is responsible for bringing investment capital into Par Funding. He recruits and trains Par Funding's Agent Fund managers, provides information to potential investors about Par Funding, oversees the Agent Funds, and solicits investors. From February 2017 until November 2019, Par Funding has paid about \$9.5 million, including investor funds, to Abbonizio's company with Cole, New Field Ventures. Abbonizio held Series 7, 63 and 65 securities licenses that have expired. From 1996 until 2015, Abbonizio was associated with various securities broker-dealers.

21. In 2015, the Financial Industry Regulatory Authority ("FINRA") sanctioned Abbonizio by consent in a regulatory action resulting in a four-month license suspension and \$10,000 fine based on allegations that Abbonizio, without providing notice to his FINRA member firm, solicited his firm clients to purchase \$625,000 in outside private placements and received compensation without firm knowledge/permission. In February 2020, the Texas Securities Board

issued an Emergency Cease-And-Desist Order against Abbonizio for fraud violations in connection with the offer and sale of Par Funding promissory notes.

**2. The “A Better Financial Plan” Companies and Owner**

***a. Dean J. Vagnozzi***

22. Vagnozzi lives in Pennsylvania and is the sole owner of ABFP and ABFP Management. He held Series 6 and 63 securities licenses, which have expired, and was associated with a FINRA-registered securities broker-dealer from February 2008 until February 2009. In addition to operating the ABFP entities and funds, Vagnozzi solicited investors to invest in Par Funding promissory notes pursuant to a so-called “finders agreement” from about August 2016 until December 2017. Since January 2018, he also recruited individuals to start investment firms for the purpose of raising money for Par Funding, and has individuals nationwide operating these investment firms which he manages through ABFP Management.

23. On May 30, 2019, Vagnozzi, doing business as ABFP, entered into a settlement with the Pennsylvania Department of Banking and Securities in connection with the sale of promissory notes Par Funding offered and sold. In connection with that case, Vagnozzi agreed to pay a penalty of \$490,000 for violations of the Pennsylvania Securities Act. On July 14, 2020, the Commission instituted settled administrative proceedings against Vagnozzi for his offering and selling unregistered securities in violation of Section 5 of the Securities Act and acting as an unregistered broker-dealer in violation of Section 15(a) of the Exchange Act, in connection with the sale of securities unrelated to the instant case.

***a. ABFP Management Company, LLC***

24. ABFP Management is a Delaware limited liability company located in Collegeville, Pennsylvania. It is wholly owned by Dean Vagnozzi. It is engaged in the business of, among things, providing management services related to organizing and operating companies formed for

the purpose of raising funds from investors and using the investor funds to invest in alternative investments. ABFP Management provides these and other management services for the Par Funding Agent Funds in exchange for a portion of the investment returns.

***a. ABetterFinancialPlan.Com d/b/a A Better Financial Plan***

25. ABFP is a Pennsylvania limited liability company Dean Vagnozzi formed on November 12, 2010. It is located in King of Prussia, Pennsylvania. Vagnozzi owns and manages ABFP, and he claims it is his corporate alter ego. ABFP is an investment firm that offers alternative investments involving assets unrelated to the stock market. ABFP has been soliciting investors for Par Funding since no later than April 4, 2017.

26. In February 2020, the Texas Securities Board issued an Emergency Cease-And-Desist Order against ABFP for fraud violations in connection with the offer and sale of Par Funding promissory notes. On July 14, 2020, the Commission instituted settled administrative proceedings against ABFP for its violations of Section 5 of the Securities Act and Section 15(a) of the Exchange Act in connection with the sale of securities unrelated to the instant case.

***a. ABFP Income Fund, LLC***

27. ABFP Income Fund is a Delaware limited liability company created by Vagnozzi on January 12, 2018, with a principal place of business in King of Prussia, Pennsylvania. Beginning no later than February 2, 2019, Vagnozzi, through ABFP Income Fund, raised at least \$22 million for Par Funding through the offer and sale of promissory notes to at least 99 investors.

***a. ABFP Income Fund 2, L.P.***

28. ABFP Income Fund 2 is a Delaware limited partnership formed in 2018 with its principal place of business in King of Prussia, Pennsylvania. Vagnozzi, through ABFP Management, formed ABFP Income Fund 2 for the purpose of raising investor money to pool and invest in the promissory notes of merchant cash advance companies, and specifically Par Funding.

ABFP Management is the General Partner of ABFP Income Fund 2. Beginning no later than August 8, 2018, Vagnozzi, through ABFP Income Fund 2, has raised at least \$6 million for Par Funding, through the offer and sale of limited partnership interests in ABFP Income Fund 2 to at least 49 investors.

**3. The Florida Investment Firms, Agent Funds, and Owners**

**a. Michael C. Furman**

29. Furman is a resident of West Palm Beach, Florida. He is the President of Fidelis Planning, which he manages through his company United Fidelis Group. He is a certified public accountant licensed in Pennsylvania.

**b. United Fidelis Group Corp.**

30. United Fidelis Group is a Florida corporation Furman incorporated in May 2014 and its principal address is in West Palm Beach, Florida. Furman owns and operates United Fidelis Group.

**c. Fidelis Financial Planning LLC**

31. Fidelis Planning is a Delaware limited liability company formed in April 2018 and its principal address is in West Palm Beach, Florida. Michael Furman is the President of Fidelis Planning and United Fidelis Group is the sole manager of Fidelis Planning. ABFP Management provides management services to Fidelis. Fidelis is a pooled financial fund created for the purpose of raising investor funds for Par Funding. Since no later than August 9, 2018, Furman, through Fidelis Planning, has raised more than \$5.8 million from investors for Par Funding through the offer and sale of promissory notes.

**d. John Gissas**

32. Gissas resides in Wildwood, Florida. Gissas is the President of Retirement Evolution.

***e. Retirement Evolution Group, LLC***

33. Retirement Evolution is a Florida limited liability company formed by John Gissas in April 2018, with its principal address in Wildwood, Florida.

***f. Retirement Evolution Income Fund, LLC,  
f/k/a RE Income Fund LLC (“RE Income Fund”)***

34. RE Income Fund is a Delaware limited liability company formed in 2018 with its principal address in Wildwood, Florida. Since as early as May 2018, Gissas, through RE Income Fund, has raised more than \$5.4 million from at least 62 investors for Par Funding through the offer and sale of promissory notes.

***g. RE Income Fund 2, LLC***

35. RE Income Fund 2 is a Delaware Limited Liability Company formed in 2019. Its principal address is in Wildwood, Florida. Gissas is its President and sole manager. RE Fund 2 is a pooled investment fund created for the purpose of raising funds for Par Funding. Since no later than August 1, 2019, Gissas, through RE Fund 2, has raised at least \$150,000 from investors for Par Funding through the offer and sale of promissory notes.

**B. Relief Defendant**

36. **The LME 2017 Family Trust, a/k/a LME 2017 Family Trust** (the “LME Trust”) owns Par Funding and McElhone is the Grantor of the Trust. According to the Certification of Trust, McElhone and LaForte are the Trustees of the LME Trust. Between July 2018 and September 2018, Par Funding transferred at least \$14.3 million, which included investor funds, to the LME Trust for no legitimate purpose.

**III. JURISDICTION AND VENUE**

37. The Court has jurisdiction over this action pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d), and 77v(a); and Sections 21(d), 21(e), and

Section 27 of the Exchange Act, 15 U.S.C. §§ 78u(d), 78u(e), and 78aa. This Court has personal jurisdiction over the Defendants, and venue is proper in the Southern District of Florida, because many of the Defendants' acts and transactions constituting violations of the Securities Act and the Exchange Act occurred in the Southern District of Florida. Par Funding's sole office is located in the Southern District of Florida and it is registered to do business in Florida as a foreign corporation with McElhone as the registered agent. Lisa McElhone, the CEO of Par Funding and sole owner of Full Spectrum, resides in the Southern District of Florida and works in the Par Funding office located in the Southern District of Florida. Par Funding has also sold its promissory notes to investors located in the Southern District of Florida. Abbonizio has solicited investors and participated in solicitation events and meetings in the Southern District of Florida on behalf of Par Funding and as a Full Spectrum employee. Cole is the CFO of Par Funding, which has its sole office in the Southern District of Florida. LaForte and McElhone control Par Funding and Full Spectrum, which operates Par Funding, and LaForte has participated in meetings and events in the Southern District of Florida to solicit investors for the Par Funding offerings.

38. Vagnozzi has solicited investors in the Southern District of Florida, both directly and through his ABFP companies and investment funds. Furman resides in the Southern District of Florida and United Fidelis and Fidelis Planning are located in the Southern District of Florida. Investors residing in the Southern District of Florida have invested in Gissas' Retirement Evolution funds.

39. In connection with the conduct alleged in this Complaint, the Defendants, directly and indirectly, singly or in concert with others, have made use of the means or instrumentalities of interstate commerce, the means or instruments of transportation and communication in interstate commerce, and the mails.



#### **IV. THE FRAUDULENT PAR FUNDING SECURITIES OFFERING SCHEME**

##### **A. Par Funding**

40. McElhone and her husband LaForte founded Par Funding in 2011 shortly after LaForte was released from prison, and they control Par Funding together.

41. Since no later than August 1, 2012, Par Funding has been in the business of funding short-term loans to small-sized businesses, which Par Funding refers to as “merchant cash advances.” (the “Loans” or “MCAs”).

42. McElhone is Par Funding’s sole employee. Since 2017, Par Funding has been operated by McElhone’s company Full Spectrum. McElhone is the President of Par Funding, the signatory on the Par Funding bank accounts, and according to Par Funding’s most recent corporate designate deposition under Federal Rule of Civil Procedure 30(b)(6), has ultimate authority over Par Funding.

43. LaForte acts as the *de facto* CEO of Par Funding. He runs the day-to-day operations of Par Funding and Full Spectrum, has hiring and firing authority, supervises the Full Spectrum employees including the underwriting employees, and together with another individual decides which Loans Par Funding will approve and fund. He also signs contracts on behalf of Par Funding and renegotiates Loan terms with small businesses.

44. Par Funding has purportedly funded more than \$600 million in Loans.

45. Some of Par Funding’s Loans carry interest rates of more than 400%.

46. According to a recent expert witness analysis of a sample of the Loans, more than half of the Loans charge in excess of 95% interest.

47. Since 2013, Par Funding has filed more than 2,000 lawsuits seeking more than \$300 million in missed payments against small businesses Par Funding alleges defaulted on the Loans.

48. To fund the Loans Par Funding raises investor money through the offer and sale of securities in the form of promissory notes.

**B. Phase 1 of The Offering: Par Funding Issues Promissory Notes Directly To Investors**

49. From no later than August 2012 until December 2017, Par Funding sold promissory notes only directly to investors.

50. Par Funding issued promissory notes providing for a 12-month duration and stating the investor would receive annual interest rates ranging from 12% to 44%.

51. Investors signed a “Non-Negotiable Term Promissory Note” and an accompanying “Security Agreement” (collectively the “Par Funding Notes”).

52. McElhone and Cole signed the Par Funding Notes on behalf of Par Funding.

53. The Par Funding Notes generally provide that the interest is paid over twelve months, and then the investor’s principal investment is returned in full to the investor.

54. The Security Agreement states that Par Funding grants a security interest to the investor in substantially all of Par Funding’s assets, including its accounts receivable.

55. To locate and solicit investors, Par Funding contracted with sales agents through “Finders Agreements” Cole signed on behalf of Par Funding. The Finders Agreements provide that once Par Funding receives investor funds, it will pay the agent a one-time distribution.

56. Beginning no later than Fall 2016 until December 2017, Vagnozzi was one such agent for Par Funding.

57. Vagnozzi and his company ABFP raised about \$20 million for Par Funding in exchange for a commission equal to 6 or 7 percent of each investment he solicited.

58. Defendant Furman also solicited investors to purchase Par Funding Notes. For example, in November 2017 Furman met with potential investors at his firm, United Fidelis, in West Palm Beach, Florida, and recommended the Par Funding investment.

59. Furman told the potential investors that Par Funding made loans to small businesses and charged 36% interest on the loans. Furman distributed Par Funding marketing materials, including a brochure, and touted Par Funding's management expertise and its thorough due diligence in selecting borrowers. Furman also emphasized to the investors that their money would be safe and secure because the default rates on the Loans were 1% or less.

60. Furman told the potential investors that the percentage of interest Par Funding would pay on its Notes would depend on the amount invested. He told them the higher the investment amount, the higher the interest rate and thus the return. He explained to the potential investors that if they invested \$300,000-\$400,000, Par Funding promised to pay the investors an annual return of 12.5% in monthly installments over one year. Furman provided the potential investors with offering materials, including the Par Funding Note.

61. By December 2017, Par Funding had raised at least \$90 million from investors through the offer and sale of Promissory Notes. The investors purchased the Par Funding notes by sending funds directly to Par Funding or through self-directed IRA accounts.

**C. Par Funding Learns It Is Under Investigation For State Securities Law Violations And Begins Efforts To Restructure Its Offering To Conceal Adverse Information**

62. Things changed in January 2018. On January 4, 2018, the Pennsylvania Securities Regulators issued a subpoena to Par Funding in connection with its investigation of Par Funding's use of unregistered Agents. In September 2018, Par Funding, through its counsel, assured the Pennsylvania Securities Regulators that it was no longer using Agents to find investors.

63. In truth, when Par Funding made this representation it had already restructured its offering by converting its Agents to Agent Fund managers the Agents created under the guidance and supervision of Vagnozzi and Abbonizio.

64. Vagnozzi had previously proposed this structure to Cole and Abbonizio in 2017, but Par Funding did not put this structure into place until January 2018, after it received the Pennsylvania Securities Regulators’ subpoena and it continues to this day.

65. Under this new structure, Par Funding uses Agent Funds to offer and sell promissory notes the Agent Funds issue to investors. The Agent Funds then funnel investor money to Par Funding, which then issues Par Funding Notes to its Agent Funds.

66. Below is an illustration Abbonizio and his attorney showed existing investors in April 2020, explaining how the fund structure works with respect to the ABFP Income Fund:



67. The Agent Fund PPMs distributed to potential investors state that the Agent Fund is raising money to invest in “an MCA company,” but do not disclose that this is Par Funding.

68. Nor do the Agent Fund PPMs disclose Par Funding’s regulatory history, that Par Funding is managed by a convicted felon, that Pennsylvania and New Jersey Securities Regulators filed actions against Par Funding and there are Cease and Desist Orders against Par Funding in those states, or any other adverse information about Par Funding.

69. While the Agent Funds offer investors promissory notes in the Agent Funds, investors are told that profits will be generated by Par Funding’s Loan business in which the Agent Funds invest.

**D. Phase 2 of the Offering: Par Funding Uses Agent Investment Funds To Raise Investor Money And Issues Its Notes To The Agent Investment Funds**

70. From January 2018 through present, Par Funding has raised investor money primarily through Agent Funds, and occasionally by selling its own Promissory Notes to investors.

**1. Vagnozzi and Par Funding’s Roles In Creating, Managing, and Promoting The Agent Funds’ Securities Offerings**

71. Vagnozzi is instrumental in recruiting people to start Agent Funds to provide funding to Par Funding.

72. As recently as April 2020, Vagnozzi hosted a Zoom call geared toward recruiting people to start Agent Funds to raise money for Par Funding. Vagnozzi led the call in which he explained that he wanted to teach people how to be “finders” and not unregistered broker-dealers so that they would not get into “any trouble.” He goes on to talk about Par Funding, describing it as one of the best MCA lenders you can find, touts the 1% default rate, and says you can get commissions and “you will make money.”

73. Once Vagnozzi successfully recruits Agents, he and Abbonizio train them how to raise money through securities offerings that will ultimately fuel Par Funding.

74. Vagnozzi teaches Agents how to open their own turnkey investment funds. He provides them with an “Agent Guide” that instructs them how to create an Agent Fund, telling Agents they merely need to choose a name for an Agent Fund and send that name together with \$5,000 to Vagnozzi’s attorney, who will then set up a fund, get the corporate paperwork filed, draft a PPM for the fund, and get a tax identification number.

75. The Agent Guide tells the Agents which banks to use to set up bank accounts and directs them to add an ABFP employee as an authorized signer on the account. According to the Agent Guide, ABFP Management then pays the investment expenses and payouts to the Agent

Funds' investors. In the Agent Guide, Vagnozzi tells the Agents that ABFP Management will handle these tasks so the Agents can "focus on selling."

76. Par Funding, through Abbonizio and Vagnozzi, also train the Agents at Full Spectrum's office and Par Funding provides the Agents with marketing materials to solicit investors.

77. Vagnozzi and Abbonizio oversee the Agent Funds and Vagnozzi manages them through his company ABFP Management in exchange for 25% of the Agent Funds' profits.

78. According to Abbonizio and LaForte, there are more than 40 Agent Funds raising investor money for Par Funding.

79. Par Funding, through LaForte, Cole, and Abbonizio, helps solicit investors to invest in the Agent Funds by speaking at events the Agent Funds organize to raise money from potential investors.

80. Abbonizio also helps the Agent Funds solicit investors through telephone calls, and Abbonizio, Cole, and LaForte assist by soliciting investors during meetings the Agent Funds arrange at Par Funding's office.

81. The Agent Funds and ABFP Management make their profits based on the rates of return promised in the Par Funding Notes and the Investment Funds' notes with the investors.

82. Each Agent Fund sends Par Funding investor funds raised through the Agent Funds' securities offerings. This occurs by the Agent Funds either wiring investor funds to Par Funding or directing the investor to open a self-directed IRA account that invests in Par Funding.

83. Upon receipt of the investor funds, Par Funding issues a Par Funding Note to the Agent Fund with a higher promised rate of interest than the Agent Fund promises to its investors in its own promissory notes.

84. Par Funding pays an Agent Fund its monthly returns and the Agent Fund in turn pays its investors.

85. The remainder (or the spread) is for the Agent Fund, and it is obligated under an agreement it signs with ABPF Management to pay ABPF Management 25% from this remaining amount.

## **2. Vagnozzi Offers and Sells Notes Through His Own Agent Funds**

86. In addition to managing Agent Funds, Vagnozzi offers and sells promissory notes through his own Agent Funds, ABFP Income Fund and ABFP Income Fund 2 (collectively, the “ABFP Funds”).

87. The ABFP Funds each filed a Form D with the Commission giving notice of an exempt securities offering of either debt or equity securities in reliance on Rule 506(b) of the Securities Act, 17 C.F.R. § 230.506(b).

88. The ABFP Funds’ PPMs reflect that the ABFP Funds either enter into promissory notes with investors, promising annual returns as high as 15%, with monthly interest payments and full return of principal at the end of the typical 12-month term or sell investors interests in a limited partnership for \$5,000 per single interest.

89. The ABFP Income Fund PPM states that investor funds will be used to invest in promissory notes with MCA companies.

90. The ABFP Income Fund 2 PPM states that investor money will be used 80% toward MCA promissory notes and 20% toward investment in one NYSE-traded equity.

91. Investors either contribute directly to the ABFP Income Funds or through a self-directed IRA account at a Pennsylvania-based IRA administrator.

92. Vagnozzi directs investors to open an account at the IRA administrator company, and investors contribute funds and receive their investment funds through this account.

93. Vagnozzi and ABFP advertise the investment through radio, television commercials, the Internet, and ABFP's Facebook page.

94. Vagnozzi and ABFP also solicit investors through one-on-one presentations at the ABFP office and dinner seminars.

95. For example, on November 21, 2019, Vagnozzi and ABFP hosted more than 300 investors and prospective investors for a dinner where they were solicited to invest in Par Funding through Vagnozzi's funds.

96. Attendees were given a one-page flyer describing four investment opportunities, one of which was MCAs. The flyer described the MCA investment opportunity as having a 2% default rate and offering between 10-14% returns with principal returned in 1, 2, or 3 years.

97. Vagnozzi spoke first at the November 2019 event and touted Par Funding's financial success. He explained that Par Funding was buying a bank and was looking for investors to help – not because Par Funding couldn't write a check to buy the bank itself, but because bank regulations only let Par Funding be a 5% owner.

98. Vagnozzi told the attendees that “[w]e have stock market alternative investments that are secure...” and that an investment in Par Funding does not have “too much risk” and the investment is “knocking it out of the park.”

99. Vagnozzi then introduced Abbonizio, who told the audience that Par Funding has a default rate of 1%, compared to an industry average default rate of 18.5%.

100. Abbonizio also told the audience to focus on the default rate because that is the most important part of the investment.

101. Abbonizio then introduced LaForte, to whom he referred as the President.

102. LaForte told the audience that Par Funding is probably the most profitable cash advance company in the United States and maybe in the world.



103. LaForte also told the audience that he started the company about eight years ago with \$500,000 of his own capital.

104. LaForte then introduced Cole, who touted the financial health of Par Funding.

105. During the November 21, 2019 solicitation dinner event, Vagnozzi told potential investors that he has taken more than 500 investors into an investment with Par Funding.

106. By March 2020 Vagnozzi was claiming 600 investors had invested in Par Funding through him.

107. Through securities offerings, ABFP Income Fund has raised at least \$22,309,000 from investors since February 19, 2018, and ABFP Income Fund 2 has raised at least \$6,322,500 from investors since August 8, 2018.

### **3. Furman Offers and Sells Notes Through His Own Agent Fund: Fidelis Planning**

108. Since no later than August 2018, Furman, through his companies Fidelis Planning and United Fidelis, has raised at least \$5.8 million for Par Funding through investments in Furman's Agent Fund, Fidelis Planning.

109. Fidelis Planning enters into promissory notes with investors, promising annual returns as high as 15%, with monthly interest payments and full return of principal at the end of the typical 12-month term.

110. The Fidelis Planning PPM tells investors that Fidelis will invest their funds with a MCA business.

111. Furman and United Fidelis advertise the Fidelis Planning investment through newspaper advertisements.

112. Furman solicits investors via telephone and puts potential investors in contact with Abbonizio, Cole, and LaForte, who continue the solicitation efforts. He also invites potential

investors to the solicitation dinners Vagnozzi and ABFP host, where Abbonizio and Vagnozzi help Furman solicit investors.

113. After raising investor funds, Furman wires the money to Par Funding and receives a Par Funding Note issued to Fidelis Planning.

114. According to its May 2019 filing with the Commission, Furman and Fidelis Planning raised \$5,838,000 for Par Funding from August 2018 through May 2019. According to bank records, it appears that Furman and Fidelis Planning raised more than \$11 million as of December 2019.

**4. Gissas Offers and Sells Notes Through His Own Agent Funds:  
RE Income Fund and RE Income Fund 2**

115. Since no later than Summer 2018, Gissas and his company Retirement Evolution have raised money for Par Funding through the offer and sale of investments in Gissas' Agent Funds, RE Fund and RE Fund 2.

116. Gissas appears to primarily target investors in The Villages retirement community near Wildwood, Florida.

117. The RE Funds issue, offer, and sell promissory notes to investors.

118. Gissas and Retirement Evolution advertise the securities offerings on the RE Fund website, where they provide the RE Fund PPM.

119. Gissas and Retirement Evolution also use newspaper advertisements, largely in The Villages, to invite the public to lunches and dinners where Gissas, sometimes with the assistance of Abbonizio, solicits the audience to invest in the RE Funds, which will invest in Par Funding Notes.

120. For example, in August 2019 Gissas and Retirement Evolution hosted a dinner for 12 potential investors in Wildwood, Florida. Gissas gave the investors an RE Fund 2 PPM and

promissory note to review, and told the investors the investment offered an 8% to 12% return through an investment in an MCA business in Philadelphia.

121. Abbonizio then spoke to the investors, identified himself as the 25% owner of Par Funding, and then touted Par Funding's low default rate and that the MCA loans are insured.

122. At least one attendee at this event subsequently invested in Par Funding through the RE Fund 2 promissory note.

123. Through the unregistered offerings, Gissas, Retirement Evolution, and the RE Funds raised at least \$5.5 million for Par Funding.

**E. Phase 3 of the Offering: Par Funding, Vagnozzi, and Furman Offer "Exchange Notes"**

124. On March 12, 2020, Vagnozzi forwarded investors a message he received from Cole of that same date. According to Cole's message, the purpose of Cole writing Vagnozzi was to "update our partners."

125. In the message, Cole states Par Funding believes the Coronavirus will have "no long term effects to [Par Funding's] projected growth and revenue." Cole further states in this same message that "There has been no noticeable effect to our client payments or default rates. We had our largest funding month by deal count in February and have confidence in being able to maintain consistent funding volume in the coming months."

126. A mere two weeks later, Vagnozzi and Furman forwarded investors a dramatically different message purporting to be from Par Funding that states "Over the past several months, Par Funding, like many other companies across the globe, has been severely impacted by the Coronavirus pandemic." Par Funding goes on to say it has "been forced to close our physical offices" and that "virtually all of [Par Funding's Loan borrowers] have called seeking a moratorium on payments and other restructured payment terms."

127. Purportedly as the result of the Covid-19 Pandemic, investors did not receive their monthly investment returns in April and May 2020.

128. On March 16, 2020, ABFP emailed investors reassuring them that their investments in Par Funding were safe. ABFP told investors “The management team at CBSG/Par is extremely confident that their financial position and funding strategies will enable them to weather this storm. They want you to remain confident that your investment with them is solid.”

129. Vagnozzi goes on to reassure investors “the employees at Par are some of the hardest working people I have ever met,” and reminds investors that “not one payment has ever been late.”

130. On March 26, 2020 ABFP, through Vagnozzi, emailed investors a message from Par Funding concerning the purported financial impact the COVID-19 pandemic had on Par Funding’s revenues, together with a message from Vagnozzi stating that “Par Funding has defaulted on a note with the fund that you each invested in, and they will continue to default for the next few months.”

131. In this same email message Vagnozzi goes on to discourage investors from filing a lawsuit against Par Funding and tells investors his attorney is working to restructure the investments so payments to investors can resume.

132. In April 2020, Furman emailed investors an email message he claimed was from Par Funding indicating that if investors do not accept an offering to replace their current promissory notes with “Exchange Notes” offering significantly less interest and over a longer period of time, then Par Funding would file for bankruptcy.

133. In April 2020, Vagnozzi and Furman emailed investors a video created on about April 18, 2020, in which Vagnozzi and his attorney – the same attorney who created the turnkey Agent Funds – tell investors that the attorney reviewed Par Funding’s financials and Par Funding

is insolvent. Vagnozzi reassures investors he believes Par Funding will rebound, and then Vagnozzi and the attorney recommend that investors not to file lawsuits against Par Funding for defaulting on the promissory notes but to instead accept Exchange Notes through which the investors would receive lower investment returns than they were promised in the promissory notes they had purchased from ABFP and the Agent Funds.

134. In this same video message to investors, Vagnozzi's attorney also tells investors that because Par Funding has not paid investors their returns in March, he obtained a UCC lien report against Par Funding and was "first in line" to collect for the investors. Public records do not reflect any such lien against Par Funding, but do reflect a number of other liens against Par Funding that would preclude Vagnozzi's attorney's purported lien from being first in line.

135. On April 26, 2020, Vagnozzi, through ABFP, emailed investors a video of Vagnozzi and his attorney discussing the Exchange Offering, in which the attorney recommends that investors accept the Exchange Offering and walks the investors through the offering documents, page by page, reminding investors to review the disclosures and risks in the Exchange Offering materials.

136. The Exchange Offering materials and PPM include a risk section that discloses to investors the risks associated with the Exchange Offering. In it, ABFP tells investors "The nature of the Company's business subjects the Company to litigation. The Company is in the business of providing MCAs to small and mid-size businesses. In connection with its collection efforts against MCA customers and in other similar contexts involving its MCA customers, the Company has been subject to a substantial number of lawsuits."

137. While ABFP disclosed lawsuits small businesses might file, there is no disclosure of the Texas Securities Regulators' action against ABFP, Par Funding, and Abbonizio that was filed just months prior to the Exchange Offering, of the Emergency Cease-and-Desist Order filed

entered against ABFP, Par Funding, and Abbonizio in Texas, or that the Texas securities enforcement action is ongoing.

138. Nor was there any disclosure that the Texas Securities Regulators had entered an emergency Cease-and-Desist Order finding that ABFP, Par Funding, and Abbonizio made material misrepresentations and omissions to investors in connection with the Par Funding and Agent Fund offering about the Par Funding offering, Par Fundnig's regulatory history, and Par Funding's management, and that this litigation was continuing at the time of the Exchange Offering.

139. Based on representations by Par Funding and Vagnozzi's attorney that Par Funding would otherwise default on payments altogether or enter bankruptcy, and based on Vagnozzi's attorney's recommendation, as a lawyer, that they accept the offering, investors opted for the Exchange Offering and entered into new promissory notes.

140. Based on the representations made to them, investors felt they had no choice but to agree to the Exchange Offering and to replace their existing notes in the ABFP Funds and Fidelis Planning Fund with new notes that offered less interest and thus a lower rate of return.

141. All or nearly all of the investors accepted an Exchange Note that replaced the ABFP Funds and Fidelis Planning promissory notes they had previously purchased.

**F. The Securities Offerings Are Ongoing and Defendants Are Planning To Expand**

142. The Defendants are continuing to offer securities to investors through the Agent Funds and Par Funding.

143. For example, Furman is currently soliciting investors to purchase Par Funding Notes. Unbeknownst to Furman, the individuals are posing as investors.<sup>1</sup>

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<sup>1</sup> All undercover activity and recordings referenced or described in the Complaint were done strictly at the direction and behest of law enforcement agencies and not the Commission.

144. Furman coordinated a meeting between these two individuals posing as investors, and LaForte. The meeting occurred in the Southern District of Florida in late June 2020 to solicit the individuals to invest.

145. While Par Funding has continued offering its notes directly to investors on occasion since its January 2018 restructuring, Par Funding is now seeking significantly higher investments amounts, most recently \$10 million from the undercover individuals.

146. During the meeting, LaForte touted Par Funding as a “leader in the industry” and contrary to the representations made to current investors to force them to take the Exchange Notes in April 2020, represented that “here we are today post-COVID pretty healthy.” He explained that the underwriting performed on the Loans helped ensure the success of Par Funding, stating “It all goes back to the underwriter.”

147. In soliciting the undercover individuals, LaForte represented that Par Funding paid investors \$28 million in 2018 and \$56 million in 2019 – “which is a lot lower proportion that what we paid ourselves. It’s about half.”

148. On July 7, 2020, Cole emailed these two individuals draft Par Funding Exchange Notes and offering materials through which they could invest in Par Funding.

149. In July 2020, Abbonizio, LaForte, and Cole met with these same undercover individuals at Full Spectrum’s office in Philadelphia to pitch them further on the Exchange Note investment.

150. Additionally, Gissas and Retirement Evolution appear to continue to actively solicit investors, with Retirement Evolution putting a general advertisement/invitation in The Village’s local newspaper as recently as July 2020, for a luncheon seminar about alternative investments with annual returns of 8% and 10% paid monthly, scheduled for the week of July 13, 2020.

151. As for Vagnozzi, three days after the Commission entered a July 14, 2020 Consent Order against him and ABFP for engaging in unregistered securities offerings and acting as an unregistered broker-dealer in connection with five offerings not at issue in this case, Vagnozzi, emailed investors about the Order and announced that he is expanding his business:

a. “My staff and I feel that the results of this [SEC] investigation are the absolute best reason someone should invest with us....”

b. “[The SEC] [a]lso determined that all investments offered by ABFP were carried out in a manner consistent with the information provided to investors.”

c. “Three years of investigation, \$300k spent on my end, and all they can say is they don’t like my advertising methods and the fact that I served steak dinners in 2013 as a way for people to hear about our investments.”

152. The Order makes no such findings. Vagnozzi mischaracterizes the Order to investors as a selling point for investing with him and ABFP, and in the same email message announces that he is forming a non-public company that he will soon advertise.

153. Vagnozzi and ABFP also issued a press release about the Order, claiming that “the findings of these proceedings have also paved the way for the company to restructure as a public company, which will alleviate advertising restrictions in the future.”

**G. Material Misrepresentations and Omissions in Connection with The Par Funding, ABEP, United Fidelis, and Retirement Evolution Offerings**

**1. False Claims about Par Funding’s Rigorous Underwriting Process**

154. Because investor returns are purportedly generated by the interest small businesses pay on the Loans Par Funding makes, the success and profitability of the investment turns on Par Funding lending money to small businesses who pay back Loans with interest and do not default on the Loans.



155. As Abbonizio explained to one potential investor, this is the most important consideration when deciding whether to invest in the Agent Funds.

156. On January 7, 2020, Abbonizio met with an investor to pitch her on the Par Funding investment. The investor was undercover and the meeting was recorded. Abbonizio described the underwriting group as “the key to our whole investment thesis,” and went on to explain that the investment in Par Funding is “only compelling if you have confidence that whatever you give, \$50,000 or \$5 million, that we are going to do an exemplary job of putting your hard earned money in the hands of suitable companies that can meet their daily obligation to pay us back.”

157. To drive this selling point home, Abbonizio explained: “If you leave here and remember nothing else. Why would I entrust the money? Because they have an exemplary track record of underwriting, utilizing three components, taking three days and be [sic] more vigilant. That’s the crux of it.”

158. In a Par Funding brochure that Furman, Abbonizio, and Vagnozzi distribute to potential investors, Par Funding details its supposedly rigorous underwriting process to approve merchant loans, calling it “Exceptional Underwriting Rigor.”

159. Par Funding claims that the underwriting process takes 48 to 72 hours and includes, among other things, an on-site inspection of each merchant before approving any Loan.

160. According to the marketing materials, “There is no substitute for personal on-site merchant inspections,” and “Visual confirmation of a business’ viability yields the highest levels of confidence in the future viability of merchant partners.”

161. Par Funding emphasizes that the on-site inspection “...has been proven to enhance the low default Par Funding experience[s].”

162. Abbonizio also touts Par Funding’s underwriting process to potential investors, both during one-on-one meetings with potential investors and during solicitation events.

163. For example, at the November 2019 solicitation dinner Vagnozzi and ABFP hosted, Abbonizio told potential investors that Par Funding has “rigorous standards” and “the best underwriting in the industry.”

164. In August 2019, Abbonizio told other potential investors during another solicitation event that Par Funding does an on-site inspection of small businesses 100% of the time before approving any Loan.

165. The representations about Par Funding’s underwriting process are false.

166. In truth, the underwriting was not stringent.

167. Contrary to the Defendants’ representations, Par Funding did not always conduct on-site inspections of small businesses prior to funding Loans, and it would approve Loans in less than 48 hours.

168. For example, in October 2019, Par Funding approved and funded a Loan of \$792,000 to a small business in Ohio (the “Ohio Small Business”). Par Funding did not conduct an on-site inspection prior to approving the Loan and did not request information about debt schedules, profit margins, or expenses.

169. Similarly, in August 2019, Par Funding approved and funded a Loan to a small business in Houston (the “Houston Small Business”) without conducting an on-site inspection and requesting materials showing accounts receivables, expenses, profit margins, or debt schedules.

170. Likewise, in April 2019, Par Funding approved and funded a Loan of \$33,750 to a small business in League City, Texas (the “League City, Texas Small Business.”). Par Funding did not conduct an on-site inspection prior to approving and funding the Loan.

171. Between October 2018 and December 2018, Par Funding funded four Loans to a small business in California (the “California Small Business”), totaling \$3.5 million. For each of these four Loans, Par Funding failed to perform an on-site inspection of the California Small

Business, and in each instance the Loan was underwritten by Par Funding in less than 48 hours from the time the California Small Business owner applied for the Loan. Despite funding \$3.5 million in Loans to the California Small Business over the course of just three months, Par Funding never requested information showing the California Small Business' profit margins or expenses during the underwriting process or at any other time prior to approving the Loan.

172. The lack of an on-site inspection is not a new development for Par Funding, but instead goes back to at least as early as 2016. For example, in April 2016, Par Funding issued a Loan of \$40,000 to a pharmacy in Tennessee with the initial N.R. (the "Tennessee Small Business").

173. Par Funding did not conduct an on-site inspection prior to approving the Loan to the Tennessee Small Business. Par Funding completed the underwriting process within 48 hours of the Tennessee Small Business applying for the Loan. Par Funding did not request information showing profit margins, debt schedules, expenses, or accounts receivable. Nor did Par Funding even conduct an interview before approving the Loan.

174. For some small businesses, the only on-site visit that ever occurs is to threaten a merchant with physical violence.

175. For example, in June 2016 Par Funding loaned \$100,000 to a merchant pharmacy in Knoxville, Tennessee. Par Funding completed the underwriting process in less than 48 hours, failed to offer the merchant insurance of any kind, and did not seek the merchant's debt schedule, profit margins, or any information about the merchant's accounts receivables prior to funding the Loan. Nor did Par Funding conduct an on-site inspection. As the Tennessee merchant has explained under oath, "The only time CBSG visited the Company or sent someone to visit me was when it threatened me with physical violence after I missed payments."

176. For other small businesses, Par Funding simply asks the small business to email them a photo of their office rather than perform the on-site inspection promised to investors.

177. For example, a law firm in Washington, D.C. (the “Small D.C. Business”) borrowed \$38,670.75 from Par Funding in November 2017 and the only “inspection” of the merchant’s business was a photo of the office Par Funding asked the merchant to email them.

178. When Par Funding does conduct an on-site inspection, it is sometimes done after Par Funding has already approved and funded the Loan.

179. For example, Par Funding approved a \$370,000 Loan to a Sports Field Grading and Maintenance company in Dallas, Texas and funded the Loan on January 4, 2017. The on-site inspection occurred on January 5, 2017, after the Loan had been approved and funded in its entirety.

180. Thus, Par Funding does not always conduct an on-site inspection prior to approving a Loan and sometimes completes the entire underwriting process in less than 48 hours. These facts do not stop Par Funding from making representations to the contrary to investors.

181. For example, in January 2020, Abbonizio told an undercover individual posing as an investor that Par Funding requires three days to complete an underwriting process on a Loan application because Par Funding conducts what he referred to as “the coup de grace” – a personal onsite inspection. He told her that because of this vigilant process, he felt confident telling her to invest her money in Par Funding.

182. However, that same month, Par Funding made a \$150,000 Loan to a Boston Small Business with the initial TMA, without conducting an on-site inspection and in fact completed the underwriting process in less than 48 hours. Instead of conducting “the coup de grace,” Par Funding merely asked the Boston Small Business owner to email photos of her office.

183. Additionally, as set forth above, contrary to the rigorous underwriting process Par Funding touts to investors, Par Funding approves and funds Loans to small businesses without obtaining information about the merchant's profit margins, expenses, or debts.

184. Even Par Funding's representation to potential investors that it assigns a liaison to each merchant to cultivate the relationship is misleading, as Par Funding does not always assign a liaison to small businesses or have a liaison who communicates with the small businesses. For example, Par Funding did not assign a liaison to the Ohio Small Business, the League City Small Business, the Texas Small Business, or the California Small Business.

## **2. False and Misleading Claims about Par Funding's Loan Default Rate**

185. LaForte, Abbonizio and Vagnozzi make false claims to prospective investors that Par Funding has a 1% loan default rate.

186. For example, in Summer 2018, LaForte met with at least one investor in Maryland and pitched the Par Funding investment to her, telling her that Par Funding's loan default rate was only 1%.

187. On January 7, 2020, Abbonizio told an undercover individual posing as a potential investor that Par Funding issues bad loans 1 percent of the time. He explained that the defaults are "one percent of \$500 million."

188. Similarly, at a dinner for investors and potential investors on November 21, 2019, Abbonizio presented the investment. He told more 300 investors at this event that the 10% to 14% investment returns were "enticing," but it is only enticing if Par Funding does a good job at loaning money to borrowers.

189. At this same dinner, Abbonizio emphasized that Par Funding has "the best underwriting in the industry" and has "rigorous operational standards, almost seven years in the making." Because of this, Abbonizio explained, they have a default rate that is "less than 1

percent.” He also explained to the investors why this is so important – because if enough of the borrowers miss their payments to Par Funding, that “could impede Par Funding’s ability to pay Vagnozzi’s fund to ultimately pay you.”

190. At this same dinner, ABFP and Vagnozzi also touted Par Funding’s low default rate, giving potential investors a flyer describing the Par Funding investment opportunity as having a 2% default rate.

191. Likewise, on the United Fidelis website, Furman and United Fidelis tout a 1.2% default rate for the “MCA investment” they offer.

192. These representations are false and misleading.

193. In reality, Par Funding has filed more than 2,000 collections lawsuits against small borrowers for defaulting on the Loans Par Funding made to them.

194. Par Funding claims to have funded \$600 million in Loans. These lawsuits allege that the Loans are in default and seek to recover more than \$300 million that the small businesses have allegedly failed to repay Par Funding. An analysis of these lawsuits reveals that Par Funding’s loan default rate is as high as 10%.

195. In Fall 2017, Furman gave a Florida investor a Par Funding brochure claiming that Par Funding had provided “more than \$220 million in business funding” since its inception in 2012.

196. However, by August 2017, Par Funding had filed more than 240 lawsuits against small businesses for defaulting on their Loans, seeking more than \$20 million in missed Loan payments.

197. Likewise, on August 15 2019, Abbonizio touted Par Funding’s 1% default rate to potential investors at a Retirement Evolution solicitation dinner. However, by August 2019, Par

Funding had filed more than 800 lawsuits against small businesses for defaulted Loans, seeking more than \$100 million in missed Loan payments.

198. Similarly, when Abbonizio and Vagnozzi touted Par Funding's low default rates to potential investors during the ABFP solicitation dinner on November 21, 2019, Par Funding had filed more than 1,000 lawsuits, in Philadelphia alone, against small businesses for defaulted Loans, seeking more than \$145 million in missed Loan payments.

199. LaForte and Cole, Par Funding's CFO, were present when these representations were made to potential investors on November 21, 2019, and did not correct these false and misleading statements.

200. When Abbonizio touted Par Funding's low default rates to an Undercover posing as a potential investor in January 2020, Par Funding had filed more than 1,200 lawsuits seeking more than \$150 million in missed payments on defaulted Loans.

201. Most recently, in July 2020, LaForte and Abbonizio touted the 1% default rate on the Loans in a solicitation meeting with undercover individuals posing as potential investors. When they made this representation, Par Funding had filed at least 2,000 lawsuits seeking about \$300 million in missed payments from small business owners on Loans Par Funding alleges are in default.

202. Additionally, Par Funding calculates the default rate differently in its representations to investors by not including in the rate any Loan where the borrower is making even a partial payment or is speaking with Par Funding about the Loan.

203. For example, on July 10, 2020, Par Funding told a Texas small business owner with the initial MF that it would take his Par Funding Loan out of default status if the small business owner made a mere \$500 payment on his \$1.2 million Loan balance.

### 3. False Claims that Par Funding Offers Insurance on Its Loans

204. In the brochure Par Funding distributes to potential investors through the Agent Funds, Par Funding claims to offer insurance on all of its products up to \$150,000. Par Funding further claims that “[t]he insurance protects Par Funding in case of a default or non-payment.”

205. On June 5, 2018, LaForte also told a potential investor in Maryland that if a merchant defaulted on his loan, Par Funding had insurance to back up investor funds, thus reassuring the investor that her investment was safe and secure.

206. At an event in Florida to solicit investors in RE Income Fund 2 in August 2019, Abbonizio told potential investors that Par Funding’s merchant loans were insured.

207. These claims are false. Par Funding did not offer small businesses insurance on the Loans, and thus investor funds were not protected by insurance.

208. For example, during the more than two-year period spanning November 2015 through January 2018, Par Funding approved and funded 15 Loans to a small business located in Los Angeles, California (the “L.A. Small Business”). The Loans totaled \$6,126,054.13.

209. At no time, on any of the 15 Loans approved over the course of these two years did Par Funding offer the L.A. Small Business insurance of any kind.

210. On each of the 15 occasions when Par Funding approved and funded a Loan to the L.A. Small Business, Par Funding completed the underwriting in less than 48 hours, never offered the L.A. Small Business insurance of any kind, never conducted an in-person interview before giving the L.A. Small Business the Loans, never requested information about the L.A. Small Business’s expenses, and never requested information about the L.A. Business’s profit margins.

211. Par Funding’s Loans to the League City, Texas Small Business, Tennessee Small Business, Ohio Small Business, Boston Small Business, Arizona Small Business, Houston Small



Business, D.C. Small Business, New Jersey Small Business, and Dallas Small Business span the period from April 2016 through January 2020.

212. Par Funding did not offer insurance to a single one of these small businesses to whom it issued Loans.

#### **4. Misrepresentations and Omissions about LaForte's Background**

213. LaForte touts his financial and business acumen and his success through Par Funding, but fails to disclose his criminal history. Similarly, the Par Funding website includes numerous articles featuring LaForte and his claimed business success, and directs readers to LaForte's "Forbes Council" profile, in which he describes himself as "...one of the small business industry's most distinguished and accomplished leaders." LaForte also holds himself out in videos he posts online as a "financial expert" for Par Funding.

214. In truth, LaForte is a twice-convicted felon and prior to founding Par Funding with McElhone, was imprisoned and ordered to pay \$14.1 million in restitution for grand larceny and money laundering. To conceal these facts, LaForte uses two aliases – Joe Mack and Joe Macki because, as LaForte admitted to at least one individual, if people "google" his real name they will see his negative history. Par Funding and Cole actively assist LaForte in concealing his true identity, and thus his criminal background, by providing LaForte with a Par Funding email address bearing the name of his alias, joemack@parfunding.com, and a Par Funding business card for his alias Joe Macki.

215. Additionally, Cole has solicited investors by touting the experience of Par Funding's management team while failing to disclose LaForte's criminal history, despite knowing LaForte has been convicted of crimes involving dishonesty. For example, in Fall 2017, Cole solicited a potential investor with initial E.H. who resides in Massachusetts to invest in Par Funding, promising up to 15% monthly interest payments. Cole told the investor that Par Funding

was successful and touted Par Funding’s experienced management team. Cole did not disclose that the management team was led by a convicted felon.

216. Similarly, during an August 2019 solicitation event in Wildwood, Florida, Abbonizio solicited investors to invest in Par Funding through RE Income 2 by touting the “great team” at Par Funding. He failed to disclose that the leader of the team is a convicted felon.

217. Abbonizio also conceals LaForte’s identity from investors. For example, when an undercover individual posing as an investor asked Abbonizio who the founders of Par Funding are, Abbonizio responded: “There’s basically five of us. There’s myself, Joe Cole, who is the CFO, Joe McElhone, and Lisa McElhone... and Lisa is the President of the company.” He then went on to identify the fifth founder – “a family out of Manhattan. They have \$48 million with us.” Joe McElhone is yet another alias for Joseph LaForte used to conceal his identify from investors.

218. In its 2019 and 2020 Form D Filings with the Commission, Par Funding failed to identify LaForte in Item 3 of the form requiring the disclosure of “Related Persons.” The instructions accompanying Form D direct filers to provide the following information under “Related Persons”:

Enter the full name and address of each person having the specified relationships with any issuer and identify each relationship:

- Each executive officer and director of the issuer and person performing similar functions (title alone is not determinative) for the issuer, such as the general and managing partners of partnerships and managing members of limited liability companies; and
- Each person who has functioned directly or indirectly as a promoter of the issuer within the past five years of the later of the first sale of securities or the date upon which the Form D filing was required to be made.

If necessary to prevent the information supplied from being misleading, also provide a clarification in the space provided.

219. As set forth above, LaForte is identified as the President of Par Funding, runs the day-to-day operations, and he functions as an executive officer of Par Funding. Nonetheless, Par Funding does not disclose LaForte’s involvement in its Commission filings.

## 5. Misrepresentations and Omissions about Par Funding's Regulatory History

220. LaForte touts to prospective investors Par Funding's success. For example, in November 2019 LaForte told potential investors that Par Funding is probably the most profitable cash advance company in the United States and maybe in the world.

221. Abbonizio also solicits investors by touting Par Funding's success and its track record as a leader in the merchant cash industry.

222. Similarly, Vagnozzi touts Par Funding's purported success. For example, in a 6-minute video, Vagnozzi tells potential investors he would like to introduce them to "one of the best merchant cash advance lenders that you can find" and characterizes it as "highly profitable."

223. The video is widely distributed; it is posted on the Vimeo pages of ABFP and Vagnozzi, was posted on the ABFP Income Fund website until at least April 17, 2020, emailed to potential investors, and shown during sales pitches.

224. On the ABFP Facebook page, Vagnozzi characterizes "our MCA Fund" as [sic] "Best investment you can find."

225. In early 2020, Vagnozzi described the investment in Par Funding to an undercover posing as a potential investor as "like the crack-cocaine" of investments ABFP offers, adding "[a] check every month."

226. As for Gissas, he advertises the Retirement Evolution as an investment in "a top company in the merchant cash sector." Neither in the advertisements nor in the solicitation events he leads does Gissas disclose Par Funding's regulatory history.

227. Par Funding, LaForte, Abbonizio, Vagnozzi, and Gissas tout Par Funding while failing to disclose that Par Funding has twice been sanctioned for violating state securities laws.

228. In November 2018, the Pennsylvania Securities Regulators filed a Consent Agreement and Order against Par Funding for violating the Pennsylvania Securities Act prohibiting the use of unregistered sales agents in the offer and sale of securities, and fined Par Funding \$499,000 (the “Pennsylvania Order”).

229. In December 2018, the New Jersey Bureau of Securities issued a Cease-and-Desist Order against Par Funding based on its offer and sale of unregistered securities (the “New Jersey Order”). Both of these Orders were in effect when the Defendants touted Par Funding as an investment opportunity to potential investors, and both Orders remain in effect.

230. However, the Defendants have failed to disclose these Orders while touting Par Funding.

231. In February 2020, the Texas State Securities Board issued an Emergency Cease-and-Desist Order against Par Funding and others, alleging fraud and registration violations in connection with its securities offering through an Agent Fund in Texas (the “Texas Order”).

232. Undeterred, Par Funding has continued soliciting investors and continued touting the success of Par Funding without disclosing the Texas Order to potential investors.

### **6. Misrepresentations about the New Jersey Order**

233. Furman has misrepresented the New Jersey Order to at least one potential investor while soliciting her for the Par Funding investment through Fidelis. For example, on June 16, 2019, Furman told an undercover individual posing as an investor that the state of New Jersey had “retracted” its action against Par Funding and had said Par Funding was “good” and did not need to pay a fine or have any penalties.

234. This is false. New Jersey did not retract its Order.

## **7. False Statements In Par Funding's Commission Filings About McElhone and Cole's Receipt of Funds**

235. Par Funding has filed two false filings with the Commission concerning its Par Funding Note offering and how investor funds would be used. On February 12, 2019, Par Funding filed a Notice of Exempt Offering of Securities on Form D with the Commission, stating that it was a new notice for an offering of debt securities in reliance on the exemption under Rule 506(b) and that the first sale was on August 1, 2012. The filing discloses approximately \$3.6 million Par Funding has paid in finders' fees and a total amount sold of approximately \$227 million to 488 investors. In the Use of Proceeds section, the filing states that none of the gross proceeds of the offering has been or is proposed to be used for payments to executive officers or others listed in the filing's section for related persons, in which McElhone and Cole are listed as executive officers and directors.

236. On April 28, 2020, Par Funding filed an amended Form D with the Commission with respect to the offering that began August 1, 2012, disclosing the total amount sold to the 488 investors was higher than it initially reported in 2019 - \$378 million.

237. This filing states that Par Funding has paid no finders' fees and commissions, and again states that none of the gross proceeds of the offering has been or is proposed to be used for payments to executive officers or others listed in the filing's related persons section, which again includes McElhone and Cole.

238. Cole signed the Amended Form D on behalf of Par Funding.

239. The representations in both filings that Cole and McElhone would not receive any of the gross proceeds of the securities offering are false.

240. McElhone received at least \$11.3 million from the offering between July 2015 and October 2019. As for Cole, Par Funding transferred funds, which included investor funds, to

companies in which Cole has an ownership interest or otherwise receives financial benefits: \$1.8 million to ALB Management between July 2019 and October 2019; about \$4.9 million to Beta Abigail between July 2016 and April 2019; and about \$9.5 million to New Field Ventures, LLC between February 2017 and November 2019.

241. In a recent recorded conversation with an FBI confidential source, Cole admitted that Par Funding pays him through his consulting firms and that the amounts are reflected in the “consulting” line on the Par Funding financial statements.

242. The Par Funding financial statements reflect the amount of the consulting payments and notes that New Field Ventures is owned by Cole and Abbonizio. Cole is also an owner of Beta Abigail, which also receives purported consulting funds from Par Funding, and he admitted to the undercover human source that ALB Management is a company through which he receives payments from Par Funding.

243. The representation in Par Funding’s 2020 Form D filing that Par Funding did not pay commissions is similarly false. Par Funding had paid so-called finders’ fees of at least \$3.6 million plus an addition \$1 million in payments labeled as “commissions” from July 2015 to February 2020.

### **8. False Claims about LaForte’s Personal Investment in Par Funding**

244. LaForte falsely told prospective investors that he personally invested in Par Funding. For example, at the November 2019 solicitation dinner for ABFP, LaForte told the crowd that he had invested \$500,000 of his own money in Par Funding to get the company started. LaForte also claimed in an email to an existing investor inquiring about someone else potentially investing, “I have 80 million in the company myself. So his money would be side by side w [sic] mine.”

245. LaForte's claims are false. Not only did LaForte not invest his own money to start Par Funding, but he has in fact never invested in Par Funding.

### **9. Misrepresentations and Omissions about Vagnozzi's Regulatory History**

246. While soliciting investors for the Par Funding investment through ABFP, Vagnozzi touts his financial and business acumen and his success through ABFP, but fails to disclose his regulatory history.

247. For example, at the November 2019 solicitation dinner, Vagnozzi touts his "proven track record," how investors have never missed a payment, and how well ABPF does for its investors.

248. At this same dinner, Vagnozzi told the audience of investors: "What I'm doing is legal, but most financial advisors don't have a set of you-know-what's to drop that license so they can do what I'm doing."

249. In truth, just months before making this representation to potential investors, the Pennsylvania Securities Regulators sanctioned Vagnozzi for violating state securities laws.

250. Vagnozzi has testified under oath that ABFP is his alter ego. While playing up his supposed investment success, including success through the Par Funding investment, Vagnozzi fails to disclose to investors the fact that he settled a regulatory action with the state of Pennsylvania in May 2019 ordering him to pay a \$490,000 fine based on his sales of the Par Funding investment in violation of state law.

251. Understanding that investors would want to know of unlawful activity when deciding with whom to invest, Vagnozzi publishes an article on the ABFP website addressing the issue head-on. And lying about it.

252. Specifically, on the ABFP website, Vagnozzi has an article published entitled "What's the Catch? By Dean Vagnozzi." In it, he tells potential investors:

I know that potential clients will inevitably wonder, “what’s the catch?”  
Is Dean Vagnozzi a scam artist? Is A Better Financial Plan 1346 a fraud? Of course they would be skeptical! And so would I!  
So let me save you a lot of time. There is no catch.  
So stop looking for one. Stop googling, stop searching to see if Dean Vagnozzi is a scam, stop looking on the Better Business Bureau’s website to see if A Better Financial Plan 1346 is a fraud. I have never had a criminal record in my life and I am very confident that there never will be.  
In fact, to the best of my knowledge, *the only law that I think I ever broke* was a speeding ticket that I received on the New Jersey Turnpike back when I was in my early 20’s. That is about the only misdemeanor that I have ever been a part of. (Jeez, I sound like a lot of fun, don’t I?)

253. In truth, in 2019 Vagnozzi was sanctioned by the Pennsylvania Securities Regulators for violating the federal securities laws; and in February 2020 the Texas Securities Regulators filed a claim against ABFP for fraud in connection with the Par Funding offering, which remains pending.

254. Even after the Commission filed a Consent Order against Vagnozzi for his violation of the federal securities laws on July 14, 2020, Vagnozzi continues to publish the “What’s the Catch?” article, “What’s the Catch?” on the ABFP website.

255. None of Vagnozzi’s regulatory history is disclosed to investors. Instead, Vagnozzi tells potential investors a traffic law is the only law he has ever violated.

256. As recently as July 23, 2020, the ABFP website homepage includes a photo of Vagnozzi standing with individuals with the caption “A Team You Can Trust.” This caption is a



hyperlink that takes the reader to a page that reads “About Dean Vagnozzi.” This page includes details about Vagnozzi’s successes and career path.

257. There is no mention of his regulatory history or the sanctions levied against him for violating securities laws in connection with the offer and sale of Par Funding securities.

#### **10. Misrepresentations and Omissions about ABFP’s Regulatory History**

258. ABFP’s website homepage, [www.abetterfinancialplan.com](http://www.abetterfinancialplan.com), features a video in which Vagnozzi tells potential investors that none of his clients have ever lost money and that ABFP works with one of the top law firms in Philadelphia.

259. The webpage also includes a video that purports to tell the story of ABFP, and testimonials ABFP reprints and posts on the website to show glowing reviews about the company such as “Dean and his company are standup people.”

260. ABFP fails to disclose that ABFP is subject to a February 2020 Cease-and-Desist Order issued by Texas Securities Regulators.

261. In the Exchange Offering materials provided to investors, ABFP disclosed as an investment risk the existence of lawsuits filed by small businesses based on Loan disputes. However, there is no disclosure of the existence of the case against ABFP, Par Funding, and Abbonizio in Texas. Nor is there is any disclosure of the Emergency Cease-and-Desist Order the Texas Regulators entered months before the Exchange Offering based on findings that ABFP, Par Funding, and Abbonizio made fraudulent and material misrepresentations and omissions to investors in connection with the Par Funding and Agent Fund offering, or that the fact that the action filed by the Texas Regulators was – and is – ongoing.

#### **11. Misrepresentations and Omissions about Abbonizio’s Regulatory History**

262. Similarly, when ABFP offered the Exchange Offering, the Texas Securities Regulators had issued the Emergency Cease-and-Desist Order against Par Funding based on his

fraudulent misrepresentations and omissions in connection with Par Funding and the Agent Fund offering.

263. ABFP, through Vagnozzi, was aware of that Order, as ABFP is also a party to the Texas Action. When offering the Exchange Notes, ABFP and Vagnozzi reassured investors about Par Funding's ability to rebound and recommence payments if investors accepted the Exchange Notes and touted the hardworking employees at Par Funding.

264. Par Funding's website continued advertising its purported "strong, dedicated team," which continues to this day.

265. At the time of Exchange Note offering, Abbonizio was a partial owner and manager of Par Funding who had solicited investors to make their initial investments in Par Funding through the Agent Funds, and Abbonizio continues his role at Par Funding today.

266. However, at no time did ABFP, Vagnozzi, or Par Funding disclose to investors that just before the offering began, the Texas Securities Regulators issued an Emergency Cease-and-Desist Order against Abbonizio for, among other things, engaging in fraud in connection with the Par Funding offerings and Agent Fund solicitations.

267. Likewise, in soliciting undercover individuals to invest in Par Funding in June and July 2020, no one at Par Funding disclosed the Texas Cease-and-Desist Order issued against Abbonizio.

## **COUNT I**

### **Fraud in Violation of Section 10(b) and Rule 10b-5(a) of the Exchange Act**

**Against Par Funding, Full Spectrum, ABFP, ABFP Management,  
ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning,  
McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman**

268. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

269. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, directly or indirectly, by use of the means and instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of securities, knowingly or recklessly, employed devices, schemes or artifices to defraud in connection with the purchase or sale of securities.

270. By reason of the foregoing, these Defendants, directly or indirectly violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5(a) [17 C.F.R. § 240.10b-5(a)].

## **COUNT II**

### **Fraud in Violation of Section 10(b) and Rule 10b-5(b) of the Exchange Act**

#### **Against Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman**

271. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

272. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017

through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, directly or indirectly, by use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of securities, has knowingly or recklessly made untrue statements of material facts or omitted to state material facts in order to make the statements made, in the light of the circumstances in which they were made, not misleading.

273. By reason of the foregoing, these Defendants, directly or indirectly violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5(b) [17 C.F.R. § 240.10b-5(b)].

### **COUNT III**

#### **Fraud in Violation of Section 10(b) and Rule 10b-5(c) of the Exchange Act**

#### **Against Against Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman**

274. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

275. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, directly or indirectly, by use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of securities, knowingly or recklessly engaged in acts,

practices, and courses of business which have operated, are now operating, and will operate as a fraud upon the purchasers of such securities.

276. By reason of the foregoing, these Defendants, directly or indirectly violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5(c) [17 C.F.R. § 240.10b-5(c)].

#### **COUNT IV**

#### **Fraud in the Offer or Sale of Securities in Violation of Section 17(a)(1) of the Securities Act**

#### **Against Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman**

277. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

278. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, directly or indirectly, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce or of the mails have knowingly or recklessly employed devices, schemes or artifices to defraud.

279. By reason of the foregoing, these Defendants, directly or indirectly violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

**COUNT V**

**Fraud in the Offer or Sale of Securities in  
Violation of Section 17(a)(2) of the Securities Act**

**Against all Defendants**

280. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

281. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, Gissas, Retirement Evolution, and RE Fund, beginning no later than May 2018 through present, and RE Fund 2, beginning no later than August 2019 through present, directly or indirectly, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce or of the mails have negligently obtained money or property by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

282. By reason of the foregoing, the Defendants, directly or indirectly violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)].

**COUNT VI**

**Fraud in the Offer or Sale of Securities in  
Violation of Section 17(a)(3) of the Securities Act**

**Against All Defendants**

283. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

284. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, Gissas, Retirement Evolution, and RE Fund, beginning no later than May 2018 through present, and RE Fund 2, beginning no later than August 2019 through present, directly or indirectly, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce or of the mails have negligently engaged in transactions, practices, or courses of business which operated or would have operated as a fraud or deceit upon the purchasers.

285. By reason of the foregoing, the Defendants, directly or indirectly violated, and, unless and restrained and enjoined, are reasonably likely to continue to violate, Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(3)].

## **COUNT VII**

### **Sale of Unregistered Securities in Violation of Sections 5(a) and 5(c) of the Securities Act**

#### **Against All Defendants**

286. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint as if fully set forth herein.

287. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the securities issued and the transactions conducted by the Defendants as described in this Complaint and no exemption from registration existed with respect to these securities and transactions.

288. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, Gissas, Retirement Evolution, and RE Fund, beginning no later than May 2018 through present, and RE Fund 2, beginning no later than August 2019 through present, directly or indirectly:

- (a) made use of means or instruments of transportation or communication in interstate commerce or of the mails to sell securities as described herein, through the use or medium of a prospectus or otherwise;



(b) carried securities or caused such securities, as described herein, to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale; or

(c) made use of means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of a prospectus or otherwise, as described herein, without a registration statement having been filed or being in effect with the Commission as to such securities.

289. By reason of the foregoing, the Defendants violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

### **COUNT VIII**

#### **Control Person Liability Under Section 20(a) of the Exchange Act**

#### **Against McElhone and LaForte**

290. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint as if fully set forth herein.

291. From no later than July 2015 through present, McElhone and LaForte have been, directly or indirectly, control persons of Par Funding and Full Spectrum for purposes of Section 20(a) of the Exchange Act, 15 U.S.C. §78t(a).

292. From no later than July 2015 through present, Par Funding and Full Spectrum violated Section 10(b) and Rule 10b-5 of the Exchange Act.

293. As control persons of Par Funding and Full Spectrum, McElhone and LaForte are jointly and severally liable with and to the same extent as Par Funding and Full Spectrum for each of their violations of Section 10(b) and Rule 10b-5 of the Exchange Act.

294. By reason of the foregoing, McElhone and LaForte directly and indirectly have violated, and unless restrained and enjoined, are reasonably likely to continue to violate Section 10(b) and 20(a) and Rule 10b-5 of the Exchange Act, 15 U.S.C. § 78j(b) and §78t(a), and 17 C.F.R. § 240.10b-5.

### **RELIEF REQUESTED**

**WHEREFORE**, the Commission respectfully requests that the Court find that Defendants committed the violations alleged and:

#### **I.**

#### **Temporary Restraining Order And Preliminary Injunction**

Issue a Temporary Restraining Order and Preliminary Injunction, restraining and enjoining: All Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Sections 17(a)(2) and (3), and Sections 5(a) and (c) of the Securities Act; Defendants Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Section 17(a)(1) of the Securities Act and Section 10(b) and Rule 10b-5 of the Exchange Act; and McElhone and LaForte, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Section 20(a) of the Exchange Act.

#### **II.**

#### **Permanent Injunction**

Issue a Permanent Injunction, restraining and enjoining: All Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them,

and each of them, from violating Sections 17(a)(2) and (3), and Sections 5(a) and (c) of the Securities Act; Defendants Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Section 17(a)(1) of the Securities Act and Section 10(b) and Rule 10b-5 of the Exchange Act.

### III.

#### **Asset Freeze and Sworn Accountings**

Issue an Order freezing the assets of Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, Retirement Evolution Group, RE Fund, RE Fund 2, McElhone, LaForte, Cole and Relief Defendant LME Trust, and requiring the Defendants and Relief Defendant to file sworn accountings with this Court.

### IV.

#### **Records Preservation**

Issue an Order requiring all Defendants and the Relief Defendant to preserve any records related to the subject matter of this lawsuit that are in their custody or possession or subject to their control.

### V.

#### **Disgorgement**

Issue an Order directing all Defendants and the Relief Defendant to disgorge all ill-gotten gains received within the applicable statute of limitations, including prejudgment interest, resulting from the acts or courses of conduct alleged in this Complaint.

VI.

**Penalties**

Issue an Order directing all Par Funding, Full Spectrum, ABFP, ABFP Management, United Fidelis, Retirement Evolution, McElhone, LaForte, Cole, Abbonizio, Vagnozzi, Furman, and Gissas to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d).

VII.

**Appointment of a Receiver**

Appoint a receiver over Defendants Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, Retirement Evolution, RE Fund and RE Fund 2.

VIII.

**Further Relief**

Grant such other and further relief as may be necessary and appropriate.

IX.

**Retention of Jurisdiction**

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that it may enter, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

**DEMAND FOR JURY TRIAL**

The Commission hereby demands a jury trial in this case.

August 10, 2020

Respectfully submitted,

By: s/Amie Riggle Berlin  
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Of counsel:  
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Securities and Exchange Commission  
801 Brickell Avenue, Suite 1950  
Miami, Florida 33131

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served this 10th day of August 2020 via email and cm-ecf on all defense counsel in this case.

s/ Amie Riggle Berlin  
Amie Riggle Berlin

## **EXHIBIT B**

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 20-CIV-81205-RAR

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

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

Defendants.

\_\_\_\_\_ /

**AMENDED ORDER APPOINTING RECEIVER**

**THIS CAUSE** comes before the Court upon Plaintiff Securities and Exchange Commission’s (“SEC” or “Commission”) Expedited Motion to Amend Receivership Order [ECF No. 105] (“Motion”), filed on August 7, 2020, and the Court’s Order granting the Motion [ECF No. 140], entered on August 13, 2020.

**WHEREAS** as set forth in the Court’s July 27, 2020 Order appointing the Receiver [ECF No. 36], the Court found that, based on the record in these proceedings, the appointment of a receiver in this action is necessary and appropriate for the purposes of marshaling and preserving all assets of the Defendants (“Receivership Assets”) and those assets of the Relief Defendant that: (a) are attributable to funds derived from investors or clients of the Defendants; (b) are held in constructive trust for the Defendants; and/or (c) may otherwise be includable as assets of the estates of the Defendants (collectively, “Recoverable Assets”); and,

**WHEREAS** this Court has subject matter jurisdiction over this action and personal jurisdiction over the Defendants, and venue properly lies in this district, it is hereby

**ORDERED AND ADJUDGED** as follows:

1. This Court hereby takes exclusive jurisdiction and possession of the assets, of whatever kind and wherever situated, of the following Defendants: 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”), ABFP Management Company, LLC f/k/a Pillar Life Settlement Management Company, LLC (“ABFP Management”), 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, and RE Income Fund 2 LLC; and the following related entities: 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 (collectively, “Receivership Entities”).

2. Until further Order of this Court, Ryan Stumphauzer, Esq. is appointed to serve without bond as receiver (“Receiver”) for the estates of the Receivership Entities.

**I. Asset Freeze**

3. Except as otherwise specified herein, all Receivership Assets and Recoverable Assets are frozen until further order of this Court. Accordingly, all persons and entities with direct or indirect control over any Receivership Assets and/or any Recoverable Assets, other than the Receiver, are hereby restrained and enjoined from directly or indirectly transferring, setting off, receiving, changing, selling, pledging, assigning, liquidating or otherwise disposing of or withdrawing such assets. This freeze shall include, but not be limited to, Receivership Assets and/or Recoverable Assets that are on deposit with financial institutions such as banks, brokerage firms and mutual funds.



## **II. General Powers and Duties of Receiver**

4. The Receiver shall have all powers, authorities, rights and privileges heretofore possessed by the officers, directors, managers and general and limited partners of the Receivership Entities under applicable state and federal law, by the governing charters, by-laws, articles and/or agreements in addition to all powers and authority of a receiver at equity, and all powers conferred upon a receiver by the provisions of 28 U.S.C. §§ 754, 959 and 1692, and Fed. R. Civ. P. 66.

5. The trustees, directors, officers, managers, employees, investment advisors, accountants, attorneys and other agents of the Receivership Entities are hereby dismissed and the powers of any general partners, directors and/or managers are hereby suspended. Such persons and entities shall have no authority with respect to the Receivership Entities' operations or assets, except to the extent as may hereafter be expressly granted by the Receiver. The Receiver shall assume and control the operation of the Receivership Entities and shall pursue and preserve all of their claims.

6. No person holding or claiming any position of any sort with any of the Receivership Entities shall possess any authority to act by or on behalf of any of the Receivership Entities.

7. Subject to the specific provisions in Sections III through XIV, below, the Receiver shall have the following general powers and duties:

- A. To use reasonable efforts to determine the nature, location and value of all property interests of the Receivership Entities, including, but not limited to, monies, funds, securities, credits, effects, goods, chattels, lands, premises, leases, claims, rights and other assets, together with all rents, profits, dividends, interest or other income attributable thereto, of whatever kind, which the Receivership Entities own, possess, have a beneficial interest in, or control directly or indirectly ("Receivership Property" or, collectively, "Receivership Estates");

- B. To take custody, control and possession of all Receivership Property and records relevant thereto from the Receivership Entities; to sue for and collect, recover, receive and take into possession from third parties all Receivership Property and records relevant thereto;
- C. To manage, control, operate and maintain the Receivership Estates and hold in his possession, custody and control all Receivership Property, pending further Order of this Court;
- D. To use Receivership Property for the benefit of the Receivership Estates, making payments and disbursements and incurring expenses as may be necessary or advisable in the ordinary course of business in discharging his duties as Receiver;
- E. To take any action which, prior to the entry of this Order, could have been taken by the officers, directors, partners, managers, trustees and agents of the Receivership Entities;
- F. To engage and employ persons in his discretion to assist him in carrying out his duties and responsibilities hereunder, including, but not limited to, accountants, attorneys, securities traders, registered representatives, financial or business advisers, liquidating agents, real estate agents, forensic experts, brokers, traders or auctioneers;
- G. To take such action as necessary and appropriate for the preservation of Receivership Property or to prevent the dissipation or concealment of Receivership Property;
- H. The Receiver is authorized to issue subpoenas for documents and testimony consistent with the Federal Rules of Civil Procedure;
- I. To bring such legal actions based on law or equity in any state, federal, or foreign court as the Receiver deems necessary or appropriate in discharging his duties as Receiver;
- J. To pursue, resist and defend all suits, actions, claims and demands which may now be pending or which may be brought by or asserted against the Receivership Estates; and,
- K. To take such other action as may be approved by this Court.

### **III. Access to Information**

8. The individual Receivership Entities and the past and/or present officers, directors, agents, managers, general and limited partners, trustees, attorneys, accountants and

employees of the entity Receivership Entities, as well as those acting in their place, are hereby ordered and directed to preserve and turn over to the Receiver forthwith all paper and electronic information of, and/or relating to, the Receivership Entities and/or all Receivership Property; such information shall include but not be limited to books, records, documents, accounts and all other instruments and papers.

9. Within ten days of the entry of this Order, the Receivership Entities shall file with the Court and serve upon the Receiver and the Commission a sworn statement, listing: (a) the identity, location and estimated value of all Receivership Property; (b) all employees (and job titles thereof), other personnel, attorneys, accountants and any other agents or contractors of the Receivership Entities; and, (c) the names, addresses and amounts of claims of all known creditors of the Receivership Entities.

10. Within thirty (30) days of the entry of this Order, the Receivership Entities shall file with the Court and serve upon the Receiver and the Commission a sworn statement and accounting, with complete documentation, covering the period from January 1, 2015 to the present:

- A. Of all Receivership Property, wherever located, held by or in the name of the Receivership Entities, or in which any of them, directly or indirectly, has or had any beneficial interest, or over which any of them maintained or maintains and/or exercised or exercises control, including, but not limited to: (a) all securities, investments, funds, real estate, automobiles, jewelry and other assets, stating the location of each; and (b) any and all accounts, including all funds held in such accounts, with any bank, brokerage or other financial institution held by, in the name of, or for the benefit of any of them, directly or indirectly, or over which any of them maintained or maintains and/or exercised or exercises any direct or indirect control, or in which any of them had or has a direct or indirect beneficial interest, including the account statements from each bank, brokerage or other financial institution;
- B. Identifying every account at every bank, brokerage or other financial institution: (a) over which Receivership Entities have signatory authority;

and (b) opened by, in the name of, or for the benefit of, or used by, the Receivership Entities;

- C. Identifying all credit, bank, charge, debit or other deferred payment card issued to or used by each Receivership Entity, including but not limited to the issuing institution, the card or account number(s), all persons or entities to which a card was issued and/or with authority to use a card, the balance of each account and/or card as of the most recent billing statement, and all statements for the last twelve months;
- D. Of all assets received by any of them from any person or entity, including the value, location, and disposition of any assets so received;
- E. Of all funds received by the Receivership Entities, and each of them, in any way related, directly or indirectly, to the conduct alleged in the Commission's Complaint. The submission must clearly identify, among other things, all investors, the securities they purchased, the date and amount of their investments, and the current location of such funds;
- G. Of all expenditures exceeding \$1,000 made by any of them, including those made on their behalf by any person or entity; and
- H. Of all transfers of assets made by any of them.

11. Within thirty (30) days of the entry of this Order, the Receivership Entities shall provide to the Receiver and the Commission copies of the Receivership Entities' federal income tax returns for 2015 through present with all relevant and necessary underlying documentation.

12. The individual Receivership Entities and the Receivership Entities' past and/or present officers, directors, agents, attorneys, managers, shareholders, employees, accountants, debtors, creditors, managers and general and limited partners, and other appropriate persons or entities shall answer under oath to the Receiver all questions which the Receiver may put to them and produce all documents as required by the Receiver regarding the business of the Receivership Entities, or any other matter relevant to the operation or administration of the receivership or the collection of funds due to the Receivership Entities. In the event that the Receiver deems it

necessary to require the appearance of the aforementioned persons or entities, the Receiver shall make its discovery requests in accordance with the Federal Rules of Civil Procedure.

13. The Receiver is authorized to issue subpoenas to compel testimony of persons or production of records, consistent with the Federal Rules of Civil Procedure and applicable Local Rules, except for the provisions of Fed. R. Civ. P. 26(d)(1), concerning any subject matter within the powers and duties granted by this Order.

14. The Receivership Entities are required to assist the Receiver in fulfilling his duties and obligations. As such, they must respond promptly and truthfully to all requests for information and documents from the Receiver.

#### **IV. Access to Books, Records, and Accounts**

15. The Receiver is authorized to take immediate possession of all assets, bank accounts or other financial accounts, books and records and all other documents or instruments relating to the Receivership Entities. All persons and entities having control, custody or possession of any Receivership Property are hereby directed to turn such property over to the Receiver.

16. The Receivership Entities, as well as their agents, servants, employees, attorneys, any persons acting for or on behalf of the Receivership Entities, and any persons receiving notice of this Order by personal service, facsimile transmission or otherwise, having possession of the property, business, books, records, accounts or assets of the Receivership Entities are hereby directed to deliver the same to the Receiver, his agents and/or employees.

17. All banks, brokerage firms, financial institutions, and other persons or entities which have possession, custody or control of any assets or funds held by, in the name of, or for the benefit of, directly or indirectly, and of the Receivership Entities that receive actual notice of this Order by personal service, facsimile transmission or otherwise shall:

- A. Not liquidate, transfer, sell, convey or otherwise transfer any assets, securities, funds, or accounts in the name of or for the benefit of the Receivership Entities except upon instructions from the Receiver;
- B. Not exercise any form of set-off, alleged set-off, lien, or any form of self-help whatsoever, or refuse to transfer any funds or assets to the Receiver's control without the permission of this Court;
- C. Within five (5) business days of receipt of that notice, file with the Court and serve on the Receiver and counsel for the Commission a certified statement setting forth, with respect to each such account or other asset, the balance in the account or description of the assets as of the close of business on the date of receipt of the notice; and,
- D. Cooperate expeditiously in providing information and transferring funds, assets and accounts to the Receiver or at the direction of the Receiver.

#### **V. Access to Real and Personal Property**

18. The Receiver is authorized to take immediate possession of all personal property of the Receivership Entities, wherever located, including but not limited to electronically stored information, computers, laptops, hard drives, external storage drives, and any other such memory, media or electronic storage devices, books, papers, data processing records, evidence of indebtedness, bank records and accounts, savings records and accounts, brokerage records and accounts, certificates of deposit, stocks, bonds, debentures, and other securities and investments, contracts, mortgages, furniture, office supplies and equipment.

19 The Receiver is authorized to take immediate possession of all real property of the Receivership Entities, wherever located, including but not limited to all ownership and leasehold interests and fixtures. Upon receiving actual notice of this Order by personal service, facsimile transmission or otherwise, all persons other than law enforcement officials acting within the course and scope of their official duties, are (without the express written permission of the Receiver) prohibited from: (a) entering such premises; (b) removing anything from such premises; or, (c) destroying, concealing or erasing anything on such premises.

20. In order to execute the express and implied terms of this Order, the Receiver is authorized to change door locks to the premises described above. The Receiver shall have exclusive control of the keys. The Receivership Entities, or any other person acting or purporting to act on their behalf, are ordered not to change the locks in any manner, nor to have duplicate keys made, nor shall they have keys in their possession during the term of the receivership.

21. The Receiver is authorized to open all mail directed to or received by or at the offices or post office boxes of the Receivership Entities, and to inspect all mail opened prior to the entry of this Order, to determine whether items or information therein fall within the mandates of this Order.

22. Upon the request of the Receiver, the United States Marshal Service, in any judicial district, is hereby ordered to assist the Receiver in carrying out his duties to take possession, custody and control of, or identify the location of, any assets, records or other materials belonging to the Receivership Estates.

#### **VI. Notice to Third Parties**

23. The Receiver shall promptly give notice of his appointment to all known officers, directors, agents, employees, shareholders, creditors, debtors, managers and general and limited partners of the Receivership Entities, as the Receiver deems necessary or advisable to effectuate the operation of the receivership.

24. All persons and entities owing any obligation, debt, or distribution with respect to an ownership interest to any Receivership Entity shall, until further ordered by this Court, pay all such obligations in accordance with the terms thereof to the Receiver and its receipt for such payments shall have the same force and effect as if the Receivership Entity had received such payment.

25. In furtherance of his responsibilities in this matter, the Receiver is authorized to communicate with, and/or serve this Order upon, any person, entity or government office that he deems appropriate to inform them of the status of this matter and/or the financial condition of the Receivership Estates. All government offices which maintain public files of security interests in real and personal property shall, consistent with such office's applicable procedures, record this Order upon the request of the Receiver or the SEC.

26. The Receiver is authorized to instruct the United States Postmaster to hold and/or reroute mail which is related, directly or indirectly, to the business, operations or activities of any of the Receivership Entities ("Receiver's Mail"), including all mail addressed to, or for the benefit of, the Receivership Entities. The Postmaster shall not comply with, and shall immediately report to the Receiver, any change of address or other instruction given by anyone other than the Receiver concerning the Receiver's Mail. The Receivership Entities shall not open any of the Receiver's Mail and shall immediately turn over such mail, regardless of when received, to the Receiver. All personal mail of any individual Receivership Entities, and/or any mail appearing to contain privileged information, and/or any mail not falling within the mandate of the Receiver, shall be released to the named addressee by the Receiver. The foregoing instructions shall apply to any proprietor, whether individual or entity, of any private mailbox, depository, business or service, or mail courier or delivery service, hired, rented or used by the Receivership Entities. The Receivership Entities shall not open a new mailbox, or take any steps or make any arrangements to receive mail in contravention of this Order, whether through the U.S. mail, a private mail depository or courier service.

27. Subject to payment for services provided, any entity furnishing water, electric, telephone, sewage, garbage or trash removal services to the Receivership Entities shall maintain



such service and transfer any such accounts to the Receiver unless instructed to the contrary by the Receiver.

## **VII. Injunction Against Interference with Receiver**

29. The Receivership Entities and all persons receiving notice of this Order by personal service, facsimile or otherwise, are hereby restrained and enjoined from directly or indirectly taking any action or causing any action to be taken, without the express written agreement of the Receiver, which would:

- A. 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, using self-help or executing or issuing or causing the execution or issuance of any court attachment, subpoena, replevin, execution, or other process for the purpose of impounding or taking possession of or interfering with or creating or enforcing a lien upon any Receivership Property;
- B. Hinder, obstruct or otherwise interfere with the Receiver in the performance of his duties; such prohibited actions include but are not limited to, concealing, destroying or altering records or information;
- C. Dissipate or otherwise diminish the value of any Receivership Property; such prohibited actions include but are not limited to, releasing claims or disposing, transferring, exchanging, assigning or in any way conveying any Receivership Property, enforcing judgments, assessments or claims against any Receivership Property or any Receivership Entity, attempting to modify, cancel, terminate, call, extinguish, revoke or accelerate (the due date), of any lease, loan, mortgage, indebtedness, security agreement or other agreement executed by any Receivership Entity or which otherwise affects any Receivership Property; or,
- D. Interfere with or harass the Receiver, or interfere in any manner with the exclusive jurisdiction of this Court over the Receivership Estates.

30. The Receivership Entities shall cooperate with and assist the Receiver in the performance of his duties.

31. The Receiver shall promptly notify the Court and SEC counsel of any failure or apparent failure of any person or entity to comply in any way with the terms of this Order.

### **VIII. Stay of Litigation**

32. As set forth in detail below, and excluding the instant proceeding, all police or regulatory actions and actions of the Commission related to the above-captioned enforcement action, and the proceedings specified in the Court's Order Granting the Receiver's Emergency Motion to Lift Litigation Injunction as to Certain Garnishment Proceedings [ECF No. 112], the following proceedings are stayed until further Order of this Court:

All civil legal proceedings of any nature, including, but not limited to, bankruptcy proceedings, arbitration proceedings, foreclosure actions, default proceedings, or other actions of any nature involving: (a) the Receiver, in his capacity as Receiver; (b) any Receivership Property, wherever located; (c) any of the Receivership Entities, including subsidiaries and partnerships; or, (d) any of the Receivership Entities' past or present officers, directors, managers, agents, or general or limited partners sued for, or in connection with, any action taken by them while acting in such capacity of any nature, whether as plaintiff, defendant, third-party plaintiff, third-party defendant, or otherwise (such proceedings are hereinafter referred to as "Ancillary Proceedings").

33. The parties to any and all Ancillary Proceedings are enjoined from commencing or continuing any such legal proceeding, or from taking any action, in connection with any such proceeding, including, but not limited to, the issuance or employment of process.

34. All Ancillary Proceedings are stayed in their entirety, and all Courts having any jurisdiction thereof are enjoined from taking or permitting any action until further Order of this Court. Further, as to a cause of action accrued or accruing in favor of one or more of the Receivership Entities against a third person or party, any applicable statute of limitation is tolled during the period in which this injunction against commencement of legal proceedings is in effect as to that cause of action.

### **IX. Managing Assets**

35. For each of the Receivership Estates, the Receiver shall establish one or more custodial accounts at a federally insured bank to receive and hold all cash equivalent Receivership Property ("Receivership Funds").

36. The Receiver's deposit account shall be entitled "Receiver's Account, Estate of [Receivership Entity]" together with the name of the action.

37. The Receiver may, without further Order of this Court, transfer, compromise, or otherwise dispose of any Receivership Property, other than real estate, in the ordinary course of business, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such Receivership Property.

38. Subject to Paragraph 39, immediately below, the Receiver is authorized to locate, list for sale or lease, engage a broker for sale or lease, cause the sale or lease, and take all necessary and reasonable actions to cause the sale or lease of all real property in the Receivership Estates, either at public or private sale, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such real property.

39. Upon further Order of this Court, pursuant to such procedures as may be required by this Court and additional authority such as 28 U.S.C. §§ 2001 and 2004, the Receiver will be authorized to sell, and transfer clear title to, all real property in the Receivership Estates.

40. The Receiver is authorized to take all actions to manage, maintain, and/or wind-down business operations of the Receivership Estates, including making legally required payments to creditors, employees, and agents of the Receivership Estates and communicating with vendors, investors, governmental and regulatory authorities, and others, as appropriate.

41. The Receiver shall take all necessary steps to enable the Receivership Funds to obtain and maintain the status of a taxable "Settlement Fund," within the meaning of Section 468B of the Internal Revenue Code and of the regulations, when applicable, whether proposed,

temporary or final, or pronouncements thereunder, including the filing of the elections and statements contemplated by those provisions. The Receiver shall be designated the administrator of the Settlement Fund, pursuant to Treas. Reg. § 1.468B-2(k)(3)(i), and shall satisfy the administrative requirements imposed by Treas. Reg. § 1.468B-2, including but not limited to (a) obtaining a taxpayer identification number, (b) timely filing applicable federal, state, and local tax returns and paying taxes reported thereon, and (c) satisfying any information, reporting or withholding requirements imposed on distributions from the Settlement Fund. The Receiver shall cause the Settlement Fund to pay taxes in a manner consistent with treatment of the Settlement Fund as a “Qualified Settlement Fund.” The Receivership Entities shall cooperate with the Receiver in fulfilling the Settlement Funds’ obligations under Treas. Reg. § 1.468B-2.

#### **X. Investigate and Prosecute Claims**

42. Subject to the requirement, in Section VIII above, that leave of this Court is required to resume or commence certain litigation, the Receiver is authorized, empowered and directed to investigate, prosecute, defend, intervene in or otherwise participate in, compromise, and/or adjust actions in any state, federal or foreign court or proceeding of any kind as may in his discretion, and in consultation with SEC counsel, be advisable or proper to recover and/or conserve Receivership Property.

43. Subject to his obligation to expend receivership funds in a reasonable and cost-effective manner, the Receiver is authorized, empowered and directed to investigate the manner in which the financial and business affairs of the Receivership Entities were conducted and (after obtaining leave of this Court) to institute such actions and legal proceedings, for the benefit and on behalf of the Receivership Estate, as the Receiver deems necessary and appropriate; the Receiver may seek, among other legal and equitable relief, the imposition of constructive trusts,

disgorgement of profits, asset turnover, avoidance of fraudulent transfers, rescission and restitution, collection of debts, and such other relief from this Court as may be necessary to enforce this Order. Where appropriate, the Receiver should provide prior notice to Counsel for the Commission before commencing investigations and/or actions.

44. The Receiver hereby holds, and is therefore empowered to waive, all privileges, including the attorney-client privilege, held by all entity Receivership Entities.

45. The receiver has a continuing duty to ensure that there are no conflicts of interest between the Receiver, his Retained Personnel (as that term is defined below), and the Receivership Estate.

### **XI. Bankruptcy Filing**

46. The Receiver may seek authorization of this Court to file voluntary petitions for relief under Title 11 of the United States Code (“Bankruptcy Code”) for the Receivership Entities. If a Receivership Entity is placed in bankruptcy proceedings, the Receiver may become, and may be empowered to operate each of the Receivership Estates as, a debtor in possession. In such a situation, the Receiver shall have all of the powers and duties as provided a debtor in possession under the Bankruptcy Code to the exclusion of any other person or entity. Pursuant to Paragraph 4 above, the Receiver is vested with management authority for all entity Receivership Entities and may therefore file and manage a Chapter 11 petition.

47. The provisions of Section VIII above bar any person or entity, other than the Receiver, from placing any of the Receivership Entities in bankruptcy proceedings.

### **XII. Liability of Receiver**

48. Until further Order of this Court, the Receiver shall not be required to post bond or give an undertaking of any type in connection with his fiduciary obligations in this matter.

49. The Receiver and his agents, acting within scope of such agency (“Retained Personnel”) are entitled to rely on all outstanding rules of law and Orders of this Court and shall not be liable to anyone for their own good faith compliance with any order, rule, law, judgment, or decree. In no event shall the Receiver or Retained Personnel be liable to anyone for their good faith compliance with their duties and responsibilities as Receiver or Retained Personnel, nor shall the Receiver or Retained Personnel be liable to anyone for any actions taken or omitted by them except upon a finding by this Court that they acted or failed to act as a result of malfeasance, bad faith, gross negligence, or in reckless disregard of their duties.

50. This Court shall retain jurisdiction over any action filed against the Receiver or Retained Personnel based upon acts or omissions committed in their representative capacities.

51. In the event the Receiver decides to resign, the Receiver shall first give written notice to the Commission’s counsel of record and the Court of its intention, and the resignation shall not be effective until the Court appoints a successor. The Receiver shall then follow such instructions as the Court may provide.

### **XIII. Recommendations and Reports**

52. If the Receiver deems it necessary, the Receiver is authorized to develop a plan for the fair, reasonable, and efficient recovery and liquidation of all remaining, recovered, and recoverable Receivership Property (“Liquidation Plan”) for review by the Court. The Receiver shall file the Liquidation Plan in the above-captioned action, with service copies to counsel of record.

53. Within thirty (30) days after the end of each calendar quarter, the Receiver shall file and serve a full report and accounting of each Receivership Estate (“Quarterly Status Report”), reflecting (to the best of the Receiver’s knowledge as of the period covered by the report) the

existence, value, and location of all Receivership Property, and of the extent of liabilities, both those claimed to exist by others and those the Receiver believes to be legal obligations of the Receivership Estates.

54. The Quarterly Status Report shall contain the following:
- A. A summary of the operations of the Receiver;
  - B. The amount of cash on hand, the amount and nature of accrued administrative expenses, and the amount of unencumbered funds in the estate;
  - C. A schedule of all the Receiver's receipts and disbursements (attached as Exhibit A to the Quarterly Status Report), with one column for the quarterly period covered and a second column for the entire duration of the receivership;
  - D. A description of all known Receivership Property, including approximate or actual valuations, anticipated or proposed dispositions, and reasons for retaining assets where no disposition is intended;
  - E. A description of liquidated and unliquidated claims held by the Receivership Estate, including the need for forensic and/or investigatory resources; approximate valuations of claims; and anticipated or proposed methods of enforcing such claims (including likelihood of success in: (i) reducing the claims to judgment; and, (ii) collecting such judgments);
  - F. A list of all known creditors with their addresses and the amounts of their claims;
  - G. The status of Creditor Claims Proceedings, after such proceedings have been commenced; and,
  - H. The Receiver's recommendations for a continuation or discontinuation of the receivership and the reasons for the recommendations.

55. On the request of the Commission, the Receiver shall provide the Commission with any documentation that the Commission deems necessary to meet its reporting requirements, that is mandated by statute or Congress, or that is otherwise necessary to further the Commission's mission.

#### **XIV. Fees, Expenses and Accountings**

56. Subject to Paragraphs 57 – 63 immediately below, the Receiver need not obtain Court approval prior to the disbursement of Receivership Funds for expenses in the ordinary course of the administration and operation of the receivership. Further, prior Court approval is not required for payments of applicable federal, state or local taxes.

57. Subject to Paragraph 58 immediately below, the Receiver is authorized to solicit persons and entities (“Retained Personnel”) to assist him in carrying out the duties and responsibilities described in this Order. The Receiver shall not engage any Retained Personnel without first obtaining an Order of the Court authorizing such engagement.

58. The Receiver and Retained Personnel are entitled to reasonable compensation and expense reimbursement from the Receivership Estates as described in the “Billing Instructions for Receivers in Civil Actions Commenced by the U.S. Securities and Exchange Commission” (“Billing Instructions”) agreed to by the Receiver. Such compensation shall require the prior approval of the Court.

59. Within forty-five (45) days after the end of each calendar quarter, the Receiver and Retained Personnel shall apply to the Court for compensation and expense reimbursement from the Receivership Estates (“Quarterly Fee Applications”). At least thirty (30) days prior to filing each Quarterly Fee Application with the Court, the Receiver will serve upon counsel for the SEC a complete copy of the proposed Application, together with all exhibits and relevant billing information in a format to be provided by SEC staff.

60. All Quarterly Fee Applications will be interim and will be subject to cost benefit and final reviews at the close of the receivership. At the close of the receivership, the Receiver



will file a final fee application, describing in detail the costs and benefits associated with all litigation and other actions pursued by the Receiver during the course of the receivership.

61. Quarterly Fee Applications may be subject to a holdback of 20% of the amount of fees and expenses for each application filed with the Court. The total amounts held back during the course of the receivership will be paid out at the discretion of the Court as part of the final fee application submitted at the close of the receivership.

62. Each Quarterly Fee Application shall:

- A. Comply with the terms of the Billing Instructions agreed to by the Receiver; and,
- B. Contain representations (in addition to the Certification required by the Billing Instructions) that: (i) the fees and expenses included therein were incurred in the best interests of the Receivership Estate; and, (ii) with the exception of the Billing Instructions, the Receiver has not entered into any agreement, written or oral, express or implied, with any person or entity concerning the amount of compensation paid or to be paid from the Receivership Estate, or any sharing thereof.

63. At the close of the Receivership, the Receiver shall submit a Final Accounting, in a format to be provided by SEC staff, as well as the Receiver's final application for compensation and expense reimbursement.

**DONE AND ORDERED** in Fort Lauderdale, Florida, this 13th day of August, 2020.



**RODOLFO A. RUIZ II**  
**UNITED STATES DISTRICT JUDGE**

Copies to: Counsel of Record

# **EXHIBIT C**

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE**

JOSEPH and JOAN CAPUTO, on behalf of	:	
themselves and all others similarly situated,	:	
	:	C.A. No. 20-cv-1042-CFC
Plaintiffs,	:	
v.	:	
	:	
DEAN VAGNOZZI;	:	
ABetterFinancialPlan.com d/b/a A BETTER	:	
FINANCIAL PLAN;	:	
JOHN W. PAUCIULO; ECKERT	:	
SEAMANS CHERIN & MELLOTT, LLC;	:	
ABFP MANAGEMENT COMPANY, LLC;	:	
ABFP INCOME FUND, LLC;	:	
ABFP INCOME FUND 2, L.P.;	:	
ABFP INCOME FUND 3, LLC;	:	
ABFP INCOME FUND 4; LLC;	:	
ABFP INCOME FUND 5, LLC;	:	
ABFP INCOME FUND 6, LLC;	:	
ABFP INCOME FUND 7, LLC;	:	
ABFP INCOME FUND PARALLEL LLC;	:	
ABFP INCOME FUND 2 PARALLEL LLC;	:	
ABFP INCOME FUND 3 PARALLEL LLC;	:	
ABFP INCOME FUND 4 PARALLEL LLC;	:	
ABFP INCOME FUND 6 PARALLEL LLC;	:	
and ABFP INCOME FUND 7 PARALLEL	:	
LLC,	:	
	:	
Defendants.	:	

**NOTICE OF STAY**

Ryan K. Stumphauzer, Esquire, as Receiver for A BETTER FINANCIAL PLAN, ABFP MANAGEMENT CO., LLC, ABFP INCOME FUNDS 1-6, and ABFP INCOME FUNDS 1-6 PARALLEL, named as defendants herein, by and through his counsel Farnan LLP and Pietragallo Gordon Alfano Bosick & Raspanti, LLP, hereby requests a stay in this matter.

Attached hereto as Exhibit A is an Amended Complaint filed on August 10, 2020, by the Securities Exchange Commission in the United States District Court for the Southern District of

Florida. (Case No. 9:20-cv-81205-RAR, D.I. 119). On August 11, 2020, the District Court entered an Amended Order Appointing Ryan K. Stumphauzer as Receiver, attached hereto as Exhibit B. (D.I. 141). As set forth in paragraph 32 therein, the United States District Court for the Southern District of Florida has entered a nationwide litigation stay regarding the following proceedings:

**All civil legal proceedings of any nature**, including, but not limited to, bankruptcy proceedings, arbitration proceedings, foreclosure actions, default proceedings, or other actions of any nature **involving**: (a) the Receiver, in his capacity as Receiver; (b) any Receivership Property, wherever located; **(c) any of the Receivership Entities, including subsidiaries and partnerships; or, (d) any of the Receivership Entities’ past or present officers, directors, managers, agents, or general or limited partners sued for, or in connection with, any action taken by them while acting in such capacity of any nature**, whether as plaintiff, defendant, third-party plaintiff, third-party defendant, or otherwise (such proceedings are hereinafter referred to as “Ancillary Proceedings”).

Ex. B ¶ 32 (emphasis added).

Defendants A BETTER FINANCIAL PLAN, ABFP MANAGEMENT CO., LLC, ABFP INCOME FUNDS 1-6, and ABFP INCOME FUNDS 1-6 PARALLEL are “Receivership Entities” as defined in Paragraph 1 of the District Court’s Amended Order Appointing Receiver. As set forth in paragraph 6 of the Amended Complaint, Defendant Dean Vagnozzi is the principal of A BETTER FINANCIAL PLAN and manages, oversees, and coordinates ABFP MANAGEMENT COMPANY, LLC and the ABFP Income Funds. Ex. A ¶ 6, 7, 22-28. Thus, these entities and Mr. Vagnozzi are subject to the litigation stay entered by the United States District Court for the Southern District of Florida.

Accordingly, the Receiver, through counsel, respectfully requests that this Court enter a litigation stay in the above-captioned matter.

Dated: August 27, 2020

Respectfully submitted,

Of Counsel:

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*Attorneys for Ryan K. Stumphauzer, Esquire  
as Receiver for Complete Business Solutions  
Group, Inc. d/b/a PAR Funding*

# Exhibit A

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,  
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,  
RETIREMENT EVOLUTION INCOME  
FUND, LLC, f/k/a RE INCOME FUND, LLC,  
RE INCOME FUND 2, LLC,  
LISA MCELHONE,  
JOSEPH COLE BARLETA, a/k/a/ JOE COLE,  
JOSEPH W. LAFORTE, a/k/a JOE MACK,  
a/k/a/ JOE MACKI, a/k/a JOE MCELHONE,  
PERRY S. ABBONIZIO,  
DEAN J. VAGNOZZI,  
MICHAEL C. FURMAN,  
and JOHN GISSAS,

Defendants, and

THE LME 2017 FAMILY TRUST, a/k/a  
LME 2017 FAMILY TRUST,

Relief Defendant.

\_\_\_\_\_ /

**AMENDED COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF<sup>1</sup>**

<sup>1</sup> The Amended Complaint corrects a scrivener's error, to include "The" in the Relief Defendant's name and identifies the Trustees of the Relief Defendant.

Plaintiff Securities and Exchange Commission (the “Commission”) alleges:

## **I. INTRODUCTION**

1. This case concerns a web of unregistered, fraudulent securities offerings that have raised nearly half a billion dollars from an estimated 1,200 investors nationwide. At the center of this web are Lisa McElhone and her husband, convicted felon Joseph W. LaForte, a/k/a Joe Mack, a/k/a Joe Macki, a/k/a Joe McElhone. The McElhone-LaForte duo is in the business of making opportunistic loans – some of which charge more than 400% interest – to small businesses across America. They offer the loans through a company they control, Complete Business Solutions Group, Inc. d/b/a Par Funding (“Par Funding”).

2. To fuel the Par Funding loans and enrich themselves, the Defendants operate a scheme wherein they raise investor money through unregistered securities offerings. From August 2012 until approximately December 2017, Par Funding primarily issued promissory notes and offered them to the investing public directly and through a network of sales agents.

3. This changed in early January 2018, when Par Funding learned it was under investigation by the Pennsylvania Department of Banking and Securities for violating state securities laws through its use of unregistered agents. In September 2018, Par Funding told the Pennsylvania Securities Regulators it had terminated its agreements with the unregistered sales agents. This was only half of the story.

4. In truth and unbeknownst to the Pennsylvania Securities Regulators, after learning of the investigation Par Funding implemented a new way to fuel its loans – namely, through so-called “Agent Funds” created for the purpose of issuing their own promissory notes, selling the notes to the investing public through unregistered securities offerings, and funneling investor funds to Par Funding. Par Funding compensates the Agent Funds by issuing Par Funding promissory notes to the Agent Funds offering higher rates of return than what the Agent Funds are obligated



to pay investors under the Agent Funds' notes. Par Funding has more than 40 Agent Funds operating today.

5. McElhone and Laforte orchestrate the scheme through Par Funding and McElhone's company, Full Spectrum Processing, Inc., whose employees and officers operate Par Funding. LaForte, Full Spectrum CFO Joseph Cole Barleta, a/k/a Joe Cole, and Par Funding investment director and partial owner Perry S. Abbonizio solicit investors to invest in the securities.

6. Dean J. Vagnozzi, through his company ABetterFinancialPlan.com d/b/a A Better Financial Plan, recruits individuals to create the Agent Funds, offering them the opportunity to open a turnkey Agent Fund that issues and sells securities, complete with training, marketing materials, and an "Agent Guide," as well as a Private Placement Memorandum, corporate registration, and offering materials provided by Vagnozzi's attorney. Vagnozzi manages the Agent Funds through his company ABFP Management Company, LLC, and Abbonizio oversees and coordinates the Agent Funds.

7. Vagnozzi, Michael C. Furman, and John Gissas each operate Agent Funds that raise money for Par Funding through unregistered securities offerings. Vagnozzi operates ABFP Income Fund, LLC and ABFP Income Fund 2, L.P., which issue, offer, and sell promissory notes and limited partnership interests to investors. Furman, through his company United Fidelis Group Corp., operates and manages Fidelis Financial Planning LLC, which issues, offers, and sells promissory notes to investors; and Gissas, through his company Retirement Evolution Group, LLC, operates Retirement Evolution Income Fund LLC and RE Income Fund 2, LLC, both of which issue, offer and sell promissory notes to investors.

8. The fraudulent scheme operates behind multiple veils of secrecy built of the Defendants' lies to conceal: (1) the true nature of Par Funding's loan practices; (2) Par Funding's

true track record of issuing loans and the default rates of the loans; (3) the safety of investing in Par Funding’s loans; (4) LaForte’s criminal record, identity, and control of Par Funding; (5) three Cease-and-Desist Orders state securities regulators have entered against Par Funding for violating state securities laws; (6) the true result of the New Jersey Division of Securities’ investigation of Par Funding; (7) the fact that contrary to Par Funding’s representations to the Commission in its filings, it diverts investor funds to McElhone and Cole, Par Funding’s CFO, and also funnels money to The LME 2017 Family Trust, which is McElhone’s family trust; (8) the fact that contrary to his representations to investors, LaForte has never invested in Par Funding; (9) a Cease-and-Desist Order and sanctions issued against Vagnozzi for violating state securities laws in connection with the Par Funding offering; (10) a Cease-and-Desist Order and sanctions issued against ABFP for violating state securities laws in connection with the Par Funding offering; and (11) a Cease-and-Desist Order and sanctions issued against Abbonizio for violating state securities laws in connection with the Par Funding offering.

9. These lies, and the scheme the Defendants employ to perpetuate them in the unregistered securities offerings, form the basis of this action. Each Defendant plays a critical and substantial role in the fraudulent scheme to misrepresent and conceal the truth. Each individual Defendant solicits investors to purchase securities – either through an Agent Fund or directly from Par Funding – by scheming and lying. And it continues to this day.

10. Based on the ongoing nature of the Defendants’ violations and the scienter the Defendants have demonstrated through their willful and wanton disregard for the federal securities laws, the Defendants have shown they will continue to violate the law unless the Court grants the emergency relief the Commission seeks: (1) a Temporary Restraining Order against all Defendants; (2) an Order to Show Cause Why a Preliminary Injunction Should Not be Granted; (3) an Asset Freeze Order; (4) an Order Requiring Sworn Accountings; (5) an Order Prohibiting the Destruction of

Documents; and (6) an Order Expediting Discovery. Simultaneously, the Commission is filing a separate motion seeking the appointment of a Receiver to further protect investors.

## **II. DEFENDANTS AND RELIEF DEFENDANT**

### **A. Defendants**

#### **1. The Par Funding Entities and Employees**

##### ***a. Complete Business Solutions Group, Inc. d/b/a Par Funding***

11. Par Funding is a Delaware company Lisa McElhone and her husband, Joseph LaForte, started in 2011, which had its main office in Philadelphia until 2017 and currently has its sole office in Palm Beach Gardens, Florida. From no later than August 27, 2013 through present, Complete Business Solutions Group has done business using the fictitious name Par Funding. Par Funding provides short-term loans to small businesses and claims to have funded more than \$600 million in loans. Lisa McElhone is Par Funding's President, CEO, and sole employee. McElhone has ultimate decision-making authority for Par Funding. The LME 2017 Family Trust is Par Funding's sole owner, and Lisa McElhone and Joseph LaForte are the trustees of this Trust.

12. In 2018, the Commonwealth of Pennsylvania, acting through the Department of Banking and Securities, Bureau of Securities Compliance and Examinations ("Bureau"), conducted an investigation of certain securities-related activities of Par Funding. Based on the results of its investigation, the Bureau concluded that Par Funding violated the Pennsylvania Securities Act of 1972, 70 P .S. § 1-301 ("Pennsylvania Securities Act"). On November 28, 2018, Par Funding consented to entry of an Order by the Pennsylvania Department of Banking and Securities imposing a \$499,000 administrative assessment for violations of the Pennsylvania Securities Act through the use of an unregistered agent to offer and sell Par Funding promissory notes in Pennsylvania. *Pennsylvania Dep't of Banking and Securities v. Complete Business Solutions Group, Inc. d/b/a Par Funding* (18-0098-SEC-CAO).

13. On December 27, 2018, the New Jersey Bureau of Securities issued a Cease and Desist Order against Par Funding, based on Par Funding's sale of unregistered securities in New Jersey and use of unregistered agents, in violation of the New Jersey securities laws. *In re the Matter of Complete Business Solutions Group, Inc. and Complete Business Solutions Group, Inc. d/b/a Par Funding*.

14. In February 2020, the Texas State Securities Board issued an Emergency Cease and Desist Order against Par Funding and others, alleging fraud and registration violations, and that matter is in active litigation. *In the Matter of Senior Asset Protection, Inc. dba Encore Financial Solutions, Merchant Growth & Income Funding, LLC, ABetterFinancialPlan.com, LLC aka ABetterFinancialPlan, Complete Business Solutions Group, Inc. dba Par Funding, Gary Neal Beasley and Perry Abbonizio* (ENF-CDO-20-1798). The Texas action alleges that all of the respondents engaged in fraud based on their failure to disclose to investors the Pennsylvania and New Jersey Orders against Par Funding and court actions filed against Par Funding based on its lending practices.

***b. Full Spectrum Processing, Inc.***

15. Full Spectrum is a Pennsylvania company created in 2016 and its primary place of business is in Philadelphia, Pennsylvania. Lisa McElhone is the sole owner of Full Spectrum. Since 2017, McElhone has used Full Spectrum to operate Par Funding, which has no employee other than McElhone.

***c. Lisa McElhone***

16. McElhone is a Florida resident. She created Par Funding, is its Chief Executive Officer and sole employee, and is also the sole owner of Full Spectrum. McElhone is and always has been a signatory on all Par Funding bank accounts. On August 1, 2012, the Director for the Department of Consumer and Business Services for the State of Oregon issued a Cease and Desist

Order against McElhone for providing debt management services without registering as a debt management services provider, in violation of the Oregon Mortgage Lender Law and Oregon statutes. McElhone consented to a permanent Cease-and-Desist Order on October 13, 2013. Between July 2015 and October 2019, McElhone received approximately \$11.3 million from Par Funding via checks and wire transfers.

**d. Joseph W. LaForte, a/k/a Joe Mack, a/k/a Joe Macki, a/k/a Joe McElhone**

17. LaForte is a resident of Philadelphia, Pennsylvania and the spouse of Lisa McElhone, with whom he founded Par Funding. LaForte uses the aliases Joe Mack, Joe Macki, and Joe McElhone. LaForte claims to be the owner of Par Funding and runs the day-to-day operations. LaForte acts as the *de facto* CEO of Par Funding and Full Spectrum, and Abbonizio introduces him to investors as Par Funding's president. He also serves as Par Funding's Director of Sales through his employment with Recruiting and Marketing Resources. He conducts his work for Par Funding primarily within the Full Spectrum office space in Philadelphia. From 1995 until 2000, LaForte worked for various securities broker-dealers. He obtained Series 7 and Series 63 securities licenses in 1996 and a Series 24 securities license in 1997; however, these licenses have expired.

18. On October 4, 2006, LaForte was convicted of state charges in New York for grand larceny and money laundering, and on November 8, 2007 he was sentenced to three to ten years in prison and to pay restitution in the amount of \$14.1 million. In 2009, LaForte pled guilty to federal criminal charges in the District of New Jersey for conspiracy to operate an illegal gambling business. He was released from jail in February 2011 and founded Par Funding with his wife, McElhone, shortly thereafter while on supervised release.

*e. Joseph Cole Barleta, a/k/a Joseph Cole a/k/a Joe Cole*

19. Cole is a resident of Philadelphia, Pennsylvania. He was employed by Par Funding as its CFO until 2017, when all of Par Funding employees were converted to Full Spectrum employees. Since 2017, he has been employed by Full Spectrum as Full Spectrum's CFO, and through his employment at Full Spectrum has functioned as the CFO of Par Funding from 2017 through present. From July 2019 until October, Cole received about \$1.8 million from Par Funding, which included investor funds, through payments to his company ALB Management Inc. Between July 2016 and November 2019, Par Funding transferred about \$14.4 million, which included investor funds, to Beta Abigail and New Field Ventures, LLC, companies in which Cole has an ownership or other beneficial interest.

*f. Perry S. Abbonizio*

20. Abbonizio claims to be an owner and managing partner of Par Funding and he is responsible for bringing investment capital into Par Funding. He recruits and trains Par Funding's Agent Fund managers, provides information to potential investors about Par Funding, oversees the Agent Funds, and solicits investors. From February 2017 until November 2019, Par Funding has paid about \$9.5 million, including investor funds, to Abbonizio's company with Cole, New Field Ventures. Abbonizio held Series 7, 63 and 65 securities licenses that have expired. From 1996 until 2015, Abbonizio was associated with various securities broker-dealers.

21. In 2015, the Financial Industry Regulatory Authority ("FINRA") sanctioned Abbonizio by consent in a regulatory action resulting in a four-month license suspension and \$10,000 fine based on allegations that Abbonizio, without providing notice to his FINRA member firm, solicited his firm clients to purchase \$625,000 in outside private placements and received compensation without firm knowledge/permission. In February 2020, the Texas Securities Board

issued an Emergency Cease-And-Desist Order against Abbonizio for fraud violations in connection with the offer and sale of Par Funding promissory notes.

**2. The “A Better Financial Plan” Companies and Owner**

***a. Dean J. Vagnozzi***

22. Vagnozzi lives in Pennsylvania and is the sole owner of ABFP and ABFP Management. He held Series 6 and 63 securities licenses, which have expired, and was associated with a FINRA-registered securities broker-dealer from February 2008 until February 2009. In addition to operating the ABFP entities and funds, Vagnozzi solicited investors to invest in Par Funding promissory notes pursuant to a so-called “finders agreement” from about August 2016 until December 2017. Since January 2018, he also recruited individuals to start investment firms for the purpose of raising money for Par Funding, and has individuals nationwide operating these investment firms which he manages through ABFP Management.

23. On May 30, 2019, Vagnozzi, doing business as ABFP, entered into a settlement with the Pennsylvania Department of Banking and Securities in connection with the sale of promissory notes Par Funding offered and sold. In connection with that case, Vagnozzi agreed to pay a penalty of \$490,000 for violations of the Pennsylvania Securities Act. On July 14, 2020, the Commission instituted settled administrative proceedings against Vagnozzi for his offering and selling unregistered securities in violation of Section 5 of the Securities Act and acting as an unregistered broker-dealer in violation of Section 15(a) of the Exchange Act, in connection with the sale of securities unrelated to the instant case.

***a. ABFP Management Company, LLC***

24. ABFP Management is a Delaware limited liability company located in Collegeville, Pennsylvania. It is wholly owned by Dean Vagnozzi. It is engaged in the business of, among things, providing management services related to organizing and operating companies formed for

the purpose of raising funds from investors and using the investor funds to invest in alternative investments. ABFP Management provides these and other management services for the Par Funding Agent Funds in exchange for a portion of the investment returns.

***a. ABetterFinancialPlan.Com d/b/a A Better Financial Plan***

25. ABFP is a Pennsylvania limited liability company Dean Vagnozzi formed on November 12, 2010. It is located in King of Prussia, Pennsylvania. Vagnozzi owns and manages ABFP, and he claims it is his corporate alter ego. ABFP is an investment firm that offers alternative investments involving assets unrelated to the stock market. ABFP has been soliciting investors for Par Funding since no later than April 4, 2017.

26. In February 2020, the Texas Securities Board issued an Emergency Cease-And-Desist Order against ABFP for fraud violations in connection with the offer and sale of Par Funding promissory notes. On July 14, 2020, the Commission instituted settled administrative proceedings against ABFP for its violations of Section 5 of the Securities Act and Section 15(a) of the Exchange Act in connection with the sale of securities unrelated to the instant case.

***a. ABFP Income Fund, LLC***

27. ABFP Income Fund is a Delaware limited liability company created by Vagnozzi on January 12, 2018, with a principal place of business in King of Prussia, Pennsylvania. Beginning no later than February 2, 2019, Vagnozzi, through ABFP Income Fund, raised at least \$22 million for Par Funding through the offer and sale of promissory notes to at least 99 investors.

***a. ABFP Income Fund 2, L.P.***

28. ABFP Income Fund 2 is a Delaware limited partnership formed in 2018 with its principal place of business in King of Prussia, Pennsylvania. Vagnozzi, through ABFP Management, formed ABFP Income Fund 2 for the purpose of raising investor money to pool and invest in the promissory notes of merchant cash advance companies, and specifically Par Funding.



ABFP Management is the General Partner of ABFP Income Fund 2. Beginning no later than August 8, 2018, Vagnozzi, through ABFP Income Fund 2, has raised at least \$6 million for Par Funding, through the offer and sale of limited partnership interests in ABFP Income Fund 2 to at least 49 investors.

**3. The Florida Investment Firms, Agent Funds, and Owners**

***a. Michael C. Furman***

29. Furman is a resident of West Palm Beach, Florida. He is the President of Fidelis Planning, which he manages through his company United Fidelis Group. He is a certified public accountant licensed in Pennsylvania.

***b. United Fidelis Group Corp.***

30. United Fidelis Group is a Florida corporation Furman incorporated in May 2014 and its principal address is in West Palm Beach, Florida. Furman owns and operates United Fidelis Group.

***c. Fidelis Financial Planning LLC***

31. Fidelis Planning is a Delaware limited liability company formed in April 2018 and its principal address is in West Palm Beach, Florida. Michael Furman is the President of Fidelis Planning and United Fidelis Group is the sole manager of Fidelis Planning. ABFP Management provides management services to Fidelis. Fidelis is a pooled financial fund created for the purpose of raising investor funds for Par Funding. Since no later than August 9, 2018, Furman, through Fidelis Planning, has raised more than \$5.8 million from investors for Par Funding through the offer and sale of promissory notes.

***d. John Gissas***

32. Gissas resides in Wildwood, Florida. Gissas is the President of Retirement Evolution.

*e. Retirement Evolution Group, LLC*

33. Retirement Evolution is a Florida limited liability company formed by John Gissas in April 2018, with its principal address in Wildwood, Florida.

*f. Retirement Evolution Income Fund, LLC,  
f/k/a RE Income Fund LLC (“RE Income Fund”)*

34. RE Income Fund is a Delaware limited liability company formed in 2018 with its principal address in Wildwood, Florida. Since as early as May 2018, Gissas, through RE Income Fund, has raised more than \$5.4 million from at least 62 investors for Par Funding through the offer and sale of promissory notes.

*g. RE Income Fund 2, LLC*

35. RE Income Fund 2 is a Delaware Limited Liability Company formed in 2019. Its principal address is in Wildwood, Florida. Gissas is its President and sole manager. RE Fund 2 is a pooled investment fund created for the purpose of raising funds for Par Funding. Since no later than August 1, 2019, Gissas, through RE Fund 2, has raised at least \$150,000 from investors for Par Funding through the offer and sale of promissory notes.

**B. Relief Defendant**

36. **The LME 2017 Family Trust, a/k/a LME 2017 Family Trust** (the “LME Trust”) owns Par Funding and McElhone is the Grantor of the Trust. According to the Certification of Trust, McElhone and LaForte are the Trustees of the LME Trust. Between July 2018 and September 2018, Par Funding transferred at least \$14.3 million, which included investor funds, to the LME Trust for no legitimate purpose.

**III. JURISDICTION AND VENUE**

37. The Court has jurisdiction over this action pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d), and 77v(a); and Sections 21(d), 21(e), and

Section 27 of the Exchange Act, 15 U.S.C. §§ 78u(d), 78u(e), and 78aa. This Court has personal jurisdiction over the Defendants, and venue is proper in the Southern District of Florida, because many of the Defendants' acts and transactions constituting violations of the Securities Act and the Exchange Act occurred in the Southern District of Florida. Par Funding's sole office is located in the Southern District of Florida and it is registered to do business in Florida as a foreign corporation with McElhone as the registered agent. Lisa McElhone, the CEO of Par Funding and sole owner of Full Spectrum, resides in the Southern District of Florida and works in the Par Funding office located in the Southern District of Florida. Par Funding has also sold its promissory notes to investors located in the Southern District of Florida. Abbonizio has solicited investors and participated in solicitation events and meetings in the Southern District of Florida on behalf of Par Funding and as a Full Spectrum employee. Cole is the CFO of Par Funding, which has its sole office in the Southern District of Florida. LaForte and McElhone control Par Funding and Full Spectrum, which operates Par Funding, and LaForte has participated in meetings and events in the Southern District of Florida to solicit investors for the Par Funding offerings.

38. Vagnozzi has solicited investors in the Southern District of Florida, both directly and through his ABFP companies and investment funds. Furman resides in the Southern District of Florida and United Fidelis and Fidelis Planning are located in the Southern District of Florida. Investors residing in the Southern District of Florida have invested in Gissas' Retirement Evolution funds.

39. In connection with the conduct alleged in this Complaint, the Defendants, directly and indirectly, singly or in concert with others, have made use of the means or instrumentalities of interstate commerce, the means or instruments of transportation and communication in interstate commerce, and the mails.

#### **IV. THE FRAUDULENT PAR FUNDING SECURITIES OFFERING SCHEME**

##### **A. Par Funding**

40. McElhone and her husband LaForte founded Par Funding in 2011 shortly after LaForte was released from prison, and they control Par Funding together.

41. Since no later than August 1, 2012, Par Funding has been in the business of funding short-term loans to small-sized businesses, which Par Funding refers to as “merchant cash advances.” (the “Loans” or “MCAs”).

42. McElhone is Par Funding’s sole employee. Since 2017, Par Funding has been operated by McElhone’s company Full Spectrum. McElhone is the President of Par Funding, the signatory on the Par Funding bank accounts, and according to Par Funding’s most recent corporate designate deposition under Federal Rule of Civil Procedure 30(b)(6), has ultimate authority over Par Funding.

43. LaForte acts as the *de facto* CEO of Par Funding. He runs the day-to-day operations of Par Funding and Full Spectrum, has hiring and firing authority, supervises the Full Spectrum employees including the underwriting employees, and together with another individual decides which Loans Par Funding will approve and fund. He also signs contracts on behalf of Par Funding and renegotiates Loan terms with small businesses.

44. Par Funding has purportedly funded more than \$600 million in Loans.

45. Some of Par Funding’s Loans carry interest rates of more than 400%.

46. According to a recent expert witness analysis of a sample of the Loans, more than half of the Loans charge in excess of 95% interest.

47. Since 2013, Par Funding has filed more than 2,000 lawsuits seeking more than \$300 million in missed payments against small businesses Par Funding alleges defaulted on the Loans.

48. To fund the Loans Par Funding raises investor money through the offer and sale of securities in the form of promissory notes.

**B. Phase 1 of The Offering: Par Funding Issues Promissory Notes Directly To Investors**

49. From no later than August 2012 until December 2017, Par Funding sold promissory notes only directly to investors.

50. Par Funding issued promissory notes providing for a 12-month duration and stating the investor would receive annual interest rates ranging from 12% to 44%.

51. Investors signed a “Non-Negotiable Term Promissory Note” and an accompanying “Security Agreement” (collectively the “Par Funding Notes”).

52. McElhone and Cole signed the Par Funding Notes on behalf of Par Funding.

53. The Par Funding Notes generally provide that the interest is paid over twelve months, and then the investor’s principal investment is returned in full to the investor.

54. The Security Agreement states that Par Funding grants a security interest to the investor in substantially all of Par Funding’s assets, including its accounts receivable.

55. To locate and solicit investors, Par Funding contracted with sales agents through “Finders Agreements” Cole signed on behalf of Par Funding. The Finders Agreements provide that once Par Funding receives investor funds, it will pay the agent a one-time distribution.

56. Beginning no later than Fall 2016 until December 2017, Vagnozzi was one such agent for Par Funding.

57. Vagnozzi and his company ABFP raised about \$20 million for Par Funding in exchange for a commission equal to 6 or 7 percent of each investment he solicited.

58. Defendant Furman also solicited investors to purchase Par Funding Notes. For example, in November 2017 Furman met with potential investors at his firm, United Fidelis, in West Palm Beach, Florida, and recommended the Par Funding investment.

59. Furman told the potential investors that Par Funding made loans to small businesses and charged 36% interest on the loans. Furman distributed Par Funding marketing materials, including a brochure, and touted Par Funding's management expertise and its thorough due diligence in selecting borrowers. Furman also emphasized to the investors that their money would be safe and secure because the default rates on the Loans were 1% or less.

60. Furman told the potential investors that the percentage of interest Par Funding would pay on its Notes would depend on the amount invested. He told them the higher the investment amount, the higher the interest rate and thus the return. He explained to the potential investors that if they invested \$300,000-\$400,000, Par Funding promised to pay the investors an annual return of 12.5% in monthly installments over one year. Furman provided the potential investors with offering materials, including the Par Funding Note.

61. By December 2017, Par Funding had raised at least \$90 million from investors through the offer and sale of Promissory Notes. The investors purchased the Par Funding notes by sending funds directly to Par Funding or through self-directed IRA accounts.

**C. Par Funding Learns It Is Under Investigation For State Securities Law Violations And Begins Efforts To Restructure Its Offering To Conceal Adverse Information**

62. Things changed in January 2018. On January 4, 2018, the Pennsylvania Securities Regulators issued a subpoena to Par Funding in connection with its investigation of Par Funding's use of unregistered Agents. In September 2018, Par Funding, through its counsel, assured the Pennsylvania Securities Regulators that it was no longer using Agents to find investors.

63. In truth, when Par Funding made this representation it had already restructured its offering by converting its Agents to Agent Fund managers the Agents created under the guidance and supervision of Vagnozzi and Abbonizio.

64. Vagnozzi had previously proposed this structure to Cole and Abbonizio in 2017, but Par Funding did not put this structure into place until January 2018, after it received the Pennsylvania Securities Regulators’ subpoena and it continues to this day.

65. Under this new structure, Par Funding uses Agent Funds to offer and sell promissory notes the Agent Funds issue to investors. The Agent Funds then funnel investor money to Par Funding, which then issues Par Funding Notes to its Agent Funds.

66. Below is an illustration Abbonizio and his attorney showed existing investors in April 2020, explaining how the fund structure works with respect to the ABFP Income Fund:



67. The Agent Fund PPMs distributed to potential investors state that the Agent Fund is raising money to invest in “an MCA company,” but do not disclose that this is Par Funding.

68. Nor do the Agent Fund PPMs disclose Par Funding’s regulatory history, that Par Funding is managed by a convicted felon, that Pennsylvania and New Jersey Securities Regulators filed actions against Par Funding and there are Cease and Desist Orders against Par Funding in those states, or any other adverse information about Par Funding.

69. While the Agent Funds offer investors promissory notes in the Agent Funds, investors are told that profits will be generated by Par Funding’s Loan business in which the Agent Funds invest.

**D. Phase 2 of the Offering: Par Funding Uses Agent Investment Funds To Raise Investor Money And Issues Its Notes To The Agent Investment Funds**

70. From January 2018 through present, Par Funding has raised investor money primarily through Agent Funds, and occasionally by selling its own Promissory Notes to investors.

**1. Vagnozzi and Par Funding's Roles In Creating, Managing, and Promoting The Agent Funds' Securities Offerings**

71. Vagnozzi is instrumental in recruiting people to start Agent Funds to provide funding to Par Funding.

72. As recently as April 2020, Vagnozzi hosted a Zoom call geared toward recruiting people to start Agent Funds to raise money for Par Funding. Vagnozzi led the call in which he explained that he wanted to teach people how to be "finders" and not unregistered broker-dealers so that they would not get into "any trouble." He goes on to talk about Par Funding, describing it as one of the best MCA lenders you can find, touts the 1% default rate, and says you can get commissions and "you will make money."

73. Once Vagnozzi successfully recruits Agents, he and Abbonizio train them how to raise money through securities offerings that will ultimately fuel Par Funding.

74. Vagnozzi teaches Agents how to open their own turnkey investment funds. He provides them with an "Agent Guide" that instructs them how to create an Agent Fund, telling Agents they merely need to choose a name for an Agent Fund and send that name together with \$5,000 to Vagnozzi's attorney, who will then set up a fund, get the corporate paperwork filed, draft a PPM for the fund, and get a tax identification number.

75. The Agent Guide tells the Agents which banks to use to set up bank accounts and directs them to add an ABFP employee as an authorized signer on the account. According to the Agent Guide, ABFP Management then pays the investment expenses and payouts to the Agent



Funds' investors. In the Agent Guide, Vagnozzi tells the Agents that ABFP Management will handle these tasks so the Agents can "focus on selling."

76. Par Funding, through Abbonizio and Vagnozzi, also train the Agents at Full Spectrum's office and Par Funding provides the Agents with marketing materials to solicit investors.

77. Vagnozzi and Abbonizio oversee the Agent Funds and Vagnozzi manages them through his company ABFP Management in exchange for 25% of the Agent Funds' profits.

78. According to Abbonizio and LaForte, there are more than 40 Agent Funds raising investor money for Par Funding.

79. Par Funding, through LaForte, Cole, and Abbonizio, helps solicit investors to invest in the Agent Funds by speaking at events the Agent Funds organize to raise money from potential investors.

80. Abbonizio also helps the Agent Funds solicit investors through telephone calls, and Abbonizio, Cole, and LaForte assist by soliciting investors during meetings the Agent Funds arrange at Par Funding's office.

81. The Agent Funds and ABFP Management make their profits based on the rates of return promised in the Par Funding Notes and the Investment Funds' notes with the investors.

82. Each Agent Fund sends Par Funding investor funds raised through the Agent Funds' securities offerings. This occurs by the Agent Funds either wiring investor funds to Par Funding or directing the investor to open a self-directed IRA account that invests in Par Funding.

83. Upon receipt of the investor funds, Par Funding issues a Par Funding Note to the Agent Fund with a higher promised rate of interest than the Agent Fund promises to its investors in its own promissory notes.

84. Par Funding pays an Agent Fund its monthly returns and the Agent Fund in turn pays its investors.

85. The remainder (or the spread) is for the Agent Fund, and it is obligated under an agreement it signs with ABPF Management to pay ABPF Management 25% from this remaining amount.

## **2. Vagnozzi Offers and Sells Notes Through His Own Agent Funds**

86. In addition to managing Agent Funds, Vagnozzi offers and sells promissory notes through his own Agent Funds, ABFP Income Fund and ABFP Income Fund 2 (collectively, the “ABFP Funds”).

87. The ABFP Funds each filed a Form D with the Commission giving notice of an exempt securities offering of either debt or equity securities in reliance on Rule 506(b) of the Securities Act, 17 C.F.R. § 230.506(b).

88. The ABFP Funds’ PPMs reflect that the ABFP Funds either enter into promissory notes with investors, promising annual returns as high as 15%, with monthly interest payments and full return of principal at the end of the typical 12-month term or sell investors interests in a limited partnership for \$5,000 per single interest.

89. The ABFP Income Fund PPM states that investor funds will be used to invest in promissory notes with MCA companies.

90. The ABFP Income Fund 2 PPM states that investor money will be used 80% toward MCA promissory notes and 20% toward investment in one NYSE-traded equity.

91. Investors either contribute directly to the ABFP Income Funds or through a self-directed IRA account at a Pennsylvania-based IRA administrator.

92. Vagnozzi directs investors to open an account at the IRA administrator company, and investors contribute funds and receive their investment funds through this account.

93. Vagnozzi and ABFP advertise the investment through radio, television commercials, the Internet, and ABFP's Facebook page.

94. Vagnozzi and ABFP also solicit investors through one-on-one presentations at the ABFP office and dinner seminars.

95. For example, on November 21, 2019, Vagnozzi and ABFP hosted more than 300 investors and prospective investors for a dinner where they were solicited to invest in Par Funding through Vagnozzi's funds.

96. Attendees were given a one-page flyer describing four investment opportunities, one of which was MCAs. The flyer described the MCA investment opportunity as having a 2% default rate and offering between 10-14% returns with principal returned in 1, 2, or 3 years.

97. Vagnozzi spoke first at the November 2019 event and touted Par Funding's financial success. He explained that Par Funding was buying a bank and was looking for investors to help – not because Par Funding couldn't write a check to buy the bank itself, but because bank regulations only let Par Funding be a 5% owner.

98. Vagnozzi told the attendees that “[w]e have stock market alternative investments that are secure...” and that an investment in Par Funding does not have “too much risk” and the investment is “knocking it out of the park.”

99. Vagnozzi then introduced Abbonizio, who told the audience that Par Funding has a default rate of 1%, compared to an industry average default rate of 18.5%.

100. Abbonizio also told the audience to focus on the default rate because that is the most important part of the investment.

101. Abbonizio then introduced LaForte, to whom he referred as the President.

102. LaForte told the audience that Par Funding is probably the most profitable cash advance company in the United States and maybe in the world.

103. LaForte also told the audience that he started the company about eight years ago with \$500,000 of his own capital.

104. LaForte then introduced Cole, who touted the financial health of Par Funding.

105. During the November 21, 2019 solicitation dinner event, Vagnozzi told potential investors that he has taken more than 500 investors into an investment with Par Funding.

106. By March 2020 Vagnozzi was claiming 600 investors had invested in Par Funding through him.

107. Through securities offerings, ABFP Income Fund has raised at least \$22,309,000 from investors since February 19, 2018, and ABFP Income Fund 2 has raised at least \$6,322,500 from investors since August 8, 2018.

### **3. Furman Offers and Sells Notes Through His Own Agent Fund: Fidelis Planning**

108. Since no later than August 2018, Furman, through his companies Fidelis Planning and United Fidelis, has raised at least \$5.8 million for Par Funding through investments in Furman's Agent Fund, Fidelis Planning.

109. Fidelis Planning enters into promissory notes with investors, promising annual returns as high as 15%, with monthly interest payments and full return of principal at the end of the typical 12-month term.

110. The Fidelis Planning PPM tells investors that Fidelis will invest their funds with a MCA business.

111. Furman and United Fidelis advertise the Fidelis Planning investment through newspaper advertisements.

112. Furman solicits investors via telephone and puts potential investors in contact with Abbonizio, Cole, and LaForte, who continue the solicitation efforts. He also invites potential

investors to the solicitation dinners Vagnozzi and ABFP host, where Abbonizio and Vagnozzi help Furman solicit investors.

113. After raising investor funds, Furman wires the money to Par Funding and receives a Par Funding Note issued to Fidelis Planning.

114. According to its May 2019 filing with the Commission, Furman and Fidelis Planning raised \$5,838,000 for Par Funding from August 2018 through May 2019. According to bank records, it appears that Furman and Fidelis Planning raised more than \$11 million as of December 2019.

#### **4. Gissas Offers and Sells Notes Through His Own Agent Funds: RE Income Fund and RE Income Fund 2**

115. Since no later than Summer 2018, Gissas and his company Retirement Evolution have raised money for Par Funding through the offer and sale of investments in Gissas' Agent Funds, RE Fund and RE Fund 2.

116. Gissas appears to primarily target investors in The Villages retirement community near Wildwood, Florida.

117. The RE Funds issue, offer, and sell promissory notes to investors.

118. Gissas and Retirement Evolution advertise the securities offerings on the RE Fund website, where they provide the RE Fund PPM.

119. Gissas and Retirement Evolution also use newspaper advertisements, largely in The Villages, to invite the public to lunches and dinners where Gissas, sometimes with the assistance of Abbonizio, solicits the audience to invest in the RE Funds, which will invest in Par Funding Notes.

120. For example, in August 2019 Gissas and Retirement Evolution hosted a dinner for 12 potential investors in Wildwood, Florida. Gissas gave the investors an RE Fund 2 PPM and

promissory note to review, and told the investors the investment offered an 8% to 12% return through an investment in an MCA business in Philadelphia.

121. Abbonizio then spoke to the investors, identified himself as the 25% owner of Par Funding, and then touted Par Funding's low default rate and that the MCA loans are insured.

122. At least one attendee at this event subsequently invested in Par Funding through the RE Fund 2 promissory note.

123. Through the unregistered offerings, Gissas, Retirement Evolution, and the RE Funds raised at least \$5.5 million for Par Funding.

**E. Phase 3 of the Offering: Par Funding, Vagnozzi, and Furman Offer "Exchange Notes"**

124. On March 12, 2020, Vagnozzi forwarded investors a message he received from Cole of that same date. According to Cole's message, the purpose of Cole writing Vagnozzi was to "update our partners."

125. In the message, Cole states Par Funding believes the Coronavirus will have "no long term effects to [Par Funding's] projected growth and revenue." Cole further states in this same message that "There has been no noticeable effect to our client payments or default rates. We had our largest funding month by deal count in February and have confidence in being able to maintain consistent funding volume in the coming months."

126. A mere two weeks later, Vagnozzi and Furman forwarded investors a dramatically different message purporting to be from Par Funding that states "Over the past several months, Par Funding, like many other companies across the globe, has been severely impacted by the Coronavirus pandemic." Par Funding goes on to say it has "been forced to close our physical offices" and that "virtually all of [Par Funding's Loan borrowers] have called seeking a moratorium on payments and other restructured payment terms."

127. Purportedly as the result of the Covid-19 Pandemic, investors did not receive their monthly investment returns in April and May 2020.

128. On March 16, 2020, ABFP emailed investors reassuring them that their investments in Par Funding were safe. ABFP told investors “The management team at CBSG/Par is extremely confident that their financial position and funding strategies will enable them to weather this storm. They want you to remain confident that your investment with them is solid.”

129. Vagnozzi goes on to reassure investors “the employees at Par are some of the hardest working people I have ever met,” and reminds investors that “not one payment has ever been late.”

130. On March 26, 2020 ABFP, through Vagnozzi, emailed investors a message from Par Funding concerning the purported financial impact the COVID-19 pandemic had on Par Funding’s revenues, together with a message from Vagnozzi stating that “Par Funding has defaulted on a note with the fund that you each invested in, and they will continue to default for the next few months.”

131. In this same email message Vagnozzi goes on to discourage investors from filing a lawsuit against Par Funding and tells investors his attorney is working to restructure the investments so payments to investors can resume.

132. In April 2020, Furman emailed investors an email message he claimed was from Par Funding indicating that if investors do not accept an offering to replace their current promissory notes with “Exchange Notes” offering significantly less interest and over a longer period of time, then Par Funding would file for bankruptcy.

133. In April 2020, Vagnozzi and Furman emailed investors a video created on about April 18, 2020, in which Vagnozzi and his attorney – the same attorney who created the turnkey Agent Funds – tell investors that the attorney reviewed Par Funding’s financials and Par Funding

is insolvent. Vagnozzi reassures investors he believes Par Funding will rebound, and then Vagnozzi and the attorney recommend that investors not to file lawsuits against Par Funding for defaulting on the promissory notes but to instead accept Exchange Notes through which the investors would receive lower investment returns than they were promised in the promissory notes they had purchased from ABFP and the Agent Funds.

134. In this same video message to investors, Vagnozzi's attorney also tells investors that because Par Funding has not paid investors their returns in March, he obtained a UCC lien report against Par Funding and was "first in line" to collect for the investors. Public records do not reflect any such lien against Par Funding, but do reflect a number of other liens against Par Funding that would preclude Vagnozzi's attorney's purported lien from being first in line.

135. On April 26, 2020, Vagnozzi, through ABFP, emailed investors a video of Vagnozzi and his attorney discussing the Exchange Offering, in which the attorney recommends that investors accept the Exchange Offering and walks the investors through the offering documents, page by page, reminding investors to review the disclosures and risks in the Exchange Offering materials.

136. The Exchange Offering materials and PPM include a risk section that discloses to investors the risks associated with the Exchange Offering. In it, ABFP tells investors "The nature of the Company's business subjects the Company to litigation. The Company is in the business of providing MCAs to small and mid-size businesses. In connection with its collection efforts against MCA customers and in other similar contexts involving its MCA customers, the Company has been subject to a substantial number of lawsuits."

137. While ABFP disclosed lawsuits small businesses might file, there is no disclosure of the Texas Securities Regulators' action against ABFP, Par Funding, and Abbonizio that was filed just months prior to the Exchange Offering, of the Emergency Cease-and-Desist Order filed



entered against ABFP, Par Funding, and Abbonizio in Texas, or that the Texas securities enforcement action is ongoing.

138. Nor was there any disclosure that the Texas Securities Regulators had entered an emergency Cease-and-Desist Order finding that ABFP, Par Funding, and Abbonizio made material misrepresentations and omissions to investors in connection with the Par Funding and Agent Fund offering about the Par Funding offering, Par Fundnig's regulatory history, and Par Funding's management, and that this litigation was continuing at the time of the Exchange Offering.

139. Based on representations by Par Funding and Vagnozzi's attorney that Par Funding would otherwise default on payments altogether or enter bankruptcy, and based on Vagnozzi's attorney's recommendation, as a lawyer, that they accept the offering, investors opted for the Exchange Offering and entered into new promissory notes.

140. Based on the representations made to them, investors felt they had no choice but to agree to the Exchange Offering and to replace their existing notes in the ABFP Funds and Fidelis Planning Fund with new notes that offered less interest and thus a lower rate of return.

141. All or nearly all of the investors accepted an Exchange Note that replaced the ABFP Funds and Fidelis Planning promissory notes they had previously purchased.

**F. The Securities Offerings Are Ongoing and Defendants Are Planning To Expand**

142. The Defendants are continuing to offer securities to investors through the Agent Funds and Par Funding.

143. For example, Furman is currently soliciting investors to purchase Par Funding Notes. Unbeknownst to Furman, the individuals are posing as investors.<sup>1</sup>

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<sup>1</sup> All undercover activity and recordings referenced or described in the Complaint were done strictly at the direction and behest of law enforcement agencies and not the Commission.

144. Furman coordinated a meeting between these two individuals posing as investors, and LaForte. The meeting occurred in the Southern District of Florida in late June 2020 to solicit the individuals to invest.

145. While Par Funding has continued offering its notes directly to investors on occasion since its January 2018 restructuring, Par Funding is now seeking significantly higher investments amounts, most recently \$10 million from the undercover individuals.

146. During the meeting, LaForte touted Par Funding as a “leader in the industry” and contrary to the representations made to current investors to force them to take the Exchange Notes in April 2020, represented that “here we are today post-COVID pretty healthy.” He explained that the underwriting performed on the Loans helped ensure the success of Par Funding, stating “It all goes back to the underwriter.”

147. In soliciting the undercover individuals, LaForte represented that Par Funding paid investors \$28 million in 2018 and \$56 million in 2019 – “which is a lot lower proportion that what we paid ourselves. It’s about half.”

148. On July 7, 2020, Cole emailed these two individuals draft Par Funding Exchange Notes and offering materials through which they could invest in Par Funding.

149. In July 2020, Abbonizio, LaForte, and Cole met with these same undercover individuals at Full Spectrum’s office in Philadelphia to pitch them further on the Exchange Note investment.

150. Additionally, Gissas and Retirement Evolution appear to continue to actively solicit investors, with Retirement Evolution putting a general advertisement/invitation in The Village’s local newspaper as recently as July 2020, for a luncheon seminar about alternative investments with annual returns of 8% and 10% paid monthly, scheduled for the week of July 13, 2020.

151. As for Vagnozzi, three days after the Commission entered a July 14, 2020 Consent Order against him and ABFP for engaging in unregistered securities offerings and acting as an unregistered broker-dealer in connection with five offerings not at issue in this case, Vagnozzi, emailed investors about the Order and announced that he is expanding his business:

a. “My staff and I feel that the results of this [SEC] investigation are the absolute best reason someone should invest with us....”

b. “[The SEC] [a]lso determined that all investments offered by ABFP were carried out in a manner consistent with the information provided to investors.”

c. “Three years of investigation, \$300k spent on my end, and all they can say is they don’t like my advertising methods and the fact that I served steak dinners in 2013 as a way for people to hear about our investments.”

152. The Order makes no such findings. Vagnozzi mischaracterizes the Order to investors as a selling point for investing with him and ABFP, and in the same email message announces that he is forming a non-public company that he will soon advertise.

153. Vagnozzi and ABFP also issued a press release about the Order, claiming that “the findings of these proceedings have also paved the way for the company to restructure as a public company, which will alleviate advertising restrictions in the future.”

### **G. Material Misrepresentations and Omissions in Connection with The Par Funding, ABEP, United Fidelis, and Retirement Evolution Offerings**

#### **1. False Claims about Par Funding’s Rigorous Underwriting Process**

154. Because investor returns are purportedly generated by the interest small businesses pay on the Loans Par Funding makes, the success and profitability of the investment turns on Par Funding lending money to small businesses who pay back Loans with interest and do not default on the Loans.

155. As Abbonizio explained to one potential investor, this is the most important consideration when deciding whether to invest in the Agent Funds.

156. On January 7, 2020, Abbonizio met with an investor to pitch her on the Par Funding investment. The investor was undercover and the meeting was recorded. Abbonizio described the underwriting group as “the key to our whole investment thesis,” and went on to explain that the investment in Par Funding is “only compelling if you have confidence that whatever you give, \$50,000 or \$5 million, that we are going to do an exemplary job of putting your hard earned money in the hands of suitable companies that can meet their daily obligation to pay us back.”

157. To drive this selling point home, Abbonizio explained: “If you leave here and remember nothing else. Why would I entrust the money? Because they have an exemplary track record of underwriting, utilizing three components, taking three days and be [sic] more vigilant. That’s the crux of it.”

158. In a Par Funding brochure that Furman, Abbonizio, and Vagnozzi distribute to potential investors, Par Funding details its supposedly rigorous underwriting process to approve merchant loans, calling it “Exceptional Underwriting Rigor.”

159. Par Funding claims that the underwriting process takes 48 to 72 hours and includes, among other things, an on-site inspection of each merchant before approving any Loan.

160. According to the marketing materials, “There is no substitute for personal on-site merchant inspections,” and “Visual confirmation of a business’ viability yields the highest levels of confidence in the future viability of merchant partners.”

161. Par Funding emphasizes that the on-site inspection “...has been proven to enhance the low default Par Funding experience[s].”

162. Abbonizio also touts Par Funding’s underwriting process to potential investors, both during one-on-one meetings with potential investors and during solicitation events.

163. For example, at the November 2019 solicitation dinner Vagnozzi and ABFP hosted, Abbonizio told potential investors that Par Funding has “rigorous standards” and “the best underwriting in the industry.”

164. In August 2019, Abbonizio told other potential investors during another solicitation event that Par Funding does an on-site inspection of small businesses 100% of the time before approving any Loan.

165. The representations about Par Funding’s underwriting process are false.

166. In truth, the underwriting was not stringent.

167. Contrary to the Defendants’ representations, Par Funding did not always conduct on-site inspections of small businesses prior to funding Loans, and it would approve Loans in less than 48 hours.

168. For example, in October 2019, Par Funding approved and funded a Loan of \$792,000 to a small business in Ohio (the “Ohio Small Business”). Par Funding did not conduct an on-site inspection prior to approving the Loan and did not request information about debt schedules, profit margins, or expenses.

169. Similarly, in August 2019, Par Funding approved and funded a Loan to a small business in Houston (the “Houston Small Business”) without conducting an on-site inspection and requesting materials showing accounts receivables, expenses, profit margins, or debt schedules.

170. Likewise, in April 2019, Par Funding approved and funded a Loan of \$33,750 to a small business in League City, Texas (the “League City, Texas Small Business.”). Par Funding did not conduct an on-site inspection prior to approving and funding the Loan.

171. Between October 2018 and December 2018, Par Funding funded four Loans to a small business in California (the “California Small Business”), totaling \$3.5 million. For each of these four Loans, Par Funding failed to perform an on-site inspection of the California Small

Business, and in each instance the Loan was underwritten by Par Funding in less than 48 hours from the time the California Small Business owner applied for the Loan. Despite funding \$3.5 million in Loans to the California Small Business over the course of just three months, Par Funding never requested information showing the California Small Business' profit margins or expenses during the underwriting process or at any other time prior to approving the Loan.

172. The lack of an on-site inspection is not a new development for Par Funding, but instead goes back to at least as early as 2016. For example, in April 2016, Par Funding issued a Loan of \$40,000 to a pharmacy in Tennessee with the initial N.R. (the "Tennessee Small Business").

173. Par Funding did not conduct an on-site inspection prior to approving the Loan to the Tennessee Small Business. Par Funding completed the underwriting process within 48 hours of the Tennessee Small Business applying for the Loan. Par Funding did not request information showing profit margins, debt schedules, expenses, or accounts receivable. Nor did Par Funding even conduct an interview before approving the Loan.

174. For some small businesses, the only on-site visit that ever occurs is to threaten a merchant with physical violence.

175. For example, in June 2016 Par Funding loaned \$100,000 to a merchant pharmacy in Knoxville, Tennessee. Par Funding completed the underwriting process in less than 48 hours, failed to offer the merchant insurance of any kind, and did not seek the merchant's debt schedule, profit margins, or any information about the merchant's accounts receivables prior to funding the Loan. Nor did Par Funding conduct an on-site inspection. As the Tennessee merchant has explained under oath, "The only time CBSG visited the Company or sent someone to visit me was when it threatened me with physical violence after I missed payments."

176. For other small businesses, Par Funding simply asks the small business to email them a photo of their office rather than perform the on-site inspection promised to investors.

177. For example, a law firm in Washington, D.C. (the “Small D.C. Business”) borrowed \$38,670.75 from Par Funding in November 2017 and the only “inspection” of the merchant’s business was a photo of the office Par Funding asked the merchant to email them.

178. When Par Funding does conduct an on-site inspection, it is sometimes done after Par Funding has already approved and funded the Loan.

179. For example, Par Funding approved a \$370,000 Loan to a Sports Field Grading and Maintenance company in Dallas, Texas and funded the Loan on January 4, 2017. The on-site inspection occurred on January 5, 2017, after the Loan had been approved and funded in its entirety.

180. Thus, Par Funding does not always conduct an on-site inspection prior to approving a Loan and sometimes completes the entire underwriting process in less than 48 hours. These facts do not stop Par Funding from making representations to the contrary to investors.

181. For example, in January 2020, Abbonizio told an undercover individual posing as an investor that Par Funding requires three days to complete an underwriting process on a Loan application because Par Funding conducts what he referred to as “the coup de grace” – a personal onsite inspection. He told her that because of this vigilant process, he felt confident telling her to invest her money in Par Funding.

182. However, that same month, Par Funding made a \$150,000 Loan to a Boston Small Business with the initial TMA, without conducting an on-site inspection and in fact completed the underwriting process in less than 48 hours. Instead of conducting “the coup de grace,” Par Funding merely asked the Boston Small Business owner to email photos of her office.

183. Additionally, as set forth above, contrary to the rigorous underwriting process Par Funding touts to investors, Par Funding approves and funds Loans to small businesses without obtaining information about the merchant's profit margins, expenses, or debts.

184. Even Par Funding's representation to potential investors that it assigns a liaison to each merchant to cultivate the relationship is misleading, as Par Funding does not always assign a liaison to small businesses or have a liaison who communicates with the small businesses. For example, Par Funding did not assign a liaison to the Ohio Small Business, the League City Small Business, the Texas Small Business, or the California Small Business.

## **2. False and Misleading Claims about Par Funding's Loan Default Rate**

185. LaForte, Abbonizio and Vagnozzi make false claims to prospective investors that Par Funding has a 1% loan default rate.

186. For example, in Summer 2018, LaForte met with at least one investor in Maryland and pitched the Par Funding investment to her, telling her that Par Funding's loan default rate was only 1%.

187. On January 7, 2020, Abbonizio told an undercover individual posing as a potential investor that Par Funding issues bad loans 1 percent of the time. He explained that the defaults are "one percent of \$500 million."

188. Similarly, at a dinner for investors and potential investors on November 21, 2019, Abbonizio presented the investment. He told more 300 investors at this event that the 10% to 14% investment returns were "enticing," but it is only enticing if Par Funding does a good job at loaning money to borrowers.

189. At this same dinner, Abbonizio emphasized that Par Funding has "the best underwriting in the industry" and has "rigorous operational standards, almost seven years in the making." Because of this, Abbonizio explained, they have a default rate that is "less than 1



percent.” He also explained to the investors why this is so important – because if enough of the borrowers miss their payments to Par Funding, that “could impede Par Funding’s ability to pay Vagnozzi’s fund to ultimately pay you.”

190. At this same dinner, ABFP and Vagnozzi also touted Par Funding’s low default rate, giving potential investors a flyer describing the Par Funding investment opportunity as having a 2% default rate.

191. Likewise, on the United Fidelis website, Furman and United Fidelis tout a 1.2% default rate for the “MCA investment” they offer.

192. These representations are false and misleading.

193. In reality, Par Funding has filed more than 2,000 collections lawsuits against small borrowers for defaulting on the Loans Par Funding made to them.

194. Par Funding claims to have funded \$600 million in Loans. These lawsuits allege that the Loans are in default and seek to recover more than \$300 million that the small businesses have allegedly failed to repay Par Funding. An analysis of these lawsuits reveals that Par Funding’s loan default rate is as high as 10%.

195. In Fall 2017, Furman gave a Florida investor a Par Funding brochure claiming that Par Funding had provided “more than \$220 million in business funding” since its inception in 2012.

196. However, by August 2017, Par Funding had filed more than 240 lawsuits against small businesses for defaulting on their Loans, seeking more than \$20 million in missed Loan payments.

197. Likewise, on August 15 2019, Abbonizio touted Par Funding’s 1% default rate to potential investors at a Retirement Evolution solicitation dinner. However, by August 2019, Par

Funding had filed more than 800 lawsuits against small businesses for defaulted Loans, seeking more than \$100 million in missed Loan payments.

198. Similarly, when Abbonizio and Vagnozzi touted Par Funding's low default rates to potential investors during the ABFP solicitation dinner on November 21, 2019, Par Funding had filed more than 1,000 lawsuits, in Philadelphia alone, against small businesses for defaulted Loans, seeking more than \$145 million in missed Loan payments.

199. LaForte and Cole, Par Funding's CFO, were present when these representations were made to potential investors on November 21, 2019, and did not correct these false and misleading statements.

200. When Abbonizio touted Par Funding's low default rates to an Undercover posing as a potential investor in January 2020, Par Funding had filed more than 1,200 lawsuits seeking more than \$150 million in missed payments on defaulted Loans.

201. Most recently, in July 2020, LaForte and Abbonizio touted the 1% default rate on the Loans in a solicitation meeting with undercover individuals posing as potential investors. When they made this representation, Par Funding had filed at least 2,000 lawsuits seeking about \$300 million in missed payments from small business owners on Loans Par Funding alleges are in default.

202. Additionally, Par Funding calculates the default rate differently in its representations to investors by not including in the rate any Loan where the borrower is making even a partial payment or is speaking with Par Funding about the Loan.

203. For example, on July 10, 2020, Par Funding told a Texas small business owner with the initial MF that it would take his Par Funding Loan out of default status if the small business owner made a mere \$500 payment on his \$1.2 million Loan balance.

### 3. False Claims that Par Funding Offers Insurance on Its Loans

204. In the brochure Par Funding distributes to potential investors through the Agent Funds, Par Funding claims to offer insurance on all of its products up to \$150,000. Par Funding further claims that “[t]he insurance protects Par Funding in case of a default or non-payment.”

205. On June 5, 2018, LaForte also told a potential investor in Maryland that if a merchant defaulted on his loan, Par Funding had insurance to back up investor funds, thus reassuring the investor that her investment was safe and secure.

206. At an event in Florida to solicit investors in RE Income Fund 2 in August 2019, Abbonizio told potential investors that Par Funding’s merchant loans were insured.

207. These claims are false. Par Funding did not offer small businesses insurance on the Loans, and thus investor funds were not protected by insurance.

208. For example, during the more than two-year period spanning November 2015 through January 2018, Par Funding approved and funded 15 Loans to a small business located in Los Angeles, California (the “L.A. Small Business”). The Loans totaled \$6,126,054.13.

209. At no time, on any of the 15 Loans approved over the course of these two years did Par Funding offer the L.A. Small Business insurance of any kind.

210. On each of the 15 occasions when Par Funding approved and funded a Loan to the L.A. Small Business, Par Funding completed the underwriting in less than 48 hours, never offered the L.A. Small Business insurance of any kind, never conducted an in-person interview before giving the L.A. Small Business the Loans, never requested information about the L.A. Small Business’s expenses, and never requested information about the L.A. Business’s profit margins.

211. Par Funding’s Loans to the League City, Texas Small Business, Tennessee Small Business, Ohio Small Business, Boston Small Business, Arizona Small Business, Houston Small

Business, D.C. Small Business, New Jersey Small Business, and Dallas Small Business span the period from April 2016 through January 2020.

212. Par Funding did not offer insurance to a single one of these small businesses to whom it issued Loans.

#### **4. Misrepresentations and Omissions about LaForte's Background**

213. LaForte touts his financial and business acumen and his success through Par Funding, but fails to disclose his criminal history. Similarly, the Par Funding website includes numerous articles featuring LaForte and his claimed business success, and directs readers to LaForte's "Forbes Council" profile, in which he describes himself as "...one of the small business industry's most distinguished and accomplished leaders." LaForte also holds himself out in videos he posts online as a "financial expert" for Par Funding.

214. In truth, LaForte is a twice-convicted felon and prior to founding Par Funding with McElhone, was imprisoned and ordered to pay \$14.1 million in restitution for grand larceny and money laundering. To conceal these facts, LaForte uses two aliases – Joe Mack and Joe Macki because, as LaForte admitted to at least one individual, if people "google" his real name they will see his negative history. Par Funding and Cole actively assist LaForte in concealing his true identity, and thus his criminal background, by providing LaForte with a Par Funding email address bearing the name of his alias, joemack@parfunding.com, and a Par Funding business card for his alias Joe Macki.

215. Additionally, Cole has solicited investors by touting the experience of Par Funding's management team while failing to disclose LaForte's criminal history, despite knowing LaForte has been convicted of crimes involving dishonesty. For example, in Fall 2017, Cole solicited a potential investor with initial E.H. who resides in Massachusetts to invest in Par Funding, promising up to 15% monthly interest payments. Cole told the investor that Par Funding

was successful and touted Par Funding’s experienced management team. Cole did not disclose that the management team was led by a convicted felon.

216. Similarly, during an August 2019 solicitation event in Wildwood, Florida, Abbonizio solicited investors to invest in Par Funding through RE Income 2 by touting the “great team” at Par Funding. He failed to disclose that the leader of the team is a convicted felon.

217. Abbonizio also conceals LaForte’s identity from investors. For example, when an undercover individual posing as an investor asked Abbonizio who the founders of Par Funding are, Abbonizio responded: “There’s basically five of us. There’s myself, Joe Cole, who is the CFO, Joe McElhone, and Lisa McElhone... and Lisa is the President of the company.” He then went on to identify the fifth founder – “a family out of Manhattan. They have \$48 million with us.” Joe McElhone is yet another alias for Joseph LaForte used to conceal his identify from investors.

218. In its 2019 and 2020 Form D Filings with the Commission, Par Funding failed to identify LaForte in Item 3 of the form requiring the disclosure of “Related Persons.” The instructions accompanying Form D direct filers to provide the following information under “Related Persons”:

Enter the full name and address of each person having the specified relationships with any issuer and identify each relationship:

- Each executive officer and director of the issuer and person performing similar functions (title alone is not determinative) for the issuer, such as the general and managing partners of partnerships and managing members of limited liability companies; and
- Each person who has functioned directly or indirectly as a promoter of the issuer within the past five years of the later of the first sale of securities or the date upon which the Form D filing was required to be made.

If necessary to prevent the information supplied from being misleading, also provide a clarification in the space provided.

219. As set forth above, LaForte is identified as the President of Par Funding, runs the day-to-day operations, and he functions as an executive officer of Par Funding. Nonetheless, Par Funding does not disclose LaForte’s involvement in its Commission filings.

## 5. Misrepresentations and Omissions about Par Funding's Regulatory History

220. LaForte touts to prospective investors Par Funding's success. For example, in November 2019 LaForte told potential investors that Par Funding is probably the most profitable cash advance company in the United States and maybe in the world.

221. Abbonizio also solicits investors by touting Par Funding's success and its track record as a leader in the merchant cash industry.

222. Similarly, Vagnozzi touts Par Funding's purported success. For example, in a 6-minute video, Vagnozzi tells potential investors he would like to introduce them to "one of the best merchant cash advance lenders that you can find" and characterizes it as "highly profitable."

223. The video is widely distributed; it is posted on the Vimeo pages of ABFP and Vagnozzi, was posted on the ABFP Income Fund website until at least April 17, 2020, emailed to potential investors, and shown during sales pitches.

224. On the ABFP Facebook page, Vagnozzi characterizes "our MCA Fund" as [sic] "Best investment you can find."

225. In early 2020, Vagnozzi described the investment in Par Funding to an undercover posing as a potential investor as "like the crack-cocaine" of investments ABFP offers, adding "[a] check every month."

226. As for Gissas, he advertises the Retirement Evolution as an investment in "a top company in the merchant cash sector." Neither in the advertisements nor in the solicitation events he leads does Gissas disclose Par Funding's regulatory history.

227. Par Funding, LaForte, Abbonizio, Vagnozzi, and Gissas tout Par Funding while failing to disclose that Par Funding has twice been sanctioned for violating state securities laws.

228. In November 2018, the Pennsylvania Securities Regulators filed a Consent Agreement and Order against Par Funding for violating the Pennsylvania Securities Act prohibiting the use of unregistered sales agents in the offer and sale of securities, and fined Par Funding \$499,000 (the “Pennsylvania Order”).

229. In December 2018, the New Jersey Bureau of Securities issued a Cease-and-Desist Order against Par Funding based on its offer and sale of unregistered securities (the “New Jersey Order”). Both of these Orders were in effect when the Defendants touted Par Funding as an investment opportunity to potential investors, and both Orders remain in effect.

230. However, the Defendants have failed to disclose these Orders while touting Par Funding.

231. In February 2020, the Texas State Securities Board issued an Emergency Cease-and-Desist Order against Par Funding and others, alleging fraud and registration violations in connection with its securities offering through an Agent Fund in Texas (the “Texas Order”).

232. Undeterred, Par Funding has continued soliciting investors and continued touting the success of Par Funding without disclosing the Texas Order to potential investors.

## **6. Misrepresentations about the New Jersey Order**

233. Furman has misrepresented the New Jersey Order to at least one potential investor while soliciting her for the Par Funding investment through Fidelis. For example, on June 16, 2019, Furman told an undercover individual posing as an investor that the state of New Jersey had “retracted” its action against Par Funding and had said Par Funding was “good” and did not need to pay a fine or have any penalties.

234. This is false. New Jersey did not retract its Order.

## **7. False Statements In Par Funding's Commission Filings About McElhone and Cole's Receipt of Funds**

235. Par Funding has filed two false filings with the Commission concerning its Par Funding Note offering and how investor funds would be used. On February 12, 2019, Par Funding filed a Notice of Exempt Offering of Securities on Form D with the Commission, stating that it was a new notice for an offering of debt securities in reliance on the exemption under Rule 506(b) and that the first sale was on August 1, 2012. The filing discloses approximately \$3.6 million Par Funding has paid in finders' fees and a total amount sold of approximately \$227 million to 488 investors. In the Use of Proceeds section, the filing states that none of the gross proceeds of the offering has been or is proposed to be used for payments to executive officers or others listed in the filing's section for related persons, in which McElhone and Cole are listed as executive officers and directors.

236. On April 28, 2020, Par Funding filed an amended Form D with the Commission with respect to the offering that began August 1, 2012, disclosing the total amount sold to the 488 investors was higher than it initially reported in 2019 - \$378 million.

237. This filing states that Par Funding has paid no finders' fees and commissions, and again states that none of the gross proceeds of the offering has been or is proposed to be used for payments to executive officers or others listed in the filing's related persons section, which again includes McElhone and Cole.

238. Cole signed the Amended Form D on behalf of Par Funding.

239. The representations in both filings that Cole and McElhone would not receive any of the gross proceeds of the securities offering are false.

240. McElhone received at least \$11.3 million from the offering between July 2015 and October 2019. As for Cole, Par Funding transferred funds, which included investor funds, to



companies in which Cole has an ownership interest or otherwise receives financial benefits: \$1.8 million to ALB Management between July 2019 and October 2019; about \$4.9 million to Beta Abigail between July 2016 and April 2019; and about \$9.5 million to New Field Ventures, LLC between February 2017 and November 2019.

241. In a recent recorded conversation with an FBI confidential source, Cole admitted that Par Funding pays him through his consulting firms and that the amounts are reflected in the “consulting” line on the Par Funding financial statements.

242. The Par Funding financial statements reflect the amount of the consulting payments and notes that New Field Ventures is owned by Cole and Abbonizio. Cole is also an owner of Beta Abigail, which also receives purported consulting funds from Par Funding, and he admitted to the undercover human source that ALB Management is a company through which he receives payments from Par Funding.

243. The representation in Par Funding’s 2020 Form D filing that Par Funding did not pay commissions is similarly false. Par Funding had paid so-called finders’ fees of at least \$3.6 million plus an addition \$1 million in payments labeled as “commissions” from July 2015 to February 2020.

### **8. False Claims about LaForte’s Personal Investment in Par Funding**

244. LaForte falsely told prospective investors that he personally invested in Par Funding. For example, at the November 2019 solicitation dinner for ABFP, LaForte told the crowd that he had invested \$500,000 of his own money in Par Funding to get the company started. LaForte also claimed in an email to an existing investor inquiring about someone else potentially investing, “I have 80 million in the company myself. So his money would be side by side w [sic] mine.”

245. LaForte’s claims are false. Not only did LaForte not invest his own money to start Par Funding, but he has in fact never invested in Par Funding.

### **9. Misrepresentations and Omissions about Vagnozzi’s Regulatory History**

246. While soliciting investors for the Par Funding investment through ABFP, Vagnozzi touts his financial and business acumen and his success through ABFP, but fails to disclose his regulatory history.

247. For example, at the November 2019 solicitation dinner, Vagnozzi touts his “proven track record,” how investors have never missed a payment, and how well ABPF does for its investors.

248. At this same dinner, Vagnozzi told the audience of investors: “What I’m doing is legal, but most financial advisors don’t have a set of you-know-what’s to drop that license so they can do what I’m doing.”

249. In truth, just months before making this representation to potential investors, the Pennsylvania Securities Regulators sanctioned Vagnozzi for violating state securities laws.

250. Vagnozzi has testified under oath that ABFP is his alter ego. While playing up his supposed investment success, including success through the Par Funding investment, Vagnozzi fails to disclose to investors the fact that he settled a regulatory action with the state of Pennsylvania in May 2019 ordering him to pay a \$490,000 fine based on his sales of the Par Funding investment in violation of state law.

251. Understanding that investors would want to know of unlawful activity when deciding with whom to invest, Vagnozzi publishes an article on the ABFP website addressing the issue head-on. And lying about it.

252. Specifically, on the ABFP website, Vagnozzi has an article published entitled “What’s the Catch? By Dean Vagnozzi.” In it, he tells potential investors:

I know that potential clients will inevitably wonder, “what’s the catch?”  
Is Dean Vagnozzi a scam artist? Is A Better Financial Plan 1346 a fraud? Of course they would be skeptical! And so would I!  
So let me save you a lot of time. There is no catch.  
So stop looking for one. Stop googling, stop searching to see if Dean Vagnozzi is a scam, stop looking on the Better Business Bureau’s website to see if A Better Financial Plan 1346 is a fraud. I have never had a criminal record in my life and I am very confident that there never will be.  
In fact, to the best of my knowledge, *the only law that I think I ever broke* was a speeding ticket that I received on the New Jersey Turnpike back when I was in my early 20’s. That is about the only misdemeanor that I have ever been a part of. (Jeez, I sound like a lot of fun, don’t I?)

253. In truth, in 2019 Vagnozzi was sanctioned by the Pennsylvania Securities Regulators for violating the federal securities laws; and in February 2020 the Texas Securities Regulators filed a claim against ABFP for fraud in connection with the Par Funding offering, which remains pending.

254. Even after the Commission filed a Consent Order against Vagnozzi for his violation of the federal securities laws on July 14, 2020, Vagnozzi continues to publish the “What’s the Catch?” article, “What’s the Catch?” on the ABFP website.

255. None of Vagnozzi’s regulatory history is disclosed to investors. Instead, Vagnozzi tells potential investors a traffic law is the only law he has ever violated.

256. As recently as July 23, 2020, the ABFP website homepage includes a photo of Vagnozzi standing with individuals with the caption “A Team You Can Trust.” This caption is a

hyperlink that takes the reader to a page that reads “About Dean Vagnozzi.” This page includes details about Vagnozzi’s successes and career path.

257. There is no mention of his regulatory history or the sanctions levied against him for violating securities laws in connection with the offer and sale of Par Funding securities.

#### **10. Misrepresentations and Omissions about ABFP’s Regulatory History**

258. ABFP’s website homepage, [www.abetterfinancialplan.com](http://www.abetterfinancialplan.com), features a video in which Vagnozzi tells potential investors that none of his clients have ever lost money and that ABFP works with one of the top law firms in Philadelphia.

259. The webpage also includes a video that purports to tell the story of ABFP, and testimonials ABFP reprints and posts on the website to show glowing reviews about the company such as “Dean and his company are standup people.”

260. ABFP fails to disclose that ABFP is subject to a February 2020 Cease-and-Desist Order issued by Texas Securities Regulators.

261. In the Exchange Offering materials provided to investors, ABFP disclosed as an investment risk the existence of lawsuits filed by small businesses based on Loan disputes. However, there is no disclosure of the existence of the case against ABFP, Par Funding, and Abbonizio in Texas. Nor is there is any disclosure of the Emergency Cease-and-Desist Order the Texas Regulators entered months before the Exchange Offering based on findings that ABFP, Par Funding, and Abbonizio made fraudulent and material misrepresentations and omissions to investors in connection with the Par Funding and Agent Fund offering, or that the fact that the action filed by the Texas Regulators was – and is – ongoing.

#### **11. Misrepresentations and Omissions about Abbonizio’s Regulatory History**

262. Similarly, when ABFP offered the Exchange Offering, the Texas Securities Regulators had issued the Emergency Cease-and-Desist Order against Par Funding based on his

fraudulent misrepresentations and omissions in connection with Par Funding and the Agent Fund offering.

263. ABFP, through Vagnozzi, was aware of that Order, as ABFP is also a party to the Texas Action. When offering the Exchange Notes, ABFP and Vagnozzi reassured investors about Par Funding's ability to rebound and recommence payments if investors accepted the Exchange Notes and touted the hardworking employees at Par Funding.

264. Par Funding's website continued advertising its purported "strong, dedicated team," which continues to this day.

265. At the time of Exchange Note offering, Abbonizio was a partial owner and manager of Par Funding who had solicited investors to make their initial investments in Par Funding through the Agent Funds, and Abbonizio continues his role at Par Funding today.

266. However, at no time did ABFP, Vagnozzi, or Par Funding disclose to investors that just before the offering began, the Texas Securities Regulators issued an Emergency Cease-and-Desist Order against Abbonizio for, among other things, engaging in fraud in connection with the Par Funding offerings and Agent Fund solicitations.

267. Likewise, in soliciting undercover individuals to invest in Par Funding in June and July 2020, no one at Par Funding disclosed the Texas Cease-and-Desist Order issued against Abbonizio.

## **COUNT I**

### **Fraud in Violation of Section 10(b) and Rule 10b-5(a) of the Exchange Act**

**Against Par Funding, Full Spectrum, ABFP, ABFP Management,  
ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning,  
McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman**

268. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

269. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, directly or indirectly, by use of the means and instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of securities, knowingly or recklessly, employed devices, schemes or artifices to defraud in connection with the purchase or sale of securities.

270. By reason of the foregoing, these Defendants, directly or indirectly violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5(a) [17 C.F.R. § 240.10b-5(a)].

## **COUNT II**

### **Fraud in Violation of Section 10(b) and Rule 10b-5(b) of the Exchange Act**

#### **Against Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman**

271. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

272. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017

through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, directly or indirectly, by use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of securities, has knowingly or recklessly made untrue statements of material facts or omitted to state material facts in order to make the statements made, in the light of the circumstances in which they were made, not misleading.

273. By reason of the foregoing, these Defendants, directly or indirectly violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5(b) [17 C.F.R. § 240.10b-5(b)].

### **COUNT III**

#### **Fraud in Violation of Section 10(b) and Rule 10b-5(c) of the Exchange Act**

#### **Against Against Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman**

274. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

275. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, directly or indirectly, by use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of securities, knowingly or recklessly engaged in acts,

practices, and courses of business which have operated, are now operating, and will operate as a fraud upon the purchasers of such securities.

276. By reason of the foregoing, these Defendants, directly or indirectly violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5(c) [17 C.F.R. § 240.10b-5(c)].

#### **COUNT IV**

#### **Fraud in the Offer or Sale of Securities in Violation of Section 17(a)(1) of the Securities Act**

#### **Against Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman**

277. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

278. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, directly or indirectly, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce or of the mails have knowingly or recklessly employed devices, schemes or artifices to defraud.

279. By reason of the foregoing, these Defendants, directly or indirectly violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].



**COUNT V**

**Fraud in the Offer or Sale of Securities in  
Violation of Section 17(a)(2) of the Securities Act**

**Against all Defendants**

280. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

281. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, Gissas, Retirement Evolution, and RE Fund, beginning no later than May 2018 through present, and RE Fund 2, beginning no later than August 2019 through present, directly or indirectly, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce or of the mails have negligently obtained money or property by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

282. By reason of the foregoing, the Defendants, directly or indirectly violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)].

## **COUNT VI**

### **Fraud in the Offer or Sale of Securities in Violation of Section 17(a)(3) of the Securities Act**

#### **Against All Defendants**

283. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint.

284. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, Gissas, Retirement Evolution, and RE Fund, beginning no later than May 2018 through present, and RE Fund 2, beginning no later than August 2019 through present, directly or indirectly, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce or of the mails have negligently engaged in transactions, practices, or courses of business which operated or would have operated as a fraud or deceit upon the purchasers.

285. By reason of the foregoing, the Defendants, directly or indirectly violated, and, unless and restrained and enjoined, are reasonably likely to continue to violate, Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(3)].

## **COUNT VII**

### **Sale of Unregistered Securities in Violation of Sections 5(a) and 5(c) of the Securities Act**

#### **Against All Defendants**

286. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint as if fully set forth herein.

287. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the securities issued and the transactions conducted by the Defendants as described in this Complaint and no exemption from registration existed with respect to these securities and transactions.

288. Par Funding, McElhone, LaForte, and Cole, beginning no later than July 2015 and continuing through present, Abbonizio, beginning no later than April 2016 until present, Vagnozzi, and ABFP, beginning no later than August 2016 through present, ABFP Management and ABFP Income Fund, beginning no later than February 2018 through present, ABFP Income Fund 2, beginning no later than August 10, 2018, Full Spectrum beginning no later than January 2017 through present, Furman and United Fidelis, beginning no later than November 2017 through present, and Fidelis Planning beginning no later than August 2019 through present, Gissas, Retirement Evolution, and RE Fund, beginning no later than May 2018 through present, and RE Fund 2, beginning no later than August 2019 through present, directly or indirectly:

- (a) made use of means or instruments of transportation or communication in interstate commerce or of the mails to sell securities as described herein, through the use or medium of a prospectus or otherwise;

(b) carried securities or caused such securities, as described herein, to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale; or

(c) made use of means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of a prospectus or otherwise, as described herein, without a registration statement having been filed or being in effect with the Commission as to such securities.

289. By reason of the foregoing, the Defendants violated, and, unless restrained and enjoined, are reasonably likely to continue to violate, Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

### **COUNT VIII**

#### **Control Person Liability Under Section 20(a) of the Exchange Act**

#### **Against McElhone and LaForte**

290. The Commission repeats and realleges paragraphs 1 through 267 of this Complaint as if fully set forth herein.

291. From no later than July 2015 through present, McElhone and LaForte have been, directly or indirectly, control persons of Par Funding and Full Spectrum for purposes of Section 20(a) of the Exchange Act, 15 U.S.C. §78t(a).

292. From no later than July 2015 through present, Par Funding and Full Spectrum violated Section 10(b) and Rule 10b-5 of the Exchange Act.

293. As control persons of Par Funding and Full Spectrum, McElhone and LaForte are jointly and severally liable with and to the same extent as Par Funding and Full Spectrum for each of their violations of Section 10(b) and Rule 10b-5 of the Exchange Act.

294. By reason of the foregoing, McElhone and LaForte directly and indirectly have violated, and unless restrained and enjoined, are reasonably likely to continue to violate Section 10(b) and 20(a) and Rule 10b-5 of the Exchange Act, 15 U.S.C. § 78j(b) and §78t(a), and 17 C.F.R. § 240.10b-5.

### **RELIEF REQUESTED**

**WHEREFORE**, the Commission respectfully requests that the Court find that Defendants committed the violations alleged and:

#### **I.**

#### **Temporary Restraining Order And Preliminary Injunction**

Issue a Temporary Restraining Order and Preliminary Injunction, restraining and enjoining: All Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Sections 17(a)(2) and (3), and Sections 5(a) and (c) of the Securities Act; Defendants Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Section 17(a)(1) of the Securities Act and Section 10(b) and Rule 10b-5 of the Exchange Act; and McElhone and LaForte, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Section 20(a) of the Exchange Act.

#### **II.**

#### **Permanent Injunction**

Issue a Permanent Injunction, restraining and enjoining: All Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them,

and each of them, from violating Sections 17(a)(2) and (3), and Sections 5(a) and (c) of the Securities Act; Defendants Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, McElhone, Cole, LaForte, Abbonizio, Vagnozzi, and Furman, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Section 17(a)(1) of the Securities Act and Section 10(b) and Rule 10b-5 of the Exchange Act.

### III.

#### **Asset Freeze and Sworn Accountings**

Issue an Order freezing the assets of Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, Retirement Evolution Group, RE Fund, RE Fund 2, McElhone, LaForte, Cole and Relief Defendant LME Trust, and requiring the Defendants and Relief Defendant to file sworn accountings with this Court.

### IV.

#### **Records Preservation**

Issue an Order requiring all Defendants and the Relief Defendant to preserve any records related to the subject matter of this lawsuit that are in their custody or possession or subject to their control.

### V.

#### **Disgorgement**

Issue an Order directing all Defendants and the Relief Defendant to disgorge all ill-gotten gains received within the applicable statute of limitations, including prejudgment interest, resulting from the acts or courses of conduct alleged in this Complaint.

## VI.

### **Penalties**

Issue an Order directing all Par Funding, Full Spectrum, ABFP, ABFP Management, United Fidelis, Retirement Evolution, McElhone, LaForte, Cole, Abbonizio, Vagnozzi, Furman, and Gissas to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d).

## VII.

### **Appointment of a Receiver**

Appoint a receiver over Defendants Par Funding, Full Spectrum, ABFP, ABFP Management, ABFP Income Fund, ABFP Income Fund 2, United Fidelis, Fidelis Planning, Retirement Evolution, RE Fund and RE Fund 2.

## VIII.

### **Further Relief**

Grant such other and further relief as may be necessary and appropriate.

## IX.

### **Retention of Jurisdiction**

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that it may enter, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

**DEMAND FOR JURY TRIAL**

The Commission hereby demands a jury trial in this case.

August 10, 2020

Respectfully submitted,

By: s/Amie Riggle Berlin  
Amie Riggle Berlin  
Senior Trial Counsel  
Florida Bar No. 630020  
Direct Dial: (305) 982-6322  
Direct email: berlina@sec.gov

Attorney for Plaintiff  
**SECURITIES AND EXCHANGE  
COMMISSION**  
801 Brickell Avenue, Suite 1950  
Miami, Florida 33131  
Telephone: (305) 982-6300  
Facsimile: (305) 536-4154

Of counsel:  
Linda Schmidt, Senior Counsel  
Securities and Exchange Commission  
801 Brickell Avenue, Suite 1950  
Miami, Florida 33131

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served this 10th day of August 2020 via email and cm-ecf on all defense counsel in this case.

s/ Amie Riggle Berlin  
Amie Riggle Berlin



# Exhibit B

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 20-CIV-81205-RAR

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

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

Defendants.

\_\_\_\_\_ /

**AMENDED ORDER APPOINTING RECEIVER**

**THIS CAUSE** comes before the Court upon Plaintiff Securities and Exchange Commission’s (“SEC” or “Commission”) Expedited Motion to Amend Receivership Order [ECF No. 105] (“Motion”), filed on August 7, 2020, and the Court’s Order granting the Motion [ECF No. 140], entered on August 13, 2020.

**WHEREAS** as set forth in the Court’s July 27, 2020 Order appointing the Receiver [ECF No. 36], the Court found that, based on the record in these proceedings, the appointment of a receiver in this action is necessary and appropriate for the purposes of marshaling and preserving all assets of the Defendants (“Receivership Assets”) and those assets of the Relief Defendant that: (a) are attributable to funds derived from investors or clients of the Defendants; (b) are held in constructive trust for the Defendants; and/or (c) may otherwise be includable as assets of the estates of the Defendants (collectively, “Recoverable Assets”); and,

**WHEREAS** this Court has subject matter jurisdiction over this action and personal jurisdiction over the Defendants, and venue properly lies in this district, it is hereby

**ORDERED AND ADJUDGED** as follows:

1. This Court hereby takes exclusive jurisdiction and possession of the assets, of whatever kind and wherever situated, of the following Defendants: 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”), ABFP Management Company, LLC f/k/a Pillar Life Settlement Management Company, LLC (“ABFP Management”), 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, and RE Income Fund 2 LLC; and the following related entities: 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 (collectively, “Receivership Entities”).

2. Until further Order of this Court, Ryan Stumphauzer, Esq. is appointed to serve without bond as receiver (“Receiver”) for the estates of the Receivership Entities.

**I. Asset Freeze**

3. Except as otherwise specified herein, all Receivership Assets and Recoverable Assets are frozen until further order of this Court. Accordingly, all persons and entities with direct or indirect control over any Receivership Assets and/or any Recoverable Assets, other than the Receiver, are hereby restrained and enjoined from directly or indirectly transferring, setting off, receiving, changing, selling, pledging, assigning, liquidating or otherwise disposing of or withdrawing such assets. This freeze shall include, but not be limited to, Receivership Assets and/or Recoverable Assets that are on deposit with financial institutions such as banks, brokerage firms and mutual funds.

## **II. General Powers and Duties of Receiver**

4. The Receiver shall have all powers, authorities, rights and privileges heretofore possessed by the officers, directors, managers and general and limited partners of the Receivership Entities under applicable state and federal law, by the governing charters, by-laws, articles and/or agreements in addition to all powers and authority of a receiver at equity, and all powers conferred upon a receiver by the provisions of 28 U.S.C. §§ 754, 959 and 1692, and Fed. R. Civ. P. 66.

5. The trustees, directors, officers, managers, employees, investment advisors, accountants, attorneys and other agents of the Receivership Entities are hereby dismissed and the powers of any general partners, directors and/or managers are hereby suspended. Such persons and entities shall have no authority with respect to the Receivership Entities' operations or assets, except to the extent as may hereafter be expressly granted by the Receiver. The Receiver shall assume and control the operation of the Receivership Entities and shall pursue and preserve all of their claims.

6. No person holding or claiming any position of any sort with any of the Receivership Entities shall possess any authority to act by or on behalf of any of the Receivership Entities.

7. Subject to the specific provisions in Sections III through XIV, below, the Receiver shall have the following general powers and duties:

- A. To use reasonable efforts to determine the nature, location and value of all property interests of the Receivership Entities, including, but not limited to, monies, funds, securities, credits, effects, goods, chattels, lands, premises, leases, claims, rights and other assets, together with all rents, profits, dividends, interest or other income attributable thereto, of whatever kind, which the Receivership Entities own, possess, have a beneficial interest in, or control directly or indirectly ("Receivership Property" or, collectively, "Receivership Estates");

- B. To take custody, control and possession of all Receivership Property and records relevant thereto from the Receivership Entities; to sue for and collect, recover, receive and take into possession from third parties all Receivership Property and records relevant thereto;
- C. To manage, control, operate and maintain the Receivership Estates and hold in his possession, custody and control all Receivership Property, pending further Order of this Court;
- D. To use Receivership Property for the benefit of the Receivership Estates, making payments and disbursements and incurring expenses as may be necessary or advisable in the ordinary course of business in discharging his duties as Receiver;
- E. To take any action which, prior to the entry of this Order, could have been taken by the officers, directors, partners, managers, trustees and agents of the Receivership Entities;
- F. To engage and employ persons in his discretion to assist him in carrying out his duties and responsibilities hereunder, including, but not limited to, accountants, attorneys, securities traders, registered representatives, financial or business advisers, liquidating agents, real estate agents, forensic experts, brokers, traders or auctioneers;
- G. To take such action as necessary and appropriate for the preservation of Receivership Property or to prevent the dissipation or concealment of Receivership Property;
- H. The Receiver is authorized to issue subpoenas for documents and testimony consistent with the Federal Rules of Civil Procedure;
- I. To bring such legal actions based on law or equity in any state, federal, or foreign court as the Receiver deems necessary or appropriate in discharging his duties as Receiver;
- J. To pursue, resist and defend all suits, actions, claims and demands which may now be pending or which may be brought by or asserted against the Receivership Estates; and,
- K. To take such other action as may be approved by this Court.

### **III. Access to Information**

8. The individual Receivership Entities and the past and/or present officers, directors, agents, managers, general and limited partners, trustees, attorneys, accountants and

employees of the entity Receivership Entities, as well as those acting in their place, are hereby ordered and directed to preserve and turn over to the Receiver forthwith all paper and electronic information of, and/or relating to, the Receivership Entities and/or all Receivership Property; such information shall include but not be limited to books, records, documents, accounts and all other instruments and papers.

9. Within ten days of the entry of this Order, the Receivership Entities shall file with the Court and serve upon the Receiver and the Commission a sworn statement, listing: (a) the identity, location and estimated value of all Receivership Property; (b) all employees (and job titles thereof), other personnel, attorneys, accountants and any other agents or contractors of the Receivership Entities; and, (c) the names, addresses and amounts of claims of all known creditors of the Receivership Entities.

10. Within thirty (30) days of the entry of this Order, the Receivership Entities shall file with the Court and serve upon the Receiver and the Commission a sworn statement and accounting, with complete documentation, covering the period from January 1, 2015 to the present:

- A. Of all Receivership Property, wherever located, held by or in the name of the Receivership Entities, or in which any of them, directly or indirectly, has or had any beneficial interest, or over which any of them maintained or maintains and/or exercised or exercises control, including, but not limited to: (a) all securities, investments, funds, real estate, automobiles, jewelry and other assets, stating the location of each; and (b) any and all accounts, including all funds held in such accounts, with any bank, brokerage or other financial institution held by, in the name of, or for the benefit of any of them, directly or indirectly, or over which any of them maintained or maintains and/or exercised or exercises any direct or indirect control, or in which any of them had or has a direct or indirect beneficial interest, including the account statements from each bank, brokerage or other financial institution;
- B. Identifying every account at every bank, brokerage or other financial institution: (a) over which Receivership Entities have signatory authority;

and (b) opened by, in the name of, or for the benefit of, or used by, the Receivership Entities;

- C. Identifying all credit, bank, charge, debit or other deferred payment card issued to or used by each Receivership Entity, including but not limited to the issuing institution, the card or account number(s), all persons or entities to which a card was issued and/or with authority to use a card, the balance of each account and/or card as of the most recent billing statement, and all statements for the last twelve months;
- D. Of all assets received by any of them from any person or entity, including the value, location, and disposition of any assets so received;
- E. Of all funds received by the Receivership Entities, and each of them, in any way related, directly or indirectly, to the conduct alleged in the Commission's Complaint. The submission must clearly identify, among other things, all investors, the securities they purchased, the date and amount of their investments, and the current location of such funds;
- G. Of all expenditures exceeding \$1,000 made by any of them, including those made on their behalf by any person or entity; and
- H. Of all transfers of assets made by any of them.

11. Within thirty (30) days of the entry of this Order, the Receivership Entities shall provide to the Receiver and the Commission copies of the Receivership Entities' federal income tax returns for 2015 through present with all relevant and necessary underlying documentation.

12. The individual Receivership Entities and the Receivership Entities' past and/or present officers, directors, agents, attorneys, managers, shareholders, employees, accountants, debtors, creditors, managers and general and limited partners, and other appropriate persons or entities shall answer under oath to the Receiver all questions which the Receiver may put to them and produce all documents as required by the Receiver regarding the business of the Receivership Entities, or any other matter relevant to the operation or administration of the receivership or the collection of funds due to the Receivership Entities. In the event that the Receiver deems it

necessary to require the appearance of the aforementioned persons or entities, the Receiver shall make its discovery requests in accordance with the Federal Rules of Civil Procedure.

13. The Receiver is authorized to issue subpoenas to compel testimony of persons or production of records, consistent with the Federal Rules of Civil Procedure and applicable Local Rules, except for the provisions of Fed. R. Civ. P. 26(d)(1), concerning any subject matter within the powers and duties granted by this Order.

14. The Receivership Entities are required to assist the Receiver in fulfilling his duties and obligations. As such, they must respond promptly and truthfully to all requests for information and documents from the Receiver.

#### **IV. Access to Books, Records, and Accounts**

15. The Receiver is authorized to take immediate possession of all assets, bank accounts or other financial accounts, books and records and all other documents or instruments relating to the Receivership Entities. All persons and entities having control, custody or possession of any Receivership Property are hereby directed to turn such property over to the Receiver.

16. The Receivership Entities, as well as their agents, servants, employees, attorneys, any persons acting for or on behalf of the Receivership Entities, and any persons receiving notice of this Order by personal service, facsimile transmission or otherwise, having possession of the property, business, books, records, accounts or assets of the Receivership Entities are hereby directed to deliver the same to the Receiver, his agents and/or employees.

17. All banks, brokerage firms, financial institutions, and other persons or entities which have possession, custody or control of any assets or funds held by, in the name of, or for the benefit of, directly or indirectly, and of the Receivership Entities that receive actual notice of this Order by personal service, facsimile transmission or otherwise shall:



- A. Not liquidate, transfer, sell, convey or otherwise transfer any assets, securities, funds, or accounts in the name of or for the benefit of the Receivership Entities except upon instructions from the Receiver;
- B. Not exercise any form of set-off, alleged set-off, lien, or any form of self-help whatsoever, or refuse to transfer any funds or assets to the Receiver's control without the permission of this Court;
- C. Within five (5) business days of receipt of that notice, file with the Court and serve on the Receiver and counsel for the Commission a certified statement setting forth, with respect to each such account or other asset, the balance in the account or description of the assets as of the close of business on the date of receipt of the notice; and,
- D. Cooperate expeditiously in providing information and transferring funds, assets and accounts to the Receiver or at the direction of the Receiver.

**V. Access to Real and Personal Property**

18. The Receiver is authorized to take immediate possession of all personal property of the Receivership Entities, wherever located, including but not limited to electronically stored information, computers, laptops, hard drives, external storage drives, and any other such memory, media or electronic storage devices, books, papers, data processing records, evidence of indebtedness, bank records and accounts, savings records and accounts, brokerage records and accounts, certificates of deposit, stocks, bonds, debentures, and other securities and investments, contracts, mortgages, furniture, office supplies and equipment.

19 The Receiver is authorized to take immediate possession of all real property of the Receivership Entities, wherever located, including but not limited to all ownership and leasehold interests and fixtures. Upon receiving actual notice of this Order by personal service, facsimile transmission or otherwise, all persons other than law enforcement officials acting within the course and scope of their official duties, are (without the express written permission of the Receiver) prohibited from: (a) entering such premises; (b) removing anything from such premises; or, (c) destroying, concealing or erasing anything on such premises.

20. In order to execute the express and implied terms of this Order, the Receiver is authorized to change door locks to the premises described above. The Receiver shall have exclusive control of the keys. The Receivership Entities, or any other person acting or purporting to act on their behalf, are ordered not to change the locks in any manner, nor to have duplicate keys made, nor shall they have keys in their possession during the term of the receivership.

21. The Receiver is authorized to open all mail directed to or received by or at the offices or post office boxes of the Receivership Entities, and to inspect all mail opened prior to the entry of this Order, to determine whether items or information therein fall within the mandates of this Order.

22. Upon the request of the Receiver, the United States Marshal Service, in any judicial district, is hereby ordered to assist the Receiver in carrying out his duties to take possession, custody and control of, or identify the location of, any assets, records or other materials belonging to the Receivership Estates.

#### **VI. Notice to Third Parties**

23. The Receiver shall promptly give notice of his appointment to all known officers, directors, agents, employees, shareholders, creditors, debtors, managers and general and limited partners of the Receivership Entities, as the Receiver deems necessary or advisable to effectuate the operation of the receivership.

24. All persons and entities owing any obligation, debt, or distribution with respect to an ownership interest to any Receivership Entity shall, until further ordered by this Court, pay all such obligations in accordance with the terms thereof to the Receiver and its receipt for such payments shall have the same force and effect as if the Receivership Entity had received such payment.

25. In furtherance of his responsibilities in this matter, the Receiver is authorized to communicate with, and/or serve this Order upon, any person, entity or government office that he deems appropriate to inform them of the status of this matter and/or the financial condition of the Receivership Estates. All government offices which maintain public files of security interests in real and personal property shall, consistent with such office's applicable procedures, record this Order upon the request of the Receiver or the SEC.

26. The Receiver is authorized to instruct the United States Postmaster to hold and/or reroute mail which is related, directly or indirectly, to the business, operations or activities of any of the Receivership Entities ("Receiver's Mail"), including all mail addressed to, or for the benefit of, the Receivership Entities. The Postmaster shall not comply with, and shall immediately report to the Receiver, any change of address or other instruction given by anyone other than the Receiver concerning the Receiver's Mail. The Receivership Entities shall not open any of the Receiver's Mail and shall immediately turn over such mail, regardless of when received, to the Receiver. All personal mail of any individual Receivership Entities, and/or any mail appearing to contain privileged information, and/or any mail not falling within the mandate of the Receiver, shall be released to the named addressee by the Receiver. The foregoing instructions shall apply to any proprietor, whether individual or entity, of any private mailbox, depository, business or service, or mail courier or delivery service, hired, rented or used by the Receivership Entities. The Receivership Entities shall not open a new mailbox, or take any steps or make any arrangements to receive mail in contravention of this Order, whether through the U.S. mail, a private mail depository or courier service.

27. Subject to payment for services provided, any entity furnishing water, electric, telephone, sewage, garbage or trash removal services to the Receivership Entities shall maintain

such service and transfer any such accounts to the Receiver unless instructed to the contrary by the Receiver.

## **VII. Injunction Against Interference with Receiver**

29. The Receivership Entities and all persons receiving notice of this Order by personal service, facsimile or otherwise, are hereby restrained and enjoined from directly or indirectly taking any action or causing any action to be taken, without the express written agreement of the Receiver, which would:

- A. 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, using self-help or executing or issuing or causing the execution or issuance of any court attachment, subpoena, replevin, execution, or other process for the purpose of impounding or taking possession of or interfering with or creating or enforcing a lien upon any Receivership Property;
- B. Hinder, obstruct or otherwise interfere with the Receiver in the performance of his duties; such prohibited actions include but are not limited to, concealing, destroying or altering records or information;
- C. Dissipate or otherwise diminish the value of any Receivership Property; such prohibited actions include but are not limited to, releasing claims or disposing, transferring, exchanging, assigning or in any way conveying any Receivership Property, enforcing judgments, assessments or claims against any Receivership Property or any Receivership Entity, attempting to modify, cancel, terminate, call, extinguish, revoke or accelerate (the due date), of any lease, loan, mortgage, indebtedness, security agreement or other agreement executed by any Receivership Entity or which otherwise affects any Receivership Property; or,
- D. Interfere with or harass the Receiver, or interfere in any manner with the exclusive jurisdiction of this Court over the Receivership Estates.

30. The Receivership Entities shall cooperate with and assist the Receiver in the performance of his duties.

31. The Receiver shall promptly notify the Court and SEC counsel of any failure or apparent failure of any person or entity to comply in any way with the terms of this Order.

### **VIII. Stay of Litigation**

32. As set forth in detail below, and excluding the instant proceeding, all police or regulatory actions and actions of the Commission related to the above-captioned enforcement action, and the proceedings specified in the Court's Order Granting the Receiver's Emergency Motion to Lift Litigation Injunction as to Certain Garnishment Proceedings [ECF No. 112], the following proceedings are stayed until further Order of this Court:

All civil legal proceedings of any nature, including, but not limited to, bankruptcy proceedings, arbitration proceedings, foreclosure actions, default proceedings, or other actions of any nature involving: (a) the Receiver, in his capacity as Receiver; (b) any Receivership Property, wherever located; (c) any of the Receivership Entities, including subsidiaries and partnerships; or, (d) any of the Receivership Entities' past or present officers, directors, managers, agents, or general or limited partners sued for, or in connection with, any action taken by them while acting in such capacity of any nature, whether as plaintiff, defendant, third-party plaintiff, third-party defendant, or otherwise (such proceedings are hereinafter referred to as "Ancillary Proceedings").

33. The parties to any and all Ancillary Proceedings are enjoined from commencing or continuing any such legal proceeding, or from taking any action, in connection with any such proceeding, including, but not limited to, the issuance or employment of process.

34. All Ancillary Proceedings are stayed in their entirety, and all Courts having any jurisdiction thereof are enjoined from taking or permitting any action until further Order of this Court. Further, as to a cause of action accrued or accruing in favor of one or more of the Receivership Entities against a third person or party, any applicable statute of limitation is tolled during the period in which this injunction against commencement of legal proceedings is in effect as to that cause of action.

### **IX. Managing Assets**

35. For each of the Receivership Estates, the Receiver shall establish one or more custodial accounts at a federally insured bank to receive and hold all cash equivalent Receivership Property ("Receivership Funds").

36. The Receiver's deposit account shall be entitled "Receiver's Account, Estate of [Receivership Entity]" together with the name of the action.

37. The Receiver may, without further Order of this Court, transfer, compromise, or otherwise dispose of any Receivership Property, other than real estate, in the ordinary course of business, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such Receivership Property.

38. Subject to Paragraph 39, immediately below, the Receiver is authorized to locate, list for sale or lease, engage a broker for sale or lease, cause the sale or lease, and take all necessary and reasonable actions to cause the sale or lease of all real property in the Receivership Estates, either at public or private sale, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such real property.

39. Upon further Order of this Court, pursuant to such procedures as may be required by this Court and additional authority such as 28 U.S.C. §§ 2001 and 2004, the Receiver will be authorized to sell, and transfer clear title to, all real property in the Receivership Estates.

40. The Receiver is authorized to take all actions to manage, maintain, and/or wind-down business operations of the Receivership Estates, including making legally required payments to creditors, employees, and agents of the Receivership Estates and communicating with vendors, investors, governmental and regulatory authorities, and others, as appropriate.

41. The Receiver shall take all necessary steps to enable the Receivership Funds to obtain and maintain the status of a taxable "Settlement Fund," within the meaning of Section 468B of the Internal Revenue Code and of the regulations, when applicable, whether proposed,

temporary or final, or pronouncements thereunder, including the filing of the elections and statements contemplated by those provisions. The Receiver shall be designated the administrator of the Settlement Fund, pursuant to Treas. Reg. § 1.468B-2(k)(3)(i), and shall satisfy the administrative requirements imposed by Treas. Reg. § 1.468B-2, including but not limited to (a) obtaining a taxpayer identification number, (b) timely filing applicable federal, state, and local tax returns and paying taxes reported thereon, and (c) satisfying any information, reporting or withholding requirements imposed on distributions from the Settlement Fund. The Receiver shall cause the Settlement Fund to pay taxes in a manner consistent with treatment of the Settlement Fund as a “Qualified Settlement Fund.” The Receivership Entities shall cooperate with the Receiver in fulfilling the Settlement Funds’ obligations under Treas. Reg. § 1.468B-2.

#### **X. Investigate and Prosecute Claims**

42. Subject to the requirement, in Section VIII above, that leave of this Court is required to resume or commence certain litigation, the Receiver is authorized, empowered and directed to investigate, prosecute, defend, intervene in or otherwise participate in, compromise, and/or adjust actions in any state, federal or foreign court or proceeding of any kind as may in his discretion, and in consultation with SEC counsel, be advisable or proper to recover and/or conserve Receivership Property.

43. Subject to his obligation to expend receivership funds in a reasonable and cost-effective manner, the Receiver is authorized, empowered and directed to investigate the manner in which the financial and business affairs of the Receivership Entities were conducted and (after obtaining leave of this Court) to institute such actions and legal proceedings, for the benefit and on behalf of the Receivership Estate, as the Receiver deems necessary and appropriate; the Receiver may seek, among other legal and equitable relief, the imposition of constructive trusts,

disgorgement of profits, asset turnover, avoidance of fraudulent transfers, rescission and restitution, collection of debts, and such other relief from this Court as may be necessary to enforce this Order. Where appropriate, the Receiver should provide prior notice to Counsel for the Commission before commencing investigations and/or actions.

44. The Receiver hereby holds, and is therefore empowered to waive, all privileges, including the attorney-client privilege, held by all entity Receivership Entities.

45. The receiver has a continuing duty to ensure that there are no conflicts of interest between the Receiver, his Retained Personnel (as that term is defined below), and the Receivership Estate.

### **XI. Bankruptcy Filing**

46. The Receiver may seek authorization of this Court to file voluntary petitions for relief under Title 11 of the United States Code (“Bankruptcy Code”) for the Receivership Entities. If a Receivership Entity is placed in bankruptcy proceedings, the Receiver may become, and may be empowered to operate each of the Receivership Estates as, a debtor in possession. In such a situation, the Receiver shall have all of the powers and duties as provided a debtor in possession under the Bankruptcy Code to the exclusion of any other person or entity. Pursuant to Paragraph 4 above, the Receiver is vested with management authority for all entity Receivership Entities and may therefore file and manage a Chapter 11 petition.

47. The provisions of Section VIII above bar any person or entity, other than the Receiver, from placing any of the Receivership Entities in bankruptcy proceedings.

### **XII. Liability of Receiver**

48. Until further Order of this Court, the Receiver shall not be required to post bond or give an undertaking of any type in connection with his fiduciary obligations in this matter.



49. The Receiver and his agents, acting within scope of such agency (“Retained Personnel”) are entitled to rely on all outstanding rules of law and Orders of this Court and shall not be liable to anyone for their own good faith compliance with any order, rule, law, judgment, or decree. In no event shall the Receiver or Retained Personnel be liable to anyone for their good faith compliance with their duties and responsibilities as Receiver or Retained Personnel, nor shall the Receiver or Retained Personnel be liable to anyone for any actions taken or omitted by them except upon a finding by this Court that they acted or failed to act as a result of malfeasance, bad faith, gross negligence, or in reckless disregard of their duties.

50. This Court shall retain jurisdiction over any action filed against the Receiver or Retained Personnel based upon acts or omissions committed in their representative capacities.

51. In the event the Receiver decides to resign, the Receiver shall first give written notice to the Commission’s counsel of record and the Court of its intention, and the resignation shall not be effective until the Court appoints a successor. The Receiver shall then follow such instructions as the Court may provide.

### **XIII. Recommendations and Reports**

52. If the Receiver deems it necessary, the Receiver is authorized to develop a plan for the fair, reasonable, and efficient recovery and liquidation of all remaining, recovered, and recoverable Receivership Property (“Liquidation Plan”) for review by the Court. The Receiver shall file the Liquidation Plan in the above-captioned action, with service copies to counsel of record.

53. Within thirty (30) days after the end of each calendar quarter, the Receiver shall file and serve a full report and accounting of each Receivership Estate (“Quarterly Status Report”), reflecting (to the best of the Receiver’s knowledge as of the period covered by the report) the

existence, value, and location of all Receivership Property, and of the extent of liabilities, both those claimed to exist by others and those the Receiver believes to be legal obligations of the Receivership Estates.

54. The Quarterly Status Report shall contain the following:
- A. A summary of the operations of the Receiver;
  - B. The amount of cash on hand, the amount and nature of accrued administrative expenses, and the amount of unencumbered funds in the estate;
  - C. A schedule of all the Receiver's receipts and disbursements (attached as Exhibit A to the Quarterly Status Report), with one column for the quarterly period covered and a second column for the entire duration of the receivership;
  - D. A description of all known Receivership Property, including approximate or actual valuations, anticipated or proposed dispositions, and reasons for retaining assets where no disposition is intended;
  - E. A description of liquidated and unliquidated claims held by the Receivership Estate, including the need for forensic and/or investigatory resources; approximate valuations of claims; and anticipated or proposed methods of enforcing such claims (including likelihood of success in: (i) reducing the claims to judgment; and, (ii) collecting such judgments);
  - F. A list of all known creditors with their addresses and the amounts of their claims;
  - G. The status of Creditor Claims Proceedings, after such proceedings have been commenced; and,
  - H. The Receiver's recommendations for a continuation or discontinuation of the receivership and the reasons for the recommendations.

55. On the request of the Commission, the Receiver shall provide the Commission with any documentation that the Commission deems necessary to meet its reporting requirements, that is mandated by statute or Congress, or that is otherwise necessary to further the Commission's mission.

#### **XIV. Fees, Expenses and Accountings**

56. Subject to Paragraphs 57 – 63 immediately below, the Receiver need not obtain Court approval prior to the disbursement of Receivership Funds for expenses in the ordinary course of the administration and operation of the receivership. Further, prior Court approval is not required for payments of applicable federal, state or local taxes.

57. Subject to Paragraph 58 immediately below, the Receiver is authorized to solicit persons and entities (“Retained Personnel”) to assist him in carrying out the duties and responsibilities described in this Order. The Receiver shall not engage any Retained Personnel without first obtaining an Order of the Court authorizing such engagement.

58. The Receiver and Retained Personnel are entitled to reasonable compensation and expense reimbursement from the Receivership Estates as described in the “Billing Instructions for Receivers in Civil Actions Commenced by the U.S. Securities and Exchange Commission” (“Billing Instructions”) agreed to by the Receiver. Such compensation shall require the prior approval of the Court.

59. Within forty-five (45) days after the end of each calendar quarter, the Receiver and Retained Personnel shall apply to the Court for compensation and expense reimbursement from the Receivership Estates (“Quarterly Fee Applications”). At least thirty (30) days prior to filing each Quarterly Fee Application with the Court, the Receiver will serve upon counsel for the SEC a complete copy of the proposed Application, together with all exhibits and relevant billing information in a format to be provided by SEC staff.

60. All Quarterly Fee Applications will be interim and will be subject to cost benefit and final reviews at the close of the receivership. At the close of the receivership, the Receiver

will file a final fee application, describing in detail the costs and benefits associated with all litigation and other actions pursued by the Receiver during the course of the receivership.

61. Quarterly Fee Applications may be subject to a holdback of 20% of the amount of fees and expenses for each application filed with the Court. The total amounts held back during the course of the receivership will be paid out at the discretion of the Court as part of the final fee application submitted at the close of the receivership.

62. Each Quarterly Fee Application shall:

- A. Comply with the terms of the Billing Instructions agreed to by the Receiver; and,
- B. Contain representations (in addition to the Certification required by the Billing Instructions) that: (i) the fees and expenses included therein were incurred in the best interests of the Receivership Estate; and, (ii) with the exception of the Billing Instructions, the Receiver has not entered into any agreement, written or oral, express or implied, with any person or entity concerning the amount of compensation paid or to be paid from the Receivership Estate, or any sharing thereof.

63. At the close of the Receivership, the Receiver shall submit a Final Accounting, in a format to be provided by SEC staff, as well as the Receiver's final application for compensation and expense reimbursement.

**DONE AND ORDERED** in Fort Lauderdale, Florida, this 13th day of August, 2020.



**RODOLFO A. RUIZ II**  
**UNITED STATES DISTRICT JUDGE**

Copies to: Counsel of Record

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE**

JOSEPH and JOAN CAPUTO, on behalf of	:	
themselves and all others similarly situated,	:	
	:	C.A. No. 20-CV-1042-CFC
Plaintiffs,	:	
v.	:	
	:	
DEAN VAGNOZZI;	:	
ABetterFinancialPlan.com d/b/a A BETTER	:	
FINANCIAL PLAN;	:	
JOHN W. PAUCIULO; ECKERT	:	
SEAMANS CHERIN & MELLOTT, LLC;	:	
ABFP MANAGEMENT COMPANY, LLC;	:	
ABFP INCOME FUND, LLC;	:	
ABFP INCOME FUND 2, L.P.;	:	
ABFP INCOME FUND 3, LLC;	:	
ABFP INCOME FUND 4; LLC;	:	
ABFP INCOME FUND 5, LLC;	:	
ABFP INCOME FUND 6, LLC;	:	
ABFP INCOME FUND 7, LLC;	:	
ABFP INCOME FUND PARALLEL LLC;	:	
ABFP INCOME FUND 2 PARALLEL LLC;	:	
ABFP INCOME FUND 3 PARALLEL LLC;	:	
ABFP INCOME FUND 4 PARALLEL LLC;	:	
ABFP INCOME FUND 6 PARALLEL LLC;	:	
and ABFP INCOME FUND 7 PARALLEL	:	
LLC,	:	
	:	
Defendants.	:	

**ORDER**

AND NOW, this \_\_\_ day of August 2020, it is ORDERED the Receiver’s Request for Stay is GRANTED. The case is STAYED pending further order from this Court.

By the Court:

\_\_\_\_\_  
Hon. Colm F. Connolly  
United States District Judge

# **EXHIBIT D**

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

**Case No. 20-cv-23750-DPG**

ROBERT MONTGOMERY, et al.,

Plaintiffs,

v.

ECKERT SEAMANS CHERIN & MELLIOT,  
LLC, JOHN W. PAUCIULO, MICHAEL C.  
FURMAN, JOHN GISSAS, and DEAN  
VAGNOZZI,

Defendants.

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**JOINT NOTICE OF STAY AND MOTION FOR  
ADMINISTRATIVE ORDER TEMPORARILY CLOSING CASE**

Plaintiffs Robert Montgomery, Lynne Lapidus, Henry Barth, Laurie Haire, Glenn Friedman, Rosalye Friedman, Betti Jane Cuomo, Anthony Cuomo, Mark Heron and Raymond Jannelli (collectively, “Plaintiffs”) and Ryan K. Stumphauzer, as Receiver over the non-party Receivership Entities<sup>1</sup> (the “Receiver”), by and through their respective undersigned counsel, and pursuant to Fed. R. Civ. P. 16 and the Court’s inherent power, jointly provide notice of a stay of litigation in related litigation and move the Court to enter of an Administrative Order temporarily closing this action.

---

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

As grounds in support thereof, Plaintiffs and the Receiver respectfully state as follows:

1. Plaintiffs commenced this action with the filing of the Complaint on September 9, 2020. (ECF No. 1).

2. As set forth in the Complaint, the Plaintiffs are asserting claims against Defendants Eckert Seamans Cherin & Melliot, LLC, John W. Pauciulo, Michael C. Furman, John Gissas, and Dean Vagnozzi (the “Defendants”) “for their role in an investment scheme” involving a company by the name of Complete Business Solutions Group, Inc. d/b/a Par Funding (“Par Funding”). (Complaint at ¶ 1).

3. On July 24, 2020, the Securities and Exchange Commission commenced an enforcement action in the United States District Court for the Southern District of Florida against Par Funding in the case captioned *Securities and Exchange Commission v. Complete Business Solutions Group, Inc. d/b/a Par Funding, et al.*, Case No. 20-cv-81205 (the “Enforcement Action”).

4. The SEC has asserted claims in the Enforcement Action against, among others, Michael C. Furman, John Gissas, and Dean Vagnozzi.

5. On August 13, 2020, U.S. District Court Judge Rodolfo Ruiz, who is presiding over the Enforcement Action, entered an Amended Order Appointing Receiver in the Enforcement Action (the “Receivership Order”), a copy of which is attached as Exhibit 1. (Enforcement Action, ECF No. 141).

6. In the Receivership Order, Judge Ruiz appointed Mr. Stumphauzer as the Receiver over the various Receivership Entities, including Par Funding and ABetterFinancialPlan.com LLC (“ABFP”). Dean Vagnozzi is the founder and manager of ABFP and various of its related funds.





12. This request, made jointly by Plaintiffs and the Receiver, is for good cause.

**MEMORANDUM OF LAW**

“A district court retains the inherent authority to manage its own docket.” *Wilson v. Farley*, 203 Fed. Appx. 239, 250 (11th Cir. 2006). In exercising this authority, a district court may take into consideration the need to “manage its cases efficiently.” *Gray v. Target Corp.*, 13-62769-CIV, 2014 WL 12600138, at \*1 (S.D. Fla. Jan. 27, 2014). One way in which a district court may exercise this authority is to “issue a stay to control the disposition of its docket to economize the time and effort of both the Court and the litigants.” *Patriot Underwriters, Inc. v. Select Peo, Inc.*, 12-CV-61546, 2013 WL 12154551, at \*1 (S.D. Fla. June 6, 2013).

For example, district courts have abated claims and administratively closed cases for statistical purposes pending the lifting of a stay in a related receivership proceeding,<sup>2</sup> the resolution of an appellate process,<sup>3</sup> the completion of a related investigative proceeding,<sup>4</sup> or the outcome of an arbitration.<sup>5</sup> Here, the parties agree that it is appropriate to stay this action in light of the Stay of Litigation, and given that the Enforcement Action is in the very early stages and the Receiver is currently evaluating the claims he may bring, which may include claims against the Defendants in this action. Under these circumstances, and giving due consideration to the time, effort, and resources of the Court and the litigants, the Court has the authority to enter an Administrative Order closing this matter for an indefinite period of time, and directing that it will consider restoring the case to active status upon a motion from the Plaintiffs requesting the Court to do so.

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<sup>2</sup> *Shelton v. CSG Sols. Consulting LLC*, 618CV1335ORL41LRH, 2019 WL 3306066, at \*3 (M.D. Fla. July 3, 2019), report and recommendation adopted, 618CV1335ORL41LRH, 2019 WL 3305336 (M.D. Fla. July 23, 2019).

<sup>3</sup> *Miles v. Lexington Ins. Co.*, 13-21555-CIV, 2013 WL 3991970, at \*2 (S.D. Fla. Aug. 2, 2013)

<sup>4</sup> *Prosper v. Martin*, 239 F. Supp. 3d 1347, 1350 (S.D. Fla. 2017)

<sup>5</sup> *Valdez v. Bags, Inc.*, 16-20390-CIV, 2016 WL 10932750, at \*1 (S.D. Fla. Aug. 22, 2016)

A proposed Order for the Court’s consideration is attached hereto as Exhibit 2.

**CONCLUSION**

WHEREFORE, Plaintiffs and the Receiver jointly request the Court to enter an Administrative Order closing this matter for an indefinite period of time, and directing that the Court will consider restoring the case to active status upon a motion from the Plaintiffs requesting the Court to do so.

**CERTIFICATE OF GOOD FAITH CONFERENCE**

Pursuant to Local Rule 7.1(a)(3)(A), we hereby certify that counsel for the movants have conferred with all parties or non-parties who may be affected by the relief sought in this motion in a good-faith effort to resolve the issues raised in this motion. Plaintiffs and the Receiver have agreed to jointly seek the relief sought through this motion, and counsel for Eckert Seamans Cherin & Melliot, LLC and John W. Pauciulo have confirmed that they do not oppose the requested relief.

Dated: November 2, 2020

Respectfully submitted,

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*Co-Counsel for Plaintiffs*

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*Co-Counsel for Plaintiffs*

**CERTIFICATE OF SERVICE**

I certify that on November 2, 2020, I electronically filed the foregoing document with the Clerk of the Court using the CM/ECF system. I also certify that the foregoing document is also being served on this day on all counsel of record via transmission of Notices of Electronic Filing generated by CM/ECF.

/s/ Timothy A. Kolaya  
TIMOTHY A. KOLAYA

# Exhibit “1”

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

**CASE NO. 20-CIV-81205-RAR**

**SECURITIES AND EXCHANGE  
COMMISSION,**

Plaintiff,

v.

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

Defendants.

**AMENDED ORDER APPOINTING RECEIVER**

**THIS CAUSE** comes before the Court upon Plaintiff Securities and Exchange Commission's ("SEC" or "Commission") Expedited Motion to Amend Receivership Order [ECF No. 105] ("Motion"), filed on August 7, 2020, and the Court's Order granting the Motion [ECF No. 140], entered on August 13, 2020.

**WHEREAS** as set forth in the Court's July 27, 2020 Order appointing the Receiver [ECF No. 36], the Court found that, based on the record in these proceedings, the appointment of a receiver in this action is necessary and appropriate for the purposes of marshaling and preserving all assets of the Defendants ("Receivership Assets") and those assets of the Relief Defendant that: (a) are attributable to funds derived from investors or clients of the Defendants; (b) are held in constructive trust for the Defendants; and/or (c) may otherwise be includable as assets of the estates of the Defendants (collectively, "Recoverable Assets"); and,

**WHEREAS** this Court has subject matter jurisdiction over this action and personal jurisdiction over the Defendants, and venue properly lies in this district, it is hereby

**ORDERED AND ADJUDGED** as follows:

1. This Court hereby takes exclusive jurisdiction and possession of the assets, of whatever kind and wherever situated, of the following Defendants: 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”), ABFP Management Company, LLC f/k/a Pillar Life Settlement Management Company, LLC (“ABFP Management”), 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, and RE Income Fund 2 LLC; and the following related entities: 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 (collectively, “Receivership Entities”).

2. Until further Order of this Court, Ryan Stumphauzer, Esq. is appointed to serve without bond as receiver (“Receiver”) for the estates of the Receivership Entities.

**I. Asset Freeze**

3. Except as otherwise specified herein, all Receivership Assets and Recoverable Assets are frozen until further order of this Court. Accordingly, all persons and entities with direct or indirect control over any Receivership Assets and/or any Recoverable Assets, other than the Receiver, are hereby restrained and enjoined from directly or indirectly transferring, setting off, receiving, changing, selling, pledging, assigning, liquidating or otherwise disposing of or withdrawing such assets. This freeze shall include, but not be limited to, Receivership Assets and/or Recoverable Assets that are on deposit with financial institutions such as banks, brokerage firms and mutual funds.

## II. General Powers and Duties of Receiver

4. The Receiver shall have all powers, authorities, rights and privileges heretofore possessed by the officers, directors, managers and general and limited partners of the Receivership Entities under applicable state and federal law, by the governing charters, by-laws, articles and/or agreements in addition to all powers and authority of a receiver at equity, and all powers conferred upon a receiver by the provisions of 28 U.S.C. §§ 754, 959 and 1692, and Fed. R. Civ. P. 66.

5. The trustees, directors, officers, managers, employees, investment advisors, accountants, attorneys and other agents of the Receivership Entities are hereby dismissed and the powers of any general partners, directors and/or managers are hereby suspended. Such persons and entities shall have no authority with respect to the Receivership Entities' operations or assets, except to the extent as may hereafter be expressly granted by the Receiver. The Receiver shall assume and control the operation of the Receivership Entities and shall pursue and preserve all of their claims.

6. No person holding or claiming any position of any sort with any of the Receivership Entities shall possess any authority to act by or on behalf of any of the Receivership Entities.

7. Subject to the specific provisions in Sections III through XIV, below, the Receiver shall have the following general powers and duties:

- A. To use reasonable efforts to determine the nature, location and value of all property interests of the Receivership Entities, including, but not limited to, monies, funds, securities, credits, effects, goods, chattels, lands, premises, leases, claims, rights and other assets, together with all rents, profits, dividends, interest or other income attributable thereto, of whatever kind, which the Receivership Entities own, possess, have a beneficial interest in, or control directly or indirectly ("Receivership Property" or, collectively, "Receivership Estates");



- B. To take custody, control and possession of all Receivership Property and records relevant thereto from the Receivership Entities; to sue for and collect, recover, receive and take into possession from third parties all Receivership Property and records relevant thereto;
- C. To manage, control, operate and maintain the Receivership Estates and hold in his possession, custody and control all Receivership Property, pending further Order of this Court;
- D. To use Receivership Property for the benefit of the Receivership Estates, making payments and disbursements and incurring expenses as may be necessary or advisable in the ordinary course of business in discharging his duties as Receiver;
- E. To take any action which, prior to the entry of this Order, could have been taken by the officers, directors, partners, managers, trustees and agents of the Receivership Entities;
- F. To engage and employ persons in his discretion to assist him in carrying out his duties and responsibilities hereunder, including, but not limited to, accountants, attorneys, securities traders, registered representatives, financial or business advisers, liquidating agents, real estate agents, forensic experts, brokers, traders or auctioneers;
- G. To take such action as necessary and appropriate for the preservation of Receivership Property or to prevent the dissipation or concealment of Receivership Property;
- H. The Receiver is authorized to issue subpoenas for documents and testimony consistent with the Federal Rules of Civil Procedure;
- I. To bring such legal actions based on law or equity in any state, federal, or foreign court as the Receiver deems necessary or appropriate in discharging his duties as Receiver;
- J. To pursue, resist and defend all suits, actions, claims and demands which may now be pending or which may be brought by or asserted against the Receivership Estates; and,
- K. To take such other action as may be approved by this Court.

### **III. Access to Information**

8. The individual Receivership Entities and the past and/or present officers, directors, agents, managers, general and limited partners, trustees, attorneys, accountants and

employees of the entity Receivership Entities, as well as those acting in their place, are hereby ordered and directed to preserve and turn over to the Receiver forthwith all paper and electronic information of, and/or relating to, the Receivership Entities and/or all Receivership Property; such information shall include but not be limited to books, records, documents, accounts and all other instruments and papers.

9. Within ten days of the entry of this Order, the Receivership Entities shall file with the Court and serve upon the Receiver and the Commission a sworn statement, listing: (a) the identity, location and estimated value of all Receivership Property; (b) all employees (and job titles thereof), other personnel, attorneys, accountants and any other agents or contractors of the Receivership Entities; and, (c) the names, addresses and amounts of claims of all known creditors of the Receivership Entities.

10. Within thirty (30) days of the entry of this Order, the Receivership Entities shall file with the Court and serve upon the Receiver and the Commission a sworn statement and accounting, with complete documentation, covering the period from January 1, 2015 to the present:

- A. Of all Receivership Property, wherever located, held by or in the name of the Receivership Entities, or in which any of them, directly or indirectly, has or had any beneficial interest, or over which any of them maintained or maintains and/or exercised or exercises control, including, but not limited to: (a) all securities, investments, funds, real estate, automobiles, jewelry and other assets, stating the location of each; and (b) any and all accounts, including all funds held in such accounts, with any bank, brokerage or other financial institution held by, in the name of, or for the benefit of any of them, directly or indirectly, or over which any of them maintained or maintains and/or exercised or exercises any direct or indirect control, or in which any of them had or has a direct or indirect beneficial interest, including the account statements from each bank, brokerage or other financial institution;
- B. Identifying every account at every bank, brokerage or other financial institution: (a) over which Receivership Entities have signatory authority;

and (b) opened by, in the name of, or for the benefit of, or used by, the Receivership Entities;

- C. Identifying all credit, bank, charge, debit or other deferred payment card issued to or used by each Receivership Entity, including but not limited to the issuing institution, the card or account number(s), all persons or entities to which a card was issued and/or with authority to use a card, the balance of each account and/or card as of the most recent billing statement, and all statements for the last twelve months;
- D. Of all assets received by any of them from any person or entity, including the value, location, and disposition of any assets so received;
- E. Of all funds received by the Receivership Entities, and each of them, in any way related, directly or indirectly, to the conduct alleged in the Commission's Complaint. The submission must clearly identify, among other things, all investors, the securities they purchased, the date and amount of their investments, and the current location of such funds;
- G. Of all expenditures exceeding \$1,000 made by any of them, including those made on their behalf by any person or entity; and
- H. Of all transfers of assets made by any of them.

11. Within thirty (30) days of the entry of this Order, the Receivership Entities shall provide to the Receiver and the Commission copies of the Receivership Entities' federal income tax returns for 2015 through present with all relevant and necessary underlying documentation.

12. The individual Receivership Entities and the Receivership Entities' past and/or present officers, directors, agents, attorneys, managers, shareholders, employees, accountants, debtors, creditors, managers and general and limited partners, and other appropriate persons or entities shall answer under oath to the Receiver all questions which the Receiver may put to them and produce all documents as required by the Receiver regarding the business of the Receivership Entities, or any other matter relevant to the operation or administration of the receivership or the collection of funds due to the Receivership Entities. In the event that the Receiver deems it

necessary to require the appearance of the aforementioned persons or entities, the Receiver shall make its discovery requests in accordance with the Federal Rules of Civil Procedure.

13. The Receiver is authorized to issue subpoenas to compel testimony of persons or production of records, consistent with the Federal Rules of Civil Procedure and applicable Local Rules, except for the provisions of Fed. R. Civ. P. 26(d)(1), concerning any subject matter within the powers and duties granted by this Order.

14. The Receivership Entities are required to assist the Receiver in fulfilling his duties and obligations. As such, they must respond promptly and truthfully to all requests for information and documents from the Receiver.

#### **IV. Access to Books, Records, and Accounts**

15. The Receiver is authorized to take immediate possession of all assets, bank accounts or other financial accounts, books and records and all other documents or instruments relating to the Receivership Entities. All persons and entities having control, custody or possession of any Receivership Property are hereby directed to turn such property over to the Receiver.

16. The Receivership Entities, as well as their agents, servants, employees, attorneys, any persons acting for or on behalf of the Receivership Entities, and any persons receiving notice of this Order by personal service, facsimile transmission or otherwise, having possession of the property, business, books, records, accounts or assets of the Receivership Entities are hereby directed to deliver the same to the Receiver, his agents and/or employees.

17. All banks, brokerage firms, financial institutions, and other persons or entities which have possession, custody or control of any assets or funds held by, in the name of, or for the benefit of, directly or indirectly, and of the Receivership Entities that receive actual notice of this Order by personal service, facsimile transmission or otherwise shall:

- A. Not liquidate, transfer, sell, convey or otherwise transfer any assets, securities, funds, or accounts in the name of or for the benefit of the Receivership Entities except upon instructions from the Receiver;
- B. Not exercise any form of set-off, alleged set-off, lien, or any form of self-help whatsoever, or refuse to transfer any funds or assets to the Receiver's control without the permission of this Court;
- C. Within five (5) business days of receipt of that notice, file with the Court and serve on the Receiver and counsel for the Commission a certified statement setting forth, with respect to each such account or other asset, the balance in the account or description of the assets as of the close of business on the date of receipt of the notice; and,
- D. Cooperate expeditiously in providing information and transferring funds, assets and accounts to the Receiver or at the direction of the Receiver.

#### **V. Access to Real and Personal Property**

18. The Receiver is authorized to take immediate possession of all personal property of the Receivership Entities, wherever located, including but not limited to electronically stored information, computers, laptops, hard drives, external storage drives, and any other such memory, media or electronic storage devices, books, papers, data processing records, evidence of indebtedness, bank records and accounts, savings records and accounts, brokerage records and accounts, certificates of deposit, stocks, bonds, debentures, and other securities and investments, contracts, mortgages, furniture, office supplies and equipment.

19. The Receiver is authorized to take immediate possession of all real property of the Receivership Entities, wherever located, including but not limited to all ownership and leasehold interests and fixtures. Upon receiving actual notice of this Order by personal service, facsimile transmission or otherwise, all persons other than law enforcement officials acting within the course and scope of their official duties, are (without the express written permission of the Receiver) prohibited from: (a) entering such premises; (b) removing anything from such premises; or, (c) destroying, concealing or erasing anything on such premises.

20. In order to execute the express and implied terms of this Order, the Receiver is authorized to change door locks to the premises described above. The Receiver shall have exclusive control of the keys. The Receivership Entities, or any other person acting or purporting to act on their behalf, are ordered not to change the locks in any manner, nor to have duplicate keys made, nor shall they have keys in their possession during the term of the receivership.

21. The Receiver is authorized to open all mail directed to or received by or at the offices or post office boxes of the Receivership Entities, and to inspect all mail opened prior to the entry of this Order, to determine whether items or information therein fall within the mandates of this Order.

22. Upon the request of the Receiver, the United States Marshal Service, in any judicial district, is hereby ordered to assist the Receiver in carrying out his duties to take possession, custody and control of, or identify the location of, any assets, records or other materials belonging to the Receivership Estates.

#### **VI. Notice to Third Parties**

23. The Receiver shall promptly give notice of his appointment to all known officers, directors, agents, employees, shareholders, creditors, debtors, managers and general and limited partners of the Receivership Entities, as the Receiver deems necessary or advisable to effectuate the operation of the receivership.

24. All persons and entities owing any obligation, debt, or distribution with respect to an ownership interest to any Receivership Entity shall, until further ordered by this Court, pay all such obligations in accordance with the terms thereof to the Receiver and its receipt for such payments shall have the same force and effect as if the Receivership Entity had received such payment.

25. In furtherance of his responsibilities in this matter, the Receiver is authorized to communicate with, and/or serve this Order upon, any person, entity or government office that he deems appropriate to inform them of the status of this matter and/or the financial condition of the Receivership Estates. All government offices which maintain public files of security interests in real and personal property shall, consistent with such office's applicable procedures, record this Order upon the request of the Receiver or the SEC.

26. The Receiver is authorized to instruct the United States Postmaster to hold and/or reroute mail which is related, directly or indirectly, to the business, operations or activities of any of the Receivership Entities ("Receiver's Mail"), including all mail addressed to, or for the benefit of, the Receivership Entities. The Postmaster shall not comply with, and shall immediately report to the Receiver, any change of address or other instruction given by anyone other than the Receiver concerning the Receiver's Mail. The Receivership Entities shall not open any of the Receiver's Mail and shall immediately turn over such mail, regardless of when received, to the Receiver. All personal mail of any individual Receivership Entities, and/or any mail appearing to contain privileged information, and/or any mail not falling within the mandate of the Receiver, shall be released to the named addressee by the Receiver. The foregoing instructions shall apply to any proprietor, whether individual or entity, of any private mailbox, depository, business or service, or mail courier or delivery service, hired, rented or used by the Receivership Entities. The Receivership Entities shall not open a new mailbox, or take any steps or make any arrangements to receive mail in contravention of this Order, whether through the U.S. mail, a private mail depository or courier service.

27. Subject to payment for services provided, any entity furnishing water, electric, telephone, sewage, garbage or trash removal services to the Receivership Entities shall maintain

such service and transfer any such accounts to the Receiver unless instructed to the contrary by the Receiver.

### **VII. Injunction Against Interference with Receiver**

29. The Receivership Entities and all persons receiving notice of this Order by personal service, facsimile or otherwise, are hereby restrained and enjoined from directly or indirectly taking any action or causing any action to be taken, without the express written agreement of the Receiver, which would:

- A. 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, using self-help or executing or issuing or causing the execution or issuance of any court attachment, subpoena, replevin, execution, or other process for the purpose of impounding or taking possession of or interfering with or creating or enforcing a lien upon any Receivership Property;
- B. Hinder, obstruct or otherwise interfere with the Receiver in the performance of his duties; such prohibited actions include but are not limited to, concealing, destroying or altering records or information;
- C. Dissipate or otherwise diminish the value of any Receivership Property; such prohibited actions include but are not limited to, releasing claims or disposing, transferring, exchanging, assigning or in any way conveying any Receivership Property, enforcing judgments, assessments or claims against any Receivership Property or any Receivership Entity, attempting to modify, cancel, terminate, call, extinguish, revoke or accelerate (the due date), of any lease, loan, mortgage, indebtedness, security agreement or other agreement executed by any Receivership Entity or which otherwise affects any Receivership Property; or,
- D. Interfere with or harass the Receiver, or interfere in any manner with the exclusive jurisdiction of this Court over the Receivership Estates.

30. The Receivership Entities shall cooperate with and assist the Receiver in the performance of his duties.

31. The Receiver shall promptly notify the Court and SEC counsel of any failure or apparent failure of any person or entity to comply in any way with the terms of this Order.



### **VIII. Stay of Litigation**

32. As set forth in detail below, and excluding the instant proceeding, all police or regulatory actions and actions of the Commission related to the above-captioned enforcement action, and the proceedings specified in the Court's Order Granting the Receiver's Emergency Motion to Lift Litigation Injunction as to Certain Garnishment Proceedings [ECF No. 112], the following proceedings are stayed until further Order of this Court:

All civil legal proceedings of any nature, including, but not limited to, bankruptcy proceedings, arbitration proceedings, foreclosure actions, default proceedings, or other actions of any nature involving: (a) the Receiver, in his capacity as Receiver; (b) any Receivership Property, wherever located; (c) any of the Receivership Entities, including subsidiaries and partnerships; or, (d) any of the Receivership Entities' past or present officers, directors, managers, agents, or general or limited partners sued for, or in connection with, any action taken by them while acting in such capacity of any nature, whether as plaintiff, defendant, third-party plaintiff, third-party defendant, or otherwise (such proceedings are hereinafter referred to as "Ancillary Proceedings").

33. The parties to any and all Ancillary Proceedings are enjoined from commencing or continuing any such legal proceeding, or from taking any action, in connection with any such proceeding, including, but not limited to, the issuance or employment of process.

34. All Ancillary Proceedings are stayed in their entirety, and all Courts having any jurisdiction thereof are enjoined from taking or permitting any action until further Order of this Court. Further, as to a cause of action accrued or accruing in favor of one or more of the Receivership Entities against a third person or party, any applicable statute of limitation is tolled during the period in which this injunction against commencement of legal proceedings is in effect as to that cause of action.

### **IX. Managing Assets**

35. For each of the Receivership Estates, the Receiver shall establish one or more custodial accounts at a federally insured bank to receive and hold all cash equivalent Receivership Property ("Receivership Funds").

36. The Receiver's deposit account shall be entitled "Receiver's Account, Estate of [Receivership Entity]" together with the name of the action.

37. The Receiver may, without further Order of this Court, transfer, compromise, or otherwise dispose of any Receivership Property, other than real estate, in the ordinary course of business, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such Receivership Property.

38. Subject to Paragraph 39, immediately below, the Receiver is authorized to locate, list for sale or lease, engage a broker for sale or lease, cause the sale or lease, and take all necessary and reasonable actions to cause the sale or lease of all real property in the Receivership Estates, either at public or private sale, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such real property.

39. Upon further Order of this Court, pursuant to such procedures as may be required by this Court and additional authority such as 28 U.S.C. §§ 2001 and 2004, the Receiver will be authorized to sell, and transfer clear title to, all real property in the Receivership Estates.

40. The Receiver is authorized to take all actions to manage, maintain, and/or wind-down business operations of the Receivership Estates, including making legally required payments to creditors, employees, and agents of the Receivership Estates and communicating with vendors, investors, governmental and regulatory authorities, and others, as appropriate.

41. The Receiver shall take all necessary steps to enable the Receivership Funds to obtain and maintain the status of a taxable "Settlement Fund," within the meaning of Section 468B of the Internal Revenue Code and of the regulations, when applicable, whether proposed,

temporary or final, or pronouncements thereunder, including the filing of the elections and statements contemplated by those provisions. The Receiver shall be designated the administrator of the Settlement Fund, pursuant to Treas. Reg. § 1.468B-2(k)(3)(i), and shall satisfy the administrative requirements imposed by Treas. Reg. § 1.468B-2, including but not limited to (a) obtaining a taxpayer identification number, (b) timely filing applicable federal, state, and local tax returns and paying taxes reported thereon, and (c) satisfying any information, reporting or withholding requirements imposed on distributions from the Settlement Fund. The Receiver shall cause the Settlement Fund to pay taxes in a manner consistent with treatment of the Settlement Fund as a “Qualified Settlement Fund.” The Receivership Entities shall cooperate with the Receiver in fulfilling the Settlement Funds’ obligations under Treas. Reg. § 1.468B-2.

#### **X. Investigate and Prosecute Claims**

42. Subject to the requirement, in Section VIII above, that leave of this Court is required to resume or commence certain litigation, the Receiver is authorized, empowered and directed to investigate, prosecute, defend, intervene in or otherwise participate in, compromise, and/or adjust actions in any state, federal or foreign court or proceeding of any kind as may in his discretion, and in consultation with SEC counsel, be advisable or proper to recover and/or conserve Receivership Property.

43. Subject to his obligation to expend receivership funds in a reasonable and cost-effective manner, the Receiver is authorized, empowered and directed to investigate the manner in which the financial and business affairs of the Receivership Entities were conducted and (after obtaining leave of this Court) to institute such actions and legal proceedings, for the benefit and on behalf of the Receivership Estate, as the Receiver deems necessary and appropriate; the Receiver may seek, among other legal and equitable relief, the imposition of constructive trusts,

disgorgement of profits, asset turnover, avoidance of fraudulent transfers, rescission and restitution, collection of debts, and such other relief from this Court as may be necessary to enforce this Order. Where appropriate, the Receiver should provide prior notice to Counsel for the Commission before commencing investigations and/or actions.

44. The Receiver hereby holds, and is therefore empowered to waive, all privileges, including the attorney-client privilege, held by all entity Receivership Entities.

45. The receiver has a continuing duty to ensure that there are no conflicts of interest between the Receiver, his Retained Personnel (as that term is defined below), and the Receivership Estate.

#### **XI. Bankruptcy Filing**

46. The Receiver may seek authorization of this Court to file voluntary petitions for relief under Title 11 of the United States Code (“Bankruptcy Code”) for the Receivership Entities. If a Receivership Entity is placed in bankruptcy proceedings, the Receiver may become, and may be empowered to operate each of the Receivership Estates as, a debtor in possession. In such a situation, the Receiver shall have all of the powers and duties as provided a debtor in possession under the Bankruptcy Code to the exclusion of any other person or entity. Pursuant to Paragraph 4 above, the Receiver is vested with management authority for all entity Receivership Entities and may therefore file and manage a Chapter 11 petition.

47. The provisions of Section VIII above bar any person or entity, other than the Receiver, from placing any of the Receivership Entities in bankruptcy proceedings.

#### **XII. Liability of Receiver**

48. Until further Order of this Court, the Receiver shall not be required to post bond or give an undertaking of any type in connection with his fiduciary obligations in this matter.

49. The Receiver and his agents, acting within scope of such agency (“Retained Personnel”) are entitled to rely on all outstanding rules of law and Orders of this Court and shall not be liable to anyone for their own good faith compliance with any order, rule, law, judgment, or decree. In no event shall the Receiver or Retained Personnel be liable to anyone for their good faith compliance with their duties and responsibilities as Receiver or Retained Personnel, nor shall the Receiver or Retained Personnel be liable to anyone for any actions taken or omitted by them except upon a finding by this Court that they acted or failed to act as a result of malfeasance, bad faith, gross negligence, or in reckless disregard of their duties.

50. This Court shall retain jurisdiction over any action filed against the Receiver or Retained Personnel based upon acts or omissions committed in their representative capacities.

51. In the event the Receiver decides to resign, the Receiver shall first give written notice to the Commission’s counsel of record and the Court of its intention, and the resignation shall not be effective until the Court appoints a successor. The Receiver shall then follow such instructions as the Court may provide.

### **XIII. Recommendations and Reports**

52. If the Receiver deems it necessary, the Receiver is authorized to develop a plan for the fair, reasonable, and efficient recovery and liquidation of all remaining, recovered, and recoverable Receivership Property (“Liquidation Plan”) for review by the Court. The Receiver shall file the Liquidation Plan in the above-captioned action, with service copies to counsel of record.

53. Within thirty (30) days after the end of each calendar quarter, the Receiver shall file and serve a full report and accounting of each Receivership Estate (“Quarterly Status Report”), reflecting (to the best of the Receiver’s knowledge as of the period covered by the report) the

existence, value, and location of all Receivership Property, and of the extent of liabilities, both those claimed to exist by others and those the Receiver believes to be legal obligations of the Receivership Estates.

54. The Quarterly Status Report shall contain the following:

- A. A summary of the operations of the Receiver;
- B. The amount of cash on hand, the amount and nature of accrued administrative expenses, and the amount of unencumbered funds in the estate;
- C. A schedule of all the Receiver's receipts and disbursements (attached as Exhibit A to the Quarterly Status Report), with one column for the quarterly period covered and a second column for the entire duration of the receivership;
- D. A description of all known Receivership Property, including approximate or actual valuations, anticipated or proposed dispositions, and reasons for retaining assets where no disposition is intended;
- E. A description of liquidated and unliquidated claims held by the Receivership Estate, including the need for forensic and/or investigatory resources; approximate valuations of claims; and anticipated or proposed methods of enforcing such claims (including likelihood of success in: (i) reducing the claims to judgment; and, (ii) collecting such judgments);
- F. A list of all known creditors with their addresses and the amounts of their claims;
- G. The status of Creditor Claims Proceedings, after such proceedings have been commenced; and,
- H. The Receiver's recommendations for a continuation or discontinuation of the receivership and the reasons for the recommendations.

55. On the request of the Commission, the Receiver shall provide the Commission with any documentation that the Commission deems necessary to meet its reporting requirements, that is mandated by statute or Congress, or that is otherwise necessary to further the Commission's mission.

#### **XIV. Fees, Expenses and Accountings**

56. Subject to Paragraphs 57 – 63 immediately below, the Receiver need not obtain Court approval prior to the disbursement of Receivership Funds for expenses in the ordinary course of the administration and operation of the receivership. Further, prior Court approval is not required for payments of applicable federal, state or local taxes.

57. Subject to Paragraph 58 immediately below, the Receiver is authorized to solicit persons and entities (“Retained Personnel”) to assist him in carrying out the duties and responsibilities described in this Order. The Receiver shall not engage any Retained Personnel without first obtaining an Order of the Court authorizing such engagement.

58. The Receiver and Retained Personnel are entitled to reasonable compensation and expense reimbursement from the Receivership Estates as described in the “Billing Instructions for Receivers in Civil Actions Commenced by the U.S. Securities and Exchange Commission” (“Billing Instructions”) agreed to by the Receiver. Such compensation shall require the prior approval of the Court.

59. Within forty-five (45) days after the end of each calendar quarter, the Receiver and Retained Personnel shall apply to the Court for compensation and expense reimbursement from the Receivership Estates (“Quarterly Fee Applications”). At least thirty (30) days prior to filing each Quarterly Fee Application with the Court, the Receiver will serve upon counsel for the SEC a complete copy of the proposed Application, together with all exhibits and relevant billing information in a format to be provided by SEC staff.

60. All Quarterly Fee Applications will be interim and will be subject to cost benefit and final reviews at the close of the receivership. At the close of the receivership, the Receiver

will file a final fee application, describing in detail the costs and benefits associated with all litigation and other actions pursued by the Receiver during the course of the receivership.

61. Quarterly Fee Applications may be subject to a holdback of 20% of the amount of fees and expenses for each application filed with the Court. The total amounts held back during the course of the receivership will be paid out at the discretion of the Court as part of the final fee application submitted at the close of the receivership.

62. Each Quarterly Fee Application shall:

- A. Comply with the terms of the Billing Instructions agreed to by the Receiver; and,
- B. Contain representations (in addition to the Certification required by the Billing Instructions) that: (i) the fees and expenses included therein were incurred in the best interests of the Receivership Estate; and, (ii) with the exception of the Billing Instructions, the Receiver has not entered into any agreement, written or oral, express or implied, with any person or entity concerning the amount of compensation paid or to be paid from the Receivership Estate, or any sharing thereof.

63. At the close of the Receivership, the Receiver shall submit a Final Accounting, in a format to be provided by SEC staff, as well as the Receiver's final application for compensation and expense reimbursement.

**DONE AND ORDERED** in Fort Lauderdale, Florida, this 13th day of August, 2020.



**RODOLFO A. RUIZ II**  
**UNITED STATES DISTRICT JUDGE**

Copies to: Counsel of Record



# Exhibit “2”

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

Case No. 20-cv-23750-DPG

ROBERT MONTGOMERY, et al.,

Plaintiffs,

v.

ECKERT SEAMANS CHERIN & MELLIOT,  
LLC, et al. W. PAUCIULO, MICHAEL C.  
FURMAN, JOHN GISSAS, and DEAN  
VAGNOZZI,

Defendants.

---

**[PROPOSED] ORDER GRANTING MOTION FOR  
ADMINISTRATIVE ORDER TEMPORARILY CLOSING CASE**

**THIS CAUSE** came before the Court on the parties' Joint Notice of Stay and Motion for Administrative Order Temporarily Closing Case, filed on November \_\_, 2020 ("Joint Motion") [ECF No. \_\_]. In the Joint Motion, the parties have provided notice of a Stay of Litigation entered in related litigation and request the Court to enter an administrative order closing this matter for an indefinite period of time, pending the Court's consideration of a future motion to restore the case to active status. Given the entry of the Stay of Litigation in the related litigation and the potential overlap between the claims the Receiver may decide to pursue and the Plaintiffs' claims in this action, and to conserve the parties' and judicial resources, it is

**ORDERED AND ADJUDGED** that the Clerk of the Court is **DIRECTED** to mark this case **CLOSED** for statistical purposes only. The Court retains jurisdiction over this matter, and the case shall be restored to the active docket upon court order following the Court's consideration of a

motion from Plaintiffs requesting to proceed. This Order shall not prejudice the rights of the parties to this litigation.

DONE AND ORDERED in Miami, Florida, this \_\_\_\_ day of \_\_\_\_\_, 2020.

---

**DARREN P. GAYLES**  
**UNITED STATES DISTRICT JUDGE**

cc: counsel of record

# **EXHIBIT E**

# Confidential Private Placement Offering Memorandum

## **ABFP INCOME FUND 3, LLC,**

a Delaware limited liability company  
234 Mall Boulevard, Suite 270  
King of Prussia, PA 19406  
484-425-7393

for the sale of its

### **PROMISSORY NOTES HAVING MATURITIES OF ONE YEAR WITH VARYING INTEREST RATES OFFERING LIMITED TO ACCREDITED INVESTORS ONLY**

This Confidential Private Placement Offering Memorandum relates to an offering undertaken by ABFP Income Fund 3, LLC (the “Company”) of its promissory notes (collectively, the “Notes”) with the following fundamental terms: (1) One Year Maturity bearing interest at the rate of 8.0% per year with interest payments made monthly and principal paid on the maturity date available for investment amounts from \$50,000 to \$100,000 (“Class A Note”); and (2) One Year Maturity bearing interest at the rate of 10.0% per year with interest payments made monthly and principal paid on the maturity date available for investment amounts of \$101,000 or more (“Class B Note”). The Notes will be unsecured obligations of the Company; there is no collateral securing the obligations of the Company under the Notes.

The proceeds from the sales of the Notes will be used to purchase promissory notes and other similar debt instruments offered and sold by companies which provide “Merchant Cash Advance” financing (the “MCA Debt Obligations”). Merchant Cash Advance financing is a form of commercial financing in which the financing company purchases a portion of a businesses’ future accounts receivable in exchanges for an immediate payment of money. The Company will use the payments received from the MCA Debt Obligations to repay the Notes.

THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION DOES NOT PASS UPON THE MERITS OF OR GIVE ITS APPROVAL TO ANY SECURITIES OFFERED BY THE TERMS OF THE OFFERING, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF ANY OFFERING CIRCULAR OR OTHER SELLING LITERATURE. THESE SECURITIES ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE COMMISSION; HOWEVER, THE COMMISSION HAS NOT MADE AN INDEPENDENT DETERMINATION THAT THE SECURITIES OFFERED HEREUNDER ARE EXEMPT FROM REGISTRATION.

	Price to Public	Underwriting Discount and Commissions	Proceeds To Issuer Or Other Persons
Per \$100,000	\$100,000	\$0	\$100,000
Total	\$100,000	\$0	\$100,000

**THIS OFFERING INVOLVES SOME DEGREE OF RISK.  
SEE “RISK FACTORS.”**

**March 1, 2019**

## IMPORTANT CONSIDERATIONS

THE OFFERING AND THE SECURITIES OFFERED HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) AND MAY NOT BE OFFERED OR SOLD EXCEPT TO A LIMITED NUMBER OF INVESTORS. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE ISSUER IS RELYING ON THE EXEMPTIONS FROM REGISTRATION PROVIDED UNDER REGULATION D PROMULGATED UNDER THE SECURITIES ACT. IN ADDITION, THIS OFFERING HAS NOT BEEN REGISTERED UNDER THE SECURITIES LAWS OF ANY STATE IN RELIANCE ON EXEMPTIONS FROM REGISTRATION FOUND IN THE RESPECTIVE SECURITIES LAWS OF SUCH STATES AND THE SECURITIES MAY BE SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER IN SUCH JURISDICTIONS. ACCORDINGLY, PURCHASERS OF THE SECURITIES OFFERED HEREBY MAY NOT SELL OR OTHERWISE TRANSFER SUCH SECURITIES EXCEPT PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR EXEMPTIONS THEREFROM.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

INVESTMENT IN THE SECURITIES OFFERED HEREBY INVOLVES A HIGH DEGREE OF RISK. IT IS NOT EXPECTED THAT SUCH SECURITIES WILL BECOME MARKETABLE. PURCHASE OF THESE SECURITIES IS SUITABLE ONLY FOR PERSONS OF SUBSTANTIAL MEANS WHO HAVE NO NEED FOR LIQUIDITY IN THIS INVESTMENT AND WHO CAN AFFORD THE TOTAL LOSS OF THEIR INVESTMENT. SEE “RISK FACTORS.”

THE INFORMATION PRESENTED IN THIS MEMORANDUM WAS PREPARED BY THE FUND AND IS BEING FURNISHED BY THE FUND SOLELY FOR USE BY PROSPECTIVE INVESTORS IN CONNECTION WITH THIS OFFERING. NO PERSONS HAVE BEEN AUTHORIZED TO MAKE REPRESENTATIONS OR TO GIVE ANY INFORMATION WITH RESPECT TO THE OFFERING OF THE NOTES OR THE OPERATIONS OF THE FUND, EXCEPT THE INFORMATION CONTAINED IN THIS MEMORANDUM OR PROVIDED AS SET FORTH BELOW. THIS MEMORANDUM SUPERSEDES ALL PRIOR ORAL OR WRITTEN INFORMATION, IF ANY, PROVIDED TO INVESTORS WITH RESPECT TO THE OFFERING OF THE SECURITIES OR THE OPERATIONS OF THE FUND.

# **Exhibit “23”**

**STAYED**

**U.S. District Court  
District of Delaware (Wilmington)  
CIVIL DOCKET FOR CASE #: 1:20-cv-01042-CFC**

Caputo et al v. Vagnozzi et al  
Assigned to: Judge Colm F. Connolly  
Cause: 18:1961 Racketeering (RICO) Act

Date Filed: 08/05/2020  
Jury Demand: Plaintiff  
Nature of Suit: 470  
Racketeer/Corrupt Organization  
Jurisdiction: Federal Question

**Plaintiff**

**Joseph Caputo**

represented by **Robert J. Kriner , Jr.**  
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*LEAD ATTORNEY*  
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**Tiffany C Hayman**  
Chimicles Schwartz Kriner &  
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302-656-2500  
Email:  
tiffanycramerhayman@gmail.com  
*TERMINATED: 08/11/2022*

**Plaintiff**

**Joan Caputo**

*on behalf of themselves and all  
others similarly situated*

represented by **Robert J. Kriner , Jr.**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Scott M. Tucker**

(See above for address)  
*ATTORNEY TO BE NOTICED*

**Tiffany C Hayman**

(See above for address)  
*TERMINATED: 08/11/2022*

V.

**Defendant**

**Dean Vagnozzi**

**Defendant**

**ABetterFinancialPlan.com**

*doing business as*  
A Better Financial Plan

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**Defendant**

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**Defendant**

**Eckert Seamans Cherin &  
Mellott, LLC**

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*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Defendant**

**ABFP Management Company,  
LLC**

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(See above for address)  
*ATTORNEY TO BE NOTICED*

**Michael J. Farnan**  
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**Defendant**

**ABFP Income Fund, LLC**

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(See above for address)  
*ATTORNEY TO BE NOTICED*

**Michael J. Farnan**  
(See above for address)  
*ATTORNEY TO BE NOTICED*

**Defendant**

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*ATTORNEY TO BE NOTICED*

**Michael J. Farnan**  
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**Michael J. Farnan**  
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**Defendant**

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**Michael J. Farnan**  
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**Defendant**

**ABFP Income Fund 5, LLC**

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**Michael J. Farnan**  
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**Defendant**

**ABFP Income Fund 6, LLC**

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**Michael J. Farnan**

(See above for address)  
*ATTORNEY TO BE NOTICED*

**Defendant**

**ABFP Income Fund 7, LLC**

**Defendant**

**ABFP Income Fund Parallel  
LLC**

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**Michael J. Farnan**  
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*ATTORNEY TO BE NOTICED*

**Defendant**

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LLC**

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**Michael J. Farnan**  
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**Defendant**

**ABFP Income Fund 3 Parallel  
LLC**

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**Michael J. Farnan**  
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**Defendant**

**ABFP Income Fund 4 Parallel  
LLC**

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**Michael J. Farnan**  
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**Defendant**

**ABFP Income Fund 6 Parallel  
LLC**represented by **Brian E. Farnan**

(See above for address)

*ATTORNEY TO BE NOTICED***Michael J. Farnan**

(See above for address)

*ATTORNEY TO BE NOTICED***Defendant****ABFP Income Fund 7 Parallel  
LLC**

<b>Date Filed</b>	<b>#</b>	<b>Docket Text</b>
08/05/2020	<a href="#">1</a>	COMPLAINT filed with Jury Demand against ABFP Income Fund 2 Parallel LLC, ABFP Income Fund 2, L.P., ABFP Income Fund 3 Parallel LLC, ABFP Income Fund 3, LLC, ABFP Income Fund 4 Parallel LLC, ABFP Income Fund 4, LLC, ABFP Income Fund 5, LLC, ABFP Income Fund 6 Parallel LLC, ABFP Income Fund 6, LLC, ABFP Income Fund 7 Parallel LLC, ABFP Income Fund 7, LLC, ABFP Income Fund Parallel LLC, ABFP Income Fund, LLC, ABFP Management Company, LLC, ABetterFinancialPlan.com, Eckert Seamans Cherin & Mellott, LLC, John W. Pauciulo, Dean Vagnozzi - Magistrate Consent Notice to Pltf. ( Filing fee \$ 400, receipt number ADEDC-3108669.) - filed by Joseph Caputo, Joan Caputo. (Attachments: # <a href="#">1</a> Civil Cover Sheet)(mal) (Entered: 08/05/2020)
08/05/2020	<a href="#">2</a>	Notice, Consent and Referral forms re: U.S. Magistrate Judge jurisdiction. (mal) (Entered: 08/05/2020)
08/05/2020	<a href="#">3</a>	Summonses Issued (please complete the top portion of the form and print out for use/service). (mal) (Entered: 08/05/2020)
08/07/2020	<a href="#">4</a>	MOTION for Pro Hac Vice Appearance of Attorney Eric Lechtzin - filed by Joan Caputo, Joseph Caputo. (Tucker, Scott) (Entered: 08/07/2020)
08/07/2020	<a href="#">5</a>	MOTION for Pro Hac Vice Appearance of Attorney Marc H. Edelson - filed by Joan Caputo, Joseph Caputo. (Tucker, Scott) (Entered: 08/07/2020)
08/10/2020	<a href="#">6</a>	SUMMONS Returned Executed by Joseph Caputo, Joan Caputo. Dean Vagnozzi served on 8/6/2020, answer due 8/27/2020. (Tucker, Scott) (Entered: 08/10/2020)

08/10/2020	<a href="#">7</a>	SUMMONS Returned Executed by Joseph Caputo, Joan Caputo. ABetterFinancialPlan.com served on 8/6/2020, answer due 8/27/2020. (Tucker, Scott) (Entered: 08/10/2020)
08/10/2020	<a href="#">8</a>	SUMMONS Returned Executed by Joseph Caputo, Joan Caputo. ABFP Management Company, LLC served on 8/6/2020, answer due 8/27/2020. (Tucker, Scott) (Entered: 08/10/2020)
08/10/2020	<a href="#">9</a>	SUMMONS Returned Executed by Joseph Caputo, Joan Caputo. ABFP Income Fund, LLC served on 8/6/2020, answer due 8/27/2020. (Tucker, Scott) (Entered: 08/10/2020)
08/10/2020	<a href="#">10</a>	SUMMONS Returned Executed by Joseph Caputo, Joan Caputo. ABFP Income Fund 2, L.P. served on 8/6/2020, answer due 8/27/2020. (Tucker, Scott) (Entered: 08/10/2020)
08/10/2020	<a href="#">11</a>	SUMMONS Returned Executed by Joseph Caputo, Joan Caputo. ABFP Income Fund 3, LLC served on 8/6/2020, answer due 8/27/2020. (Tucker, Scott) (Entered: 08/10/2020)
08/10/2020	<a href="#">12</a>	SUMMONS Returned Executed by Joseph Caputo, Joan Caputo. ABFP Income Fund 4, LLC served on 8/6/2020, answer due 8/27/2020. (Tucker, Scott) (Entered: 08/10/2020)
08/10/2020	<a href="#">13</a>	SUMMONS Returned Executed by Joseph Caputo, Joan Caputo. ABFP Income Fund 5, LLC served on 8/6/2020, answer due 8/27/2020. (Tucker, Scott) (Entered: 08/10/2020)
08/10/2020	<a href="#">14</a>	SUMMONS Returned Executed by Joseph Caputo, Joan Caputo. ABFP Income Fund 6, LLC served on 8/6/2020, answer due 8/27/2020. (Tucker, Scott) (Entered: 08/10/2020)
08/10/2020	<a href="#">15</a>	SUMMONS Returned Executed by Joseph Caputo, Joan Caputo. ABFP Income Fund 7, LLC served on 8/6/2020, answer due 8/27/2020. (Tucker, Scott) (Entered: 08/10/2020)
08/10/2020	<a href="#">16</a>	SUMMONS Returned Executed by Joseph Caputo, Joan Caputo. ABFP Income Fund Parallel LLC served on 8/6/2020, answer due 8/27/2020. (Tucker, Scott) (Entered: 08/10/2020)
08/10/2020	<a href="#">17</a>	SUMMONS Returned Executed by Joseph Caputo, Joan Caputo. ABFP Income Fund 2 Parallel LLC served on 8/6/2020, answer due 8/27/2020. (Tucker, Scott) (Entered: 08/10/2020)
08/10/2020	<a href="#">18</a>	SUMMONS Returned Executed by Joseph Caputo, Joan Caputo. ABFP Income Fund 3 Parallel LLC served on 8/6/2020, answer due 8/27/2020. (Tucker, Scott) (Entered: 08/10/2020)

08/10/2020	<a href="#">19</a>	SUMMONS Returned Executed by Joseph Caputo, Joan Caputo. ABFP Income Fund 4 Parallel LLC served on 8/6/2020, answer due 8/27/2020. (Tucker, Scott) (Entered: 08/10/2020)
08/10/2020	<a href="#">20</a>	SUMMONS Returned Executed by Joseph Caputo, Joan Caputo. ABFP Income Fund 6 Parallel LLC served on 8/6/2020, answer due 8/27/2020. (Tucker, Scott) (Entered: 08/10/2020)
08/10/2020	<a href="#">21</a>	SUMMONS Returned Executed by Joseph Caputo, Joan Caputo. ABFP Income Fund 7 Parallel LLC served on 8/6/2020, answer due 8/27/2020. (Tucker, Scott) (Entered: 08/10/2020)
08/12/2020		Case Assigned to Judge Colm F. Connolly. Please include the initials of the Judge (CFC) after the case number on all documents filed. (rjb) (Entered: 08/12/2020)
08/13/2020		SO ORDERED, re <a href="#">4</a> MOTION for Pro Hac Vice Appearance of Attorney Eric Lechtzin filed by Joan Caputo, Joseph Caputo, <a href="#">5</a> MOTION for Pro Hac Vice Appearance of Attorney Marc H. Edelson filed by Joan Caputo, Joseph Caputo. Signed by Judge Colm F. Connolly on 8/13/2020. (fms) (Entered: 08/13/2020)
08/14/2020	<a href="#">22</a>	SUMMONS Returned Executed by Joseph Caputo, Joan Caputo. Eckert Seamans Cherin & Mellott, LLC served on 8/11/2020, answer due 9/1/2020. (Tucker, Scott) (Entered: 08/14/2020)
08/18/2020	<a href="#">23</a>	SUMMONS Returned Executed by Joseph Caputo, Joan Caputo. John W. Pauciulo served on 8/18/2020, answer due 9/8/2020. (Tucker, Scott) (Entered: 08/18/2020)
08/27/2020	<a href="#">24</a>	NOTICE of Stay by ABFP Income Fund 2 Parallel LLC, ABFP Income Fund 2, L.P., ABFP Income Fund 3 Parallel LLC, ABFP Income Fund 3, LLC, ABFP Income Fund 4 Parallel LLC, ABFP Income Fund 4, LLC, ABFP Income Fund 5, LLC, ABFP Income Fund 6 Parallel LLC, ABFP Income Fund 6, LLC, ABFP Income Fund Parallel LLC, ABFP Income Fund, LLC, ABFP Management Company, LLC, ABetterFinancialPlan.com (Attachments: # <a href="#">1</a> Exhibit A, # <a href="#">2</a> Exhibit B, # <a href="#">3</a> Text of Proposed Order)(Farnan, Brian) (Entered: 08/27/2020)
08/27/2020	<a href="#">25</a>	NOTICE of Appearance by Brian E. Farnan on behalf of ABFP Income Fund 2 Parallel LLC, ABFP Income Fund 2, L.P., ABFP Income Fund 3 Parallel LLC, ABFP Income Fund 3, LLC, ABFP Income Fund 4 Parallel LLC, ABFP Income Fund 4, LLC, ABFP Income Fund 5, LLC, ABFP Income Fund 6 Parallel LLC, ABFP Income Fund 6, LLC, ABFP Income Fund Parallel LLC, ABFP Income Fund, LLC, ABFP

		Management Company, LLC, ABetterFinancialPlan.com, Ryan K. Stumphauzer, Receiver (Farnan, Brian) (Entered: 08/27/2020)
08/27/2020	<a href="#">26</a>	NOTICE of Appearance by Michael J. Farnan on behalf of ABFP Income Fund 2 Parallel LLC, ABFP Income Fund 2, L.P., ABFP Income Fund 3 Parallel LLC, ABFP Income Fund 3, LLC, ABFP Income Fund 4 Parallel LLC, ABFP Income Fund 4, LLC, ABFP Income Fund 5, LLC, ABFP Income Fund 6 Parallel LLC, ABFP Income Fund 6, LLC, ABFP Income Fund Parallel LLC, ABFP Income Fund, LLC, ABFP Management Company, LLC, ABetterFinancialPlan.com, Ryan K. Stumphauzer, Receiver (Farnan, Michael) (Entered: 08/27/2020)
08/28/2020	<a href="#">27</a>	MOTION for Extension of Time to File Answer re <a href="#">1</a> Complaint,, <i>Stipulation and Proposed Order to Extend Time to Respond to Complaint to October 8, 2020</i> - filed by Eckert Seamans Cherin & Mellott, LLC, John W. Pauciulo. (Cline, Joanna) (Entered: 08/28/2020)
08/28/2020		SO ORDERED, re <a href="#">27</a> MOTION for Extension of Time to File Answer re <a href="#">1</a> Complaint,, <i>Stipulation and Proposed Order to Extend Time to Respond to Complaint to October 8, 2020</i> filed by Eckert Seamans Cherin & Mellott, LLC, John W. Pauciulo, Set/Reset Answer Deadlines: Eckert Seamans Cherin & Mellott, LLC answer due 10/8/2020; John W. Pauciulo answer due 10/8/2020. Signed by Judge Colm F. Connolly on 8/28/2020. (nmf) (Entered: 08/28/2020)
09/02/2020		ORAL ORDER re <a href="#">24</a> Notice of Stay, ORDER Setting Teleconference: Counsel for the Receiver to coordinate the call and email the dial-in information to chambers. A Telephone Conference is set for 9/10/2020 at 09:00 AM before Judge Colm F. Connolly unless Counsel for the Plaintiffs advises the Court by letter filed on the court docket that Plaintiffs do not oppose the request for a stay. Ordered by Judge Colm F. Connolly on 9/2/2020. (nmf) (Entered: 09/02/2020)
09/09/2020	<a href="#">28</a>	MOTION for Pro Hac Vice Appearance of Attorney Gaetan J. Alfano, Marc S. Raspanti, and Douglas K. Rosenblum - filed by Ryan K. Stumphauzer, Receiver. (Farnan, Brian) (Entered: 09/09/2020)
09/09/2020	<a href="#">29</a>	Letter to The Honorable Colm F. Connolly from Scott M. Tucker regarding Plaintiffs' Non-Opposition - re <a href="#">24</a> Notice (Other),. (Tucker, Scott) (Entered: 09/09/2020)
09/09/2020	<a href="#">30</a>	ORDER STAYING CASE. Signed by Judge Colm F. Connolly on 9/9/2020. (nmf) (Entered: 09/09/2020)
09/09/2020		SO ORDERED, re <a href="#">28</a> MOTION for Pro Hac Vice Appearance of Attorney Gaetan J. Alfano, Marc S. Raspanti, and Douglas K.



		Rosenblum filed by Ryan K. Stumphauzer, Receiver. Signed by Judge Colm F. Connolly on 9/9/2020. (nmf) (Entered: 09/09/2020)
09/09/2020		The 9/10/2020 Telephone Conference is canceled per D.I. No. <a href="#">29</a> and D.I. No. <a href="#">30</a> . (nmf) (Entered: 09/09/2020)
09/10/2020		Pro Hac Vice Attorney Douglas K. Rosenblum for Ryan K. Stumphauzer, Receiver added for electronic noticing. Pursuant to Local Rule 83.5 (d)., Delaware counsel shall be the registered users of CM/ECF and shall be required to file all papers. (mal) (Entered: 09/10/2020)
07/21/2021		ORAL ORDER FOR STATUS REPORT:( Status Report due by 8/20/2021.) Ordered by Judge Colm F. Connolly on 7/21/2021. (nmf) (Entered: 07/21/2021)
08/16/2021	<a href="#">31</a>	Joint STATUS REPORT by Eckert Seamans Cherin & Mellott, LLC. (Cline, Joanna) (Entered: 08/16/2021)
08/11/2022	<a href="#">32</a>	NOTICE of Withdrawal of Tiffany J. Cramer as Counsel of Record for Plaintiffs by Joan Caputo, Joseph Caputo (Cramer, Tiffany) (Entered: 08/11/2022)
08/23/2022		ORAL ORDER FOR STATUS REPORT:( Status Report due by 9/6/2022.) Ordered by Judge Colm F. Connolly on 8/23/2022. (nmf) (Entered: 08/23/2022)
09/06/2022	<a href="#">33</a>	STATUS REPORT by Joan Caputo, Joseph Caputo. (Attachments: # <a href="#">1</a> Exhibit A)(Tucker, Scott) (Entered: 09/06/2022)
10/26/2023		ORAL ORDER FOR STATUS REPORT:( Status Report due by 11/9/2023.) Ordered by Judge Colm F. Connolly on 10/26/2023. (nmf) (Entered: 10/26/2023)
10/31/2023	<a href="#">34</a>	Joint STATUS REPORT by Joan Caputo, Joseph Caputo. (Tucker, Scott) (Entered: 10/31/2023)

<b>PACER Service Center</b>			
<b>Transaction Receipt</b>			
06/24/2024 11:18:45			
<b>PACER Login:</b>	joconnell1	<b>Client Code:</b>	vagnozzi
<b>Description:</b>	Docket Report	<b>Search Criteria:</b>	1:20-cv-01042-CFC Start date:

of 927

			1/1/1975 End date: 6/24/2024
<b>Billable Pages:</b>	8	<b>Cost:</b>	0.80

# Exhibit "24"

AOR,CLOSED

**U.S. District Court  
Southern District of Florida (Miami)  
CIVIL DOCKET FOR CASE #: 1:20-cv-23750-DPG**

MONTGOMERY et al v. Eckert Seamans Cherin &  
Mellott, LLC et al  
Assigned to: Judge Darrin P. Gayles  
Cause: 28:1332 Diversity-Fraud

Date Filed: 09/09/2020  
Date Terminated: 11/05/2020  
Jury Demand: None  
Nature of Suit: 370 Other Fraud  
Jurisdiction: Diversity

**Plaintiff**

**ROBERT MONTGOMERY**

represented by **Jeffrey Clark Schneider**  
Levine Kellogg Lehman Schneider  
& Grossman LLP  
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*ATTORNEY TO BE NOTICED*

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**Victoria Jean Wilson**  
Levine Kellogg Lehman Schneider

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**Jason Kenneth Kellogg**  
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*ATTORNEY TO BE NOTICED*

**Plaintiff**

**LYNNE LAPIDUS**

represented by **Jeffrey Clark Schneider**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Scott Lance Silver**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Victoria Jean Wilson**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Jason Kenneth Kellogg**  
(See above for address)  
*ATTORNEY TO BE NOTICED*

**Plaintiff**

**HENRY BARTH**

represented by **Jeffrey Clark Schneider**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Scott Lance Silver**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Victoria Jean Wilson**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Jason Kenneth Kellogg**  
(See above for address)  
*ATTORNEY TO BE NOTICED*

**Plaintiff**

**LAURIE HAIRE**

represented by **Jeffrey Clark Schneider**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Scott Lance Silver**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Victoria Jean Wilson**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Jason Kenneth Kellogg**  
(See above for address)  
*ATTORNEY TO BE NOTICED*

**Plaintiff**

**GLENN FRIEDMAN**

represented by **Jeffrey Clark Schneider**  
(See above for address)

*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Scott Lance Silver**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Victoria Jean Wilson**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Jason Kenneth Kellogg**  
(See above for address)  
*ATTORNEY TO BE NOTICED*

**Plaintiff**

**ROSALYE FRIEDMAN**

represented by **Jeffrey Clark Schneider**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Scott Lance Silver**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Victoria Jean Wilson**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Jason Kenneth Kellogg**  
(See above for address)  
*ATTORNEY TO BE NOTICED*

**Plaintiff**

**BETTI JANE CUOMO**

represented by **Jeffrey Clark Schneider**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Scott Lance Silver**  
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**Victoria Jean Wilson**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Jason Kenneth Kellogg**  
(See above for address)  
*ATTORNEY TO BE NOTICED*

**Plaintiff**

**ANTHONY CUOMO**

represented by **Jeffrey Clark Schneider**  
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*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Scott Lance Silver**  
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**Victoria Jean Wilson**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Jason Kenneth Kellogg**  
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*ATTORNEY TO BE NOTICED*

**Plaintiff**

**MARK HERON**

represented by **Jeffrey Clark Schneider**  
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*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Scott Lance Silver**



(See above for address)  
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**Victoria Jean Wilson**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Jason Kenneth Kellogg**  
(See above for address)  
*ATTORNEY TO BE NOTICED*

**Plaintiff**

**RAYMOND JANNELLI**  
*on behalf of themselves and all  
others similarly situated*

represented by **Jeffrey Clark Schneider**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Scott Lance Silver**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Victoria Jean Wilson**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Jason Kenneth Kellogg**  
(See above for address)  
*ATTORNEY TO BE NOTICED*

V.

**Defendant**

**Eckert Seamans Cherin &  
Mellott, LLC**

represented by **Melanie Emmons Damian**  
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*ATTORNEY TO BE NOTICED*

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*PRO HAC VICE*

*ATTORNEY TO BE NOTICED*

**Defendant**

**JOHN W PAUCIULO**

represented by **Melanie Emmons Damian**

(See above for address)

*LEAD ATTORNEY*

*ATTORNEY TO BE NOTICED*

**Erica H. Dressler**

(See above for address)

*PRO HAC VICE*

*ATTORNEY TO BE NOTICED*

**Jay A. Dubow**

(See above for address)

*PRO HAC VICE*

*ATTORNEY TO BE NOTICED*

**Defendant**

**Michael C Furman**

**Defendant**

**John Gissas**

**Defendant**

**Dean Vagnozzi**

Date Filed	#	Docket Text
09/09/2020	<a href="#">1</a>	COMPLAINT <i>and Demand for Jury Trial</i> against All Defendants. Filing fees \$ 400.00 receipt number AFLSDC-13492325, filed by ROSALYE FRIEDMAN, HENRY BARTH, BETTI JANE CUOMO, MARK HERON, LYNNE LAPIDUS, ANTHONY CUOMO, ROBERT MONTGOMERY, LAURIE HAIRE, RAYMOND JANNELLI, GLENN FRIEDMAN. (Attachments: # <a href="#">1</a> Civil Cover Sheet Civil Cover Sheet, # <a href="#">2</a> Summon(s) Summons, # <a href="#">3</a> Summon(s) Summons, # <a href="#">4</a> Summon(s) Summons, # <a href="#">5</a> Summon(s) Summons, # <a href="#">6</a> Summon(s) Summons) (Kellogg, Jason) (Entered: 09/09/2020)
09/09/2020	2	<p>Clerks Notice of Judge Assignment to Judge Darrin P. Gayles.</p> <p>Pursuant to 28 USC 636(c), the parties are hereby notified that the U.S. Magistrate Judge Alicia M. Otazo-Reyes is available to handle any or all proceedings in this case. If agreed, parties should complete and file the Consent form found on our website. It is not necessary to file a document indicating lack of consent.</p> <p>Pro se (NON-PRISONER) litigants may receive Notices of Electronic Filings (NEFS) via email after filing a Consent by Pro Se Litigant (NON-PRISONER) to Receive Notices of Electronic Filing. The consent form is available under the forms section of our website. (mee) (Entered: 09/10/2020)</p>
09/10/2020	<a href="#">3</a>	Summons Issued as to Michael C Furman. (mee) (Entered: 09/10/2020)
09/10/2020	<a href="#">4</a>	Summons Issued as to JOHN W PAUCIULO. (mee) (Entered: 09/10/2020)
09/10/2020	<a href="#">5</a>	Summons Issued as to John Gissas. Text Modified on 9/10/2020 (mee). (Entered: 09/10/2020)
09/10/2020	<a href="#">6</a>	Summons Issued as to Eckert Seamans Cherin & Mellott, LLC. (mee) (Entered: 09/10/2020)

09/10/2020	<a href="#">7</a>	Summons Issued as to Dean Vagnozzi. (mee) (Entered: 09/10/2020)
09/10/2020	<a href="#">8</a>	Corrected Summons Issued as to John Gissas. (mee) (Entered: 09/10/2020)
09/10/2020	9	NOTICE OF COURT PRACTICE. Unless otherwise specified by the Court, every motion shall be double-spaced in Times New Roman 12-point typeface. <b>Multiple Plaintiffs or Defendants shall file joint motions with co-parties unless there are clear conflicts of position.</b> If conflicts of position exist, parties shall explain the conflicts in their separate motions. Failure to comply with <b>ANY</b> of these procedures may result in the imposition of appropriate sanctions, including but not limited to, the striking of the motion or dismissal of this action. Signed by Judge Darrin P. Gayles (jsi) (Entered: 09/10/2020)
09/16/2020	<a href="#">10</a>	NOTICE of Attorney Appearance by Melanie Emmons Damian on behalf of Eckert Seamans Cherin & Mellott, LLC, JOHN W PAUCIULO. Attorney Melanie Emmons Damian added to party Eckert Seamans Cherin & Mellott, LLC(pty:dft), Attorney Melanie Emmons Damian added to party JOHN W PAUCIULO(pty:dft). (Damian, Melanie) (Entered: 09/16/2020)
09/16/2020	<a href="#">11</a>	MOTION to Appear Pro Hac Vice, Consent to Designation, and Request to Electronically Receive Notices of Electronic Filing for Jay A. Dubow. Filing Fee \$ 200.00 Receipt # AFLSDC-13532348 by Eckert Seamans Cherin & Mellott, LLC, JOHN W PAUCIULO. Responses due by 9/30/2020 (Attachments: # <a href="#">1</a> Certification, # <a href="#">2</a> Text of Proposed Order)(Damian, Melanie) (Entered: 09/16/2020)
09/16/2020	<a href="#">12</a>	MOTION to Appear Pro Hac Vice, Consent to Designation, and Request to Electronically Receive Notices of Electronic Filing for Erica H. Dressler. Filing Fee \$ 200.00 Receipt # AFLSDC-13532392 by Eckert Seamans Cherin & Mellott, LLC, JOHN W PAUCIULO. Responses due by 9/30/2020 (Attachments: # <a href="#">1</a> Certification, # <a href="#">2</a> Text of Proposed Order)(Damian, Melanie) (Entered: 09/16/2020)
09/16/2020	13	PAPERLESS ORDER granting <a href="#">11</a> Motion to Appear Pro Hac Vice, Consent to Designation, and Request to Electronically Receive Notices of Electronic Filing. Attorney Jay A. Dubow is permitted to appear before this Court on behalf of Defendants Eckert Seamans Cherin & Mellot, LLC and John W. Pauciulo for all purposes relating to this action. The clerk is directed to provide Notice of Electronic Filings to Mr. Dubow at jay.dubow@troutman.com. Signed by Judge Darrin P. Gayles (jsi) (Entered: 09/16/2020)

09/16/2020	14	PAPERLESS ORDER granting <a href="#">12</a> Motion to Appear Pro Hac Vice, Consent to Designation, and Request to Electronically Receive Notices of Electronic Filing. Attorney Erica H. Dressler is permitted to appear before this Court on behalf of Defendants Eckert Seamans Cherin & Mellot, LLC and John W. Pauciulo for all purposes relating to this action. The clerk is directed to provide Notice of Electronic Filings to Ms. Dressler at erica.dressler@troutman.com. Signed by Judge Darrin P. Gayles (jsi) (Entered: 09/16/2020)
11/02/2020	<a href="#">15</a>	Joint MOTION to Stay <i>and for Administrative Order Closing Case</i> by Ryan K Stumphauzer. Attorney Timothy Andrew Kolaya added to party Ryan K Stumphauzer(pty:rc). Responses due by 11/16/2020 (Attachments: # <a href="#">1</a> Exhibit 1 - Amended Order Appointing Receiver, # <a href="#">2</a> Exhibit 2 - Proposed Order)(Kolaya, Timothy) (Entered: 11/02/2020)
11/05/2020	16	PAPERLESS ORDER granting the parties' <a href="#">15</a> Joint Notice of Stay and Motion for Administrative Order Temporarily Closing Case. This case shall be <b>CLOSED</b> for administrative purposes. The parties shall file a joint status report with the Court within 90 days of the date of this Order and every 90 days thereafter indicating the status of this matter. Either party may move to reopen when warranted. Signed by Judge Darrin P. Gayles (jsi) (Entered: 11/05/2020)
11/05/2020	17	PAPERLESS ORDER administratively closing case in light of the Court's 16 Paperless Order. Signed by Judge Darrin P. Gayles (jsi) (Entered: 11/05/2020)
02/03/2021	<a href="#">18</a>	STATUS REPORT by HENRY BARTH, ANTHONY CUOMO, BETTI JANE CUOMO, GLENN FRIEDMAN, ROSALYE FRIEDMAN, LAURIE HAIRE, MARK HERON, RAYMOND JANNELLI, LYNNE LAPIDUS, ROBERT MONTGOMERY (Kellogg, Jason) (Entered: 02/03/2021)

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# **Exhibit “25”**

**United States District Court  
Eastern District of Pennsylvania (Philadelphia)  
CIVIL DOCKET FOR CASE #: 2:20-cv-05562-MRP**

MELCHIOR et al v. VAGNOZZI et al  
Assigned to: DISTRICT JUDGE MIA ROBERTS PEREZ  
Cause: 18:1961 Racketeering (RICO) Act

Date Filed: 11/06/2020  
Jury Demand: Defendant  
Nature of Suit: 470 Other Statutes:  
Racketeer/Corrupt Organization  
Jurisdiction: Federal Question

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**Steven A Schwartz**  
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*ATTORNEY TO BE NOTICED*

**TIFFANY J. CRAMER**  
(See above for address)  
*TERMINATED: 08/11/2022*

**ERIC LECHTZIN**  
(See above for address)  
*ATTORNEY TO BE NOTICED*

**Plaintiff**

**JOSEPH CAMAIONI**

represented by **MARC H. EDELSON**  
(See above for address)  
*ATTORNEY TO BE NOTICED*

**ROBERT J. KRINER , JR.**  
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*ATTORNEY TO BE NOTICED*

**Steven A Schwartz**  
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**TIFFANY J. CRAMER**  
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*TERMINATED: 08/11/2022*

**ERIC LECHTZIN**  
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**Plaintiff**

**JORDAN LEPOW**

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**ROBERT J. KRINER , JR.**  
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**TIFFANY J. CRAMER**  
(See above for address)  
*TERMINATED: 08/11/2022*

**ERIC LECHTZIN**  
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**Plaintiff**

**MARILYN SWARTZ**

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**ROBERT J. KRINER , JR.**  
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**TIFFANY J. CRAMER**

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*TERMINATED: 08/11/2022*

**ERIC LECHTZIN**  
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**Plaintiff**

**JOAN L YORI**

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**ROBERT J. KRINER , JR.**  
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**TIFFANY J. CRAMER**  
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*TERMINATED: 08/11/2022*

**ERIC LECHTZIN**  
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**Plaintiff**

**MARK A TARONE**

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**ROBERT J. KRINER , JR.**  
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*TERMINATED: 08/11/2022*

**ERIC LECHTZIN**

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**Plaintiff**

**RAYMOND D FERGIONE**

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**ROBERT J. KRINER , JR.**  
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**TIFFANY J. CRAMER**  
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*TERMINATED: 08/11/2022*

**ERIC LECHTZIN**  
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**Plaintiff**

**RAYMOND BRUCE BOEHM**

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**ROBERT J. KRINER , JR.**  
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**TIFFANY J. CRAMER**  
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*TERMINATED: 08/11/2022*

**ERIC LECHTZIN**  
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**Plaintiff**

**PATRICIA CROSSIN-CHAWAGA**

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*TERMINATED: 08/11/2022*

**ERIC LECHTZIN**  
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**Plaintiff**

**CHARLES P MOORE**

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**ROBERT J. KRINER , JR.**  
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*TERMINATED: 08/11/2022*

**ERIC LECHTZIN**  
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**Plaintiff**

**JAMES E HILTON**

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**TIFFANY J. CRAMER**  
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*TERMINATED: 08/11/2022*

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**Plaintiff**

**DOUGLAS C KUNKEL**

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*LEAD ATTORNEY*  
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**ROBERT J. KRINER , JR.**  
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**TIFFANY J. CRAMER**  
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*TERMINATED: 08/11/2022*

**ERIC LECHTZIN**  
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**Plaintiff**

**BONNIE LEE BEEMAN**

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**ROBERT J. KRINER , JR.**  
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**TIFFANY J. CRAMER**  
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*TERMINATED: 08/11/2022*

**ERIC LECHTZIN**  
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**Plaintiff**

**ERNEST S LAVORINI**

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**Steven A Schwartz**  
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**TIFFANY J. CRAMER**  
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*TERMINATED: 08/11/2022*

**ERIC LECHTZIN**  
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**Plaintiff**

**ELIZABETH ANN DOYLE**

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*TERMINATED: 08/11/2022*

**ERIC LECHTZIN**  
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**Plaintiff**

**JOSEPH GREENBERG**

represented by **MARC H. EDELSON**  
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**ROBERT J. KRINER , JR.**  
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**TIFFANY J. CRAMER**  
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*TERMINATED: 08/11/2022*

**ERIC LECHTZIN**  
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**Plaintiff**

**DONALD DEMPSEY**

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**ROBERT J. KRINER , JR.**  
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TERMINATED: 08/11/2022

**ERIC LECHTZIN**  
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**Plaintiff**

**ROBERT L YORI**

represented by **ERIC LECHTZIN**  
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**TIFFANY J. CRAMER**  
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*TERMINATED: 08/11/2022*

**Plaintiff**

**ROBIN LYNN BOEHM**  
*ON BEHALF OF THEMSELVES AND  
OTHERS SIMILARY SITUATED*

represented by **ERIC LECHTZIN**  
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**TIFFANY J. CRAMER**

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*TERMINATED: 08/11/2022*

V.

**Defendant**

**DEAN VAGNOZZI**

**Defendant**

**CHRISTA VAGNOZZI**

*TERMINATED: 03/09/2021*

**Defendant**

**ALBERT VAGNOZZI**

**Defendant**

**ALEC VAGNOZZI**

*TERMINATED: 03/09/2021*

**Defendant**

**SHANNON WESTHEAD**

represented by **CURT M. PARKINS**  
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*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Defendant**

**JASON ZWIEBEL**

**Defendant**

**ANDREW ZUCH**

**Defendant**

**MICHAEL TIERNEY**

**Defendant**

**PAUL TERENCE KOHLER**

**Defendant**

**JOHN MYURA**

**Defendant**

**JOHN W PAUCIULO**

represented by **JAY A. DUBOW**

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*ATTORNEY TO BE NOTICED*

**Defendant**

**ECKERT SEAMANS CHERIN &  
MELLOTT, LLC**

represented by **JAY A. DUBOW**  
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*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**JOANNA J. CLINE**  
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**ERICA HALL DRESSLER**  
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**Mia S. Marko**  
(See above for address)  
*ATTORNEY TO BE NOTICED*

**Defendant**

**SPARTAN INCOME FUND, LLC**

**Defendant**

**PISCES INCOME FUND LLC**

**Defendant**

**CAPRICORN INCOME FUND I,  
LLC**

**Defendant**

**MERCHANT SERVICES INCOME  
FUND, LLC**

**Defendant**

**COVENTRY FIRST LLC**  
*TERMINATED: 01/13/2021*

represented by **ETHAN D. KERSTEIN**  
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**Defendant**

**PILLAR LIFE SETTLEMENT  
FUND I, L.P.**

**Defendant**

**PILLAR II LIFE SETTLEMENT  
FUND, L.P.**

**Defendant**

**PILLAR 3 LIFE SETTLEMENT  
FUND, L.P.**

**Defendant**

**PILLAR 4 LIFE SETTLEMENT  
FUND, L.P.**

**Defendant**

**PILLAR 5 LIFE SETTLEMENT  
FUND, L.P.**

**Defendant**

**PILLAR 6 LIFE SETTLEMENT  
FUND, L.P.**  
*TERMINATED: 09/16/2021*

**Defendant**

**PILLAR 7 LIFE SETTLEMENT  
FUND, L.P.**  
*TERMINATED: 01/28/2022*

**Defendant**

**PILLAR 8 LIFE SETTLEMENT  
FUND, L.P.**

TERMINATED: 03/23/2021

**Defendant**

**ATRIUM LEGAL CAPITAL, LLC**

TERMINATED: 02/24/2021

**Defendant**

**ATRIUM LEGAL CAPITAL 2, LLC**

TERMINATED: 02/24/2021

**Defendant**

**ATRIUM LEGAL CAPITAL 3, LLC**

TERMINATED: 02/24/2021

**Defendant**

**ATRIUM LEGAL CAPITAL 4, LLC**

TERMINATED: 02/24/2021

**Defendant**

**FALLCATCHER, INC.**

TERMINATED: 01/31/2023

**Defendant**

**PROMED INVESTMENT CO., L.P.**

TERMINATED: 02/24/2021

**Defendant**

**WOODLAND FALLS  
INVESTMENT FUND, LLC**

TERMINATED: 02/24/2021

Date Filed	#	Docket Text
11/06/2020	<a href="#"><u>1</u></a>	COMPLAINT -- <i>Class Action Complaint</i> against ATRIUM LEGAL CAPITAL 2, LLC, ATRIUM LEGAL CAPITAL 3, LLC, ATRIUM LEGAL CAPITAL 4, LLC, ATRIUM LEGAL CAPITAL, LLC, CAPRICORN INCOME FUND I, LLC, COVENTRY FIRST LLC, ECKERT SEAMANS CHERIN & MELLOTT, LLC, FALLCATCHER, INC., PAUL TERENCE KOHLER, MERCHANT SERVICES INCOME FUND, LLC, JOHN MYURA, JOHN W PAUCIULO, PILLAR 3 LIFE SETTLEMENT FUND, L.P., PILLAR 4 LIFE SETTLEMENT FUND, L.P., PILLAR 5 LIFE SETTLEMENT FUND, L.P., PILLAR 6 LIFE SETTLEMENT FUND, L.P., PILLAR 7 LIFE SETTLEMENT FUND, L.P., PILLAR 8 LIFE SETTLEMENT FUND, L.P., PILLAR II LIFE SETTLEMENT FUND, L.P., PILLAR LIFE SETTLEMENT FUND I, L.P., PISCES INCOME FUND LLC, PROMED INVESTMENT CO., L.P., SPARTAN INCOME FUND, LLC, MICHAEL TIERNEY, ALBERT VAGNOZZI, ALEC VAGNOZZI, CHRISTA VAGNOZZI, DEAN VAGNOZZI, SHANNON WESTHEAD,



		WOODLAND FALLS INVESTMENT FUND, LLC, ANDREW ZUCH, JASON ZWIEBEL ( Filing fee \$ 400 receipt number 0313-14696481.), filed by MARK NEWKIRK, FRED BARAKAT, JOHN MADDEN, ROY MILLS, MICHAEL D GROFF, JOHN BUTLER, PATRICIA CROSSIN-CHAWAGA, JACE A WEAVER, MARCY H KERSHNER, JOHN W HARVEY, DOMINICK BELLIZZIE, DAVID JAKEMAN, BARBARA BARR, JANET KAMINSKI, BONNIE LEE BEEMAN, ROBERT DELROCCO, ELIZABETH ANN DOYLE, MARILYN SWARTZ, MARK A TARONE, CYNTHIA BUTLER, GLEN W COLE, JR., DONALD DEMPSEY, CHARLES P MOORE, SHAWN P CARLIN, ROBERT BETZ, LINDA LETIER, DENNIS MELCHIOR, LEONARD GOLDSTEIN, RANDAL BOYER, JR, GEORGE S ROADKNIGHT, JOAN L YORI, ROBERT L YORI, EDWARD WOODS, ERNEST S LAVORINI, BRUCE CHASAN, RAYMOND D FERGIONE, LAURIE H SUTHERLAND, JAMES E HILTON, WILLIAM BUTLER, WILLIAM M SUTHERLAND, RAYMOND G HEFFNER, MICHAEL BARR, TERESA KIRK-JUNOD, JOSEPH GREENBERG, MAUREEN A GREEN, DOUGLAS C KUNKEL, THOMAS D GREEN, JORDAN LEPOW, ROBERT HAWRYLAK, MICHAEL SWAN, JOSEPH CAMAIONI, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, JOSEPH F. BROCK, JR. (Attachments: # <a href="#">1</a> Civil Cover Sheet, # <a href="#">2</a> Designation Form)(LECHTZIN, ERIC) Modified on 11/9/2020 (md, ). (Entered: 11/06/2020)
11/06/2020		DEMAND for Trial by Jury by All Plaintiffs.(md, ) (Entered: 11/09/2020)
11/09/2020	<a href="#">2</a>	NOTICE of Appearance by MARC H. EDELSON on behalf of MARK NEWKIRK, FRED BARAKAT, JOHN MADDEN, ROY MILLS, MICHAEL D GROFF, JOHN BUTLER, PATRICIA CROSSIN-CHAWAGA, JACE A WEAVER, MARCY H KERSHNER, JOHN W HARVEY, DOMINICK BELLIZZIE, DAVID JAKEMAN, BARBARA BARR, JANET KAMINSKI, BONNIE LEE BEEMAN, ROBERT DELROCCO, ELIZABETH ANN DOYLE, MARILYN SWARTZ, MARK A TARONE, CYNTHIA BUTLER, GLEN W COLE, JR., DONALD DEMPSEY, CHARLES P MOORE, SHAWN P CARLIN, ROBERT BETZ, LINDA LETIER, DENNIS MELCHIOR, LEONARD GOLDSTEIN, RANDAL BOYER, JR, GEORGE S ROADKNIGHT, JOAN L YORI, ROBERT L YORI, EDWARD WOODS, ERNEST S LAVORINI, BRUCE CHASAN, RAYMOND D FERGIONE, LAURIE H SUTHERLAND, JAMES E HILTON, WILLIAM BUTLER, WILLIAM M SUTHERLAND, RAYMOND G HEFFNER, MICHAEL BARR, TERESA KIRK-JUNOD, JOSEPH GREENBERG, MAUREEN A GREEN, DOUGLAS C KUNKEL, THOMAS D GREEN, JORDAN LEPOW, ROBERT HAWRYLAK, MICHAEL SWAN, JOSEPH CAMAIONI, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, JOSEPH F. BROCK, JR. with Certificate of Service (Attachments: # <a href="#">1</a> Certificate of Service)(EDELSON, MARC) Modified on 11/9/2020 (md, ). (Entered: 11/09/2020)
11/09/2020		Summons Issued as to ATRIUM LEGAL CAPITAL 2, LLC, ATRIUM LEGAL CAPITAL 3, LLC, ATRIUM LEGAL CAPITAL 4, LLC, ATRIUM LEGAL CAPITAL, LLC, CAPRICORN INCOME FUND I, LLC, COVENTRY FIRST

		LLC, ECKERT SEAMANS CHERIN & MELLOTT, LLC, FALLCATCHER, INC., PAUL TERENCE KOHLER, MERCHANT SERVICES INCOME FUND, LLC, JOHN MYURA, JOHN W PAUCIULO, PILLAR 3 LIFE SETTLEMENT FUND, L.P., PILLAR 4 LIFE SETTLEMENT FUND, L.P., PILLAR 5 LIFE SETTLEMENT FUND, L.P., PILLAR 6 LIFE SETTLEMENT FUND, L.P., PILLAR 7 LIFE SETTLEMENT FUND, L.P., PILLAR 8 LIFE SETTLEMENT FUND, L.P., PILLAR II LIFE SETTLEMENT FUND, L.P., PILLAR LIFE SETTLEMENT FUND I, L.P., PISCES INCOME FUND LLC, PROMED INVESTMENT CO., L.P., SPARTAN INCOME FUND, LLC, MICHAEL TIERNEY, ALBERT VAGNOZZI, ALEC VAGNOZZI, CHRISTA VAGNOZZI, DEAN VAGNOZZI, SHANNON WESTHEAD, WOODLAND FALLS INVESTMENT FUND, LLC, ANDREW ZUCH, JASON ZWIEBEL. E-MAILED To: COUNSEL on 11/9/2020 (bw, ) (Entered: 11/09/2020)
11/12/2020	<a href="#">3</a>	MOTION for Pro Hac Vice of <i>Jeffrey C. Schneider</i> ( Filing fee \$ 40 receipt number 0313-14706642.) filed by DOUGLAS C KUNKEL, ERNEST S LAVORINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, JACE A WEAVER, EDWARD WOODS, JOAN L YORI, ROBERT L YORI..(SCHWARTZ, STEVEN) (Entered: 11/12/2020)
11/12/2020	<a href="#">4</a>	MOTION for Pro Hac Vice of <i>Jason K. Kellogg</i> ( Filing fee \$ 40 receipt number 0313-14706689.) filed by FRED BARAKAT, BARBARA BARR, MICHAEL BARR, BONNIE LEE BEEMAN, DOMINICK BELLIZZIE, ROBERT BETZ, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, RANDAL BOYER, JR, JOSEPH F. BROCK, JR, CYNTHIA BUTLER, JOHN BUTLER, WILLIAM BUTLER, JOSEPH CAMAIONI, SHAWN P CARLIN, BRUCE CHASAN, GLEN W COLE, JR, PATRICIA CROSSIN-CHAWAGA, ROBERT DELROCCO, DONALD DEMPSEY, ELIZABETH ANN DOYLE, RAYMOND D FERGIONE, LEONARD GOLDSTEIN, MAUREEN A GREEN, THOMAS D GREEN, JOSEPH GREENBERG, MICHAEL D GROFF, JOHN W HARVEY, ROBERT HAWRYLAK, RAYMOND G HEFFNER, JAMES E HILTON, DAVID JAKEMAN, JANET KAMINSKI, MARCY H KERSHNER, TERESA KIRK-JUNOD, DOUGLAS C KUNKEL, ERNEST S LAVORINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, JACE A WEAVER, EDWARD WOODS, JOAN L YORI, ROBERT L YORI..(SCHWARTZ, STEVEN) (Entered: 11/12/2020)
11/12/2020	<a href="#">5</a>	MOTION for Pro Hac Vice of <i>Scott L. Silver</i> ( Filing fee \$ 40 receipt number 0313-14706713.) filed by FRED BARAKAT, BARBARA BARR, MICHAEL BARR, BONNIE LEE BEEMAN, DOMINICK BELLIZZIE, ROBERT BETZ, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, RANDAL BOYER, JR, JOSEPH F. BROCK, JR, CYNTHIA BUTLER, JOHN BUTLER,

		<p>WILLIAM BUTLER, JOSEPH CAMAIONI, SHAWN P CARLIN, BRUCE CHASAN, GLEN W COLE, JR, PATRICIA CROSSIN-CHAWAGA, ROBERT DELROCCO, DONALD DEMPSEY, ELIZABETH ANN DOYLE, RAYMOND D FERGIONE, LEONARD GOLDSTEIN, MAUREEN A GREEN, THOMAS D GREEN, JOSEPH GREENBERG, MICHAEL D GROFF, JOHN W HARVEY, ROBERT HAWRYLAK, RAYMOND G HEFFNER, JAMES E HILTON, DAVID JAKEMAN, JANET KAMINSKI, MARCY H KERSHNER, TERESA KIRK-JUNOD, DOUGLAS C KUNKEL, ERNEST S LAVORINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, JACE A WEAVER, EDWARD WOODS, JOAN L YORI, ROBERT L YORI.. (SCHWARTZ, STEVEN) (Entered: 11/12/2020)</p>
11/12/2020	<a href="#">6</a>	<p>MOTION for Pro Hac Vice of <i>Victoria J. Wilson</i> ( Filing fee \$ 40 receipt number 0313-14706718.) filed by FRED BARAKAT, BARBARA BARR, MICHAEL BARR, BONNIE LEE BEEMAN, DOMINICK BELLIZZIE, ROBERT BETZ, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, RANDAL BOYER, JR, JOSEPH F. BROCK, JR, CYNTHIA BUTLER, JOHN BUTLER, WILLIAM BUTLER, JOSEPH CAMAIONI, SHAWN P CARLIN, BRUCE CHASAN, GLEN W COLE, JR, PATRICIA CROSSIN-CHAWAGA, ROBERT DELROCCO, DONALD DEMPSEY, ELIZABETH ANN DOYLE, RAYMOND D FERGIONE, LEONARD GOLDSTEIN, MAUREEN A GREEN, THOMAS D GREEN, JOSEPH GREENBERG, MICHAEL D GROFF, JOHN W HARVEY, ROBERT HAWRYLAK, RAYMOND G HEFFNER, JAMES E HILTON, DAVID JAKEMAN, JANET KAMINSKI, MARCY H KERSHNER, TERESA KIRK-JUNOD, DOUGLAS C KUNKEL, ERNEST S LAVORINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, EDWARD WOODS, JOAN L YORI, ROBERT L YORI..(SCHWARTZ, STEVEN) (Entered: 11/12/2020)</p>
11/12/2020	<a href="#">7</a>	<p>MOTION to Substitute <i>Document (Corrected Class Action Complaint (Dkt. #1))</i> filed by FRED BARAKAT, BARBARA BARR, MICHAEL BARR, BONNIE LEE BEEMAN, DOMINICK BELLIZZIE, ROBERT BETZ, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, RANDAL BOYER, JR, JOSEPH F. BROCK, JR, CYNTHIA BUTLER, JOHN BUTLER, WILLIAM BUTLER, JOSEPH CAMAIONI, SHAWN P CARLIN, BRUCE CHASAN, GLEN W COLE, JR, PATRICIA CROSSIN-CHAWAGA, ROBERT DELROCCO, DONALD DEMPSEY, ELIZABETH ANN DOYLE, RAYMOND D FERGIONE, LEONARD GOLDSTEIN, MAUREEN A GREEN, THOMAS D GREEN, JOSEPH GREENBERG, MICHAEL D GROFF, JOHN W HARVEY, ROBERT HAWRYLAK, RAYMOND G HEFFNER, JAMES E HILTON, DAVID JAKEMAN, JANET KAMINSKI, MARCY H KERSHNER, TERESA</p>

		KIRK-JUNOD, DOUGLAS C KUNKEL, ERNEST S LAVORINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, JACE A WEAVER, EDWARD WOODS, JOAN L YORI, ROBERT L YORI.. (Attachments: # <a href="#">1</a> Exhibit A - Corrected Class Action Complaint)(LECHTZIN, ERIC) (Entered: 11/12/2020)
11/12/2020	<a href="#">8</a>	ORDER GRANTING <a href="#">3</a> MOTION FOR PRO HAC VICE ADMISSION OF JEFFREY C. SCHNEIDER. SIGNED BY HONORABLE BERLE M. SCHILLER ON 11/12/20.11/13/20 ENTERED AND COPIES E-MAILED.(va, ) (Entered: 11/13/2020)
11/12/2020	<a href="#">9</a>	ORDER GRANTING <a href="#">4</a> MOTION FOR PRO HAC VICE OF JASON KELLOGG. SIGNED BY HONORABLE BERLE M. SCHILLER ON 11/12/20.11/13/20 ENTERED AND COPIES E-MAILED.(va, ) Modified on 11/17/2020 (va, ). (Entered: 11/13/2020)
11/12/2020	<a href="#">10</a>	ORDER GRANTING <a href="#">5</a> MOTION FOR PRO HAC VICE OF SCOTT L. SILVER. SIGNED BY HONORABLE BERLE M. SCHILLER ON 11/12/20.11/13/20 ENTERED AND COPIES E-MAILED.(va, ) Modified on 11/17/2020 (va, ). (Entered: 11/13/2020)
11/12/2020	<a href="#">11</a>	ORDER GRANTING <a href="#">6</a> MOTION FOR PRO HAC VICE OF VICTORIA J. WILSON. SIGNED BY HONORABLE BERLE M. SCHILLER ON 11/12/20.11/13/20 ENTERED AND COPIES E-MAILED.(va, ) Modified on 11/17/2020 (va, ). (Entered: 11/13/2020)
11/12/2020	<a href="#">12</a>	ORDER GRANTING <a href="#">7</a> MOTION TO SUBSTITUTE CORRECTED CLASS ACTION COMPLAINT. SIGNED BY HONORABLE BERLE M. SCHILLER ON 11/12/20.13/13/20 ENTERED AND COPIES E-MAILED.(va, ) Modified on 11/17/2020 (va, ). (Entered: 11/13/2020)
11/16/2020	<a href="#">13</a>	WAIVER OF SERVICE Returned Executed by MARK NEWKIRK, FRED BARAKAT, JOHN W HARVEY, JOHN MADDEN, ROY MILLS, MICHAEL D GROFF, JOHN BUTLER, PATRICIA CROSSIN-CHAWAGA, JACE A WEAVER, MARCY H KERSHNER, DOMINICK BELLIZZIE, DAVID JAKEMAN, BARBARA BARR, JANET KAMINSKI, BONNIE LEE BEEMAN, ROBERT DELROCCO, ELIZABETH ANN DOYLE, MARILYN SWARTZ, MARK A TARONE, CYNTHIA BUTLER, GLEN W COLE, JR, DONALD DEMPSEY, CHARLES P MOORE, SHAWN P CARLIN, ROBERT L YORI, ROBERT BETZ, LINDA LETIER, DENNIS MELCHIOR, ROBIN LYNN BOEHM, LEONARD GOLDSTEIN, RANDAL BOYER, JR, GEORGE S ROADKNIGHT, JOAN L YORI, EDWARD WOODS, ERNEST S LAVORINI, BRUCE CHASAN, RAYMOND D FERGIONE, LAURIE H SUTHERLAND, JAMES E HILTON, WILLIAM BUTLER, WILLIAM M SUTHERLAND, RAYMOND G HEFFNER, MICHAEL BARR, TERESA KIRK-JUNOD, JOSEPH GREENBERG, MAUREEN A GREEN, DOUGLAS C

		KUNKEL, THOMAS D GREEN, JORDAN LEPOW, ROBERT HAWRYLAK, MICHAEL SWAN, JOSEPH CAMAIONI, RAYMOND BRUCE BOEHM, JOSEPH F. BROCK, JR. ECKERT SEAMANS CHERIN & MELLOTT, LLC waiver sent on 11/16/2020, answer due 1/15/2021. (LECHTZIN, ERIC) (Entered: 11/16/2020)
11/16/2020	<a href="#">14</a>	WAIVER OF SERVICE Returned Executed by MARK NEWKIRK, FRED BARAKAT, JOHN W HARVEY, JOHN MADDEN, ROY MILLS, MICHAEL D GROFF, JOHN BUTLER, PATRICIA CROSSIN-CHAWAGA, JACE A WEAVER, MARCY H KERSHNER, DOMINICK BELLIZZIE, DAVID JAKEMAN, BARBARA BARR, JANET KAMINSKI, BONNIE LEE BEEMAN, ROBERT DELROCCO, ELIZABETH ANN DOYLE, MARILYN SWARTZ, MARK A TARONE, CYNTHIA BUTLER, GLEN W COLE, JR, DONALD DEMPSEY, CHARLES P MOORE, SHAWN P CARLIN, ROBERT L YORI, ROBERT BETZ, LINDA LETIER, DENNIS MELCHIOR, ROBIN LYNN BOEHM, LEONARD GOLDSTEIN, RANDAL BOYER, JR, GEORGE S ROADKNIGHT, JOAN L YORI, EDWARD WOODS, ERNEST S LAVERINI, BRUCE CHASAN, RAYMOND D FERGIONE, LAURIE H SUTHERLAND, JAMES E HILTON, WILLIAM BUTLER, WILLIAM M SUTHERLAND, RAYMOND G HEFFNER, MICHAEL BARR, TERESA KIRK-JUNOD, JOSEPH GREENBERG, MAUREEN A GREEN, DOUGLAS C KUNKEL, THOMAS D GREEN, JORDAN LEPOW, ROBERT HAWRYLAK, MICHAEL SWAN, JOSEPH CAMAIONI, RAYMOND BRUCE BOEHM, JOSEPH F. BROCK, JR. JOHN W PAUCIULO waiver sent on 11/16/2020, answer due 1/15/2021. (LECHTZIN, ERIC) (Entered: 11/16/2020)
11/16/2020	<a href="#">15</a>	MOTION for Pro Hac Vice of <i>Scott M. Tucker</i> ( Filing fee \$ 40 receipt number 0313-14716142.) filed by FRED BARAKAT, BARBARA BARR, MICHAEL BARR, BONNIE LEE BEEMAN, DOMINICK BELLIZZIE, ROBERT BETZ, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, RANDAL BOYER, JR, JOSEPH F. BROCK, JR, CYNTHIA BUTLER, JOHN BUTLER, WILLIAM BUTLER, JOSEPH CAMAIONI, SHAWN P CARLIN, BRUCE CHASAN, GLEN W COLE, JR, PATRICIA CROSSIN-CHAWAGA, ROBERT DELROCCO, DONALD DEMPSEY, ELIZABETH ANN DOYLE, RAYMOND D FERGIONE, LEONARD GOLDSTEIN, MAUREEN A GREEN, THOMAS D GREEN, JOSEPH GREENBERG, MICHAEL D GROFF, JOHN W HARVEY, ROBERT HAWRYLAK, RAYMOND G HEFFNER, JAMES E HILTON, DAVID JAKEMAN, JANET KAMINSKI, MARCY H KERSHNER, TERESA KIRK-JUNOD, DOUGLAS C KUNKEL, ERNEST S LAVERINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, JACE A WEAVER, EDWARD WOODS, JOAN L YORI, ROBERT L YORI.. (SCHWARTZ, STEVEN) (Entered: 11/16/2020)
11/17/2020	<a href="#">16</a>	NOTICE of Appearance by JAY A. DUBOW on behalf of ECKERT SEAMANS CHERIN & MELLOTT, LLC, JOHN W PAUCIULO with Certificate of

		Service(DUBOW, JAY) (Entered: 11/17/2020)
11/17/2020	<a href="#">17</a>	NOTICE of Appearance by JOANNA J. CLINE on behalf of ECKERT SEAMANS CHERIN & MELLOTT, LLC, JOHN W PAUCIULO with Certificate of Service(CLINE, JOANNA) (Entered: 11/17/2020)
11/17/2020	<a href="#">18</a>	NOTICE of Appearance by ERICA HALL DRESSLER on behalf of ECKERT SEAMANS CHERIN & MELLOTT, LLC, JOHN W PAUCIULO with Certificate of Service(DRESSLER, ERICA) (Entered: 11/17/2020)
11/17/2020	<a href="#">19</a>	NOTICE of Appearance by MIA ROSATI on behalf of ECKERT SEAMANS CHERIN & MELLOTT, LLC, JOHN W PAUCIULO with Certificate of Service(ROSATI, MIA) (Entered: 11/17/2020)
11/17/2020	<a href="#">20</a>	ORDER GRANTING <a href="#">15</a> MOTION FOR PRO HAC VICE ADMISSION OF SCOTT M. TUCKER. SIGNED BY HONORABLE BERLE M. SCHILLER ON 11/17/20. 11/17/20 ENTERED AND COPIES E-MAILED.(va, ) (Entered: 11/17/2020)
12/14/2020	<a href="#">21</a>	NOTICE of Appearance by MARK A. ARONCHICK on behalf of COVENTRY FIRST LLC with Certificate of Service(ARONCHICK, MARK) (Entered: 12/14/2020)
12/14/2020	<a href="#">22</a>	NOTICE of Appearance by ROBERT L. EBBY on behalf of COVENTRY FIRST LLC with Certificate of Service(EBBY, ROBERT) (Entered: 12/14/2020)
12/14/2020	<a href="#">23</a>	Disclosure Statement Form pursuant to FRCP 7.1 by COVENTRY FIRST LLC. (EBBY, ROBERT) (Entered: 12/14/2020)
12/14/2020	<a href="#">24</a>	APPLICATION for Admission Pro Hac Vice of Ethan Kerstein by COVENTRY FIRST LLC. ( Filing fee \$ 40 receipt number 0313-14778766.). (EBBY, ROBERT) (Entered: 12/14/2020)
12/14/2020	<a href="#">25</a>	APPLICATION for Admission Pro Hac Vice of Kenneth J. Brown by COVENTRY FIRST LLC. ( Filing fee \$ 40 receipt number 0313-14778795.). (EBBY, ROBERT) (Entered: 12/14/2020)
12/14/2020	<a href="#">26</a>	APPLICATION for Admission Pro Hac Vice of Richmond T. Moore by COVENTRY FIRST LLC. ( Filing fee \$ 40 receipt number 0313-14778828.). (EBBY, ROBERT) (Entered: 12/14/2020)
12/14/2020	<a href="#">27</a>	Disclosure Statement Form pursuant to FRCP 7.1 by ECKERT SEAMANS CHERIN & MELLOTT, LLC.(DUBOW, JAY) (Entered: 12/14/2020)
12/15/2020	<a href="#">28</a>	ORDER GRANTING <a href="#">24</a> APPLICATION OF ETHAN D. KERSTEIN FOR PRO HAC VICE ADMISSION. SIGNED BY HONORABLE BERLE M. SCHILLER ON 12/14/20. 12/15/20 ENTERED AND COPIES E-MAILED.(va, ) (Entered: 12/15/2020)
12/15/2020	<a href="#">29</a>	ORDER GRANTING <a href="#">25</a> APPLICATION OF KENNETH J. BROWN FOR PRO HAC VICE ADMISSION. SIGNED BY HONORABLE BERLE M. SCHILLER ON 12/14/20. 12/15/20 ENTERED AND COPIES E-MAILED.(va, ) (Entered: 12/15/2020)

12/15/2020	<a href="#">30</a>	ORDER GRANTING <a href="#">26</a> APPLICATION OF RICHMOND T. MOORE FOR PRO HAC VICE ADMISSION. SIGNED BY HONORABLE BERLE M. SCHILLER ON 12/14/20. 12/15/20 ENTERED AND COPIES E-MAILED.(va, ) (Entered: 12/15/2020)
12/18/2020	<a href="#">31</a>	WAIVER OF SERVICE Returned Executed by MARK NEWKIRK, FRED BARAKAT, JOHN W HARVEY, JOHN MADDEN, ROY MILLS, MICHAEL D GROFF, JOHN BUTLER, PATRICIA CROSSIN-CHAWAGA, JACE A WEAVER, MARCY H KERSHNER, DOMINICK BELLIZZIE, DAVID JAKEMAN, BARBARA BARR, JANET KAMINSKI, BONNIE LEE BEEMAN, ROBERT DELROCCO, ELIZABETH ANN DOYLE, MARILYN SWARTZ, MARK A TARONE, CYNTHIA BUTLER, GLEN W COLE, JR, DONALD DEMPSEY, CHARLES P MOORE, SHAWN P CARLIN, ROBERT L YORI, ROBERT BETZ, LINDA LETIER, DENNIS MELCHIOR, ROBIN LYNN BOEHM, LEONARD GOLDSTEIN, RANDAL BOYER, JR, GEORGE S ROADKNIGHT, JOAN L YORI, EDWARD WOODS, ERNEST S LAAVORINI, BRUCE CHASAN, RAYMOND D FERGIONE, LAURIE H SUTHERLAND, JAMES E HILTON, WILLIAM BUTLER, WILLIAM M SUTHERLAND, RAYMOND G HEFFNER, MICHAEL BARR, TERESA KIRK-JUNOD, JOSEPH GREENBERG, MAUREEN A GREEN, DOUGLAS C KUNKEL, THOMAS D GREEN, JORDAN LEPOW, ROBERT HAWRYLAK, MICHAEL SWAN, JOSEPH CAMAIONI, RAYMOND BRUCE BOEHM, JOSEPH F. BROCK, JR. SHANNON WESTHEAD waiver sent on 12/18/2020, answer due 2/16/2021. (LECHTZIN, ERIC) (Entered: 12/18/2020)
12/22/2020	<a href="#">32</a>	MOTION to Dismiss filed by COVENTRY FIRST LLC.Coventry First LLC's Motion to Dismiss Class Action Complaint. (Attachments: # <a href="#">1</a> Memorandum Coventry First LLC's Memorandum of Law in Support of Motion to Dismiss Class Action Complaint, # <a href="#">2</a> Text of Proposed Order Proposed Order)(MOORE, RICHMOND) (Entered: 12/22/2020)
01/06/2021	<a href="#">33</a>	STIPULATION AND ORDER THAT PLAINTIFFS TIME TO RESPOND TO DEFENDANTS MOTION TO DISMISS THE CLASS ACTION COMPLAINT SHALL BE EXTENDED BY TWENTY-ONE (21) DAYS, MAKING THEIR RESPONSE DUE ON JANUARY 26, 2021; AND DEFENDANT SHALL HAVE UNTIL FEBRUARY 9, 2021 TO FILE ITS REPLY, IF ANY, IN FURTHER SUPPORT OF DEFENDANTS MOTION TO DISMISS THE CLASS ACTION COMPLAINT.. SIGNED BY HONORABLE BERLE M. SCHILLER ON 1/6/21. 1/6/21 ENTERED AND COPIES E-MAILED. (va, ) (Entered: 01/06/2021)
01/12/2021	<a href="#">34</a>	SUMMONS Returned Executed by MARK NEWKIRK, FRED BARAKAT, JOHN W HARVEY, JOHN MADDEN, ROY MILLS, MICHAEL D GROFF, JOHN BUTLER, PATRICIA CROSSIN-CHAWAGA, JACE A WEAVER, MARCY H KERSHNER, DOMINICK BELLIZZIE, DAVID JAKEMAN, BARBARA BARR, JANET KAMINSKI, BONNIE LEE BEEMAN, ROBERT DELROCCO, ELIZABETH ANN DOYLE, MARILYN SWARTZ, MARK A TARONE, CYNTHIA BUTLER, GLEN W COLE, JR, DONALD DEMPSEY,

		CHARLES P MOORE, SHAWN P CARLIN, ROBERT L YORI, ROBERT BETZ, LINDA LETIER, DENNIS MELCHIOR, ROBIN LYNN BOEHM, LEONARD GOLDSTEIN, RANDAL BOYER, JR, GEORGE S ROADKNIGHT, JOAN L YORI, EDWARD WOODS, ERNEST S LAVORINI, BRUCE CHASAN, RAYMOND D FERGIONE, LAURIE H SUTHERLAND, JAMES E HILTON, WILLIAM BUTLER, WILLIAM M SUTHERLAND, RAYMOND G HEFFNER, MICHAEL BARR, TERESA KIRK-JUNOD, JOSEPH GREENBERG, MAUREEN A GREEN, DOUGLAS C KUNKEL, THOMAS D GREEN, JORDAN LEPOW, ROBERT HAWRYLAK, MICHAEL SWAN, JOSEPH CAMAIONI, RAYMOND BRUCE BOEHM, JOSEPH F. BROCK, JR re: William Dougherty served Summons and Complaint upon ATRIUM LEGAL CAPITAL 2, LLC by Personal Service. ATRIUM LEGAL CAPITAL 2, LLC served on 12/15/2020, answer due 1/5/2021. (SCHWARTZ, STEVEN) (Entered: 01/12/2021)
01/12/2021	<a href="#">35</a>	SUMMONS Returned Executed by MARK NEWKIRK, FRED BARAKAT, JOHN W HARVEY, JOHN MADDEN, ROY MILLS, MICHAEL D GROFF, JOHN BUTLER, PATRICIA CROSSIN-CHAWAGA, JACE A WEAVER, MARCY H KERSHNER, DOMINICK BELLIZZIE, DAVID JAKEMAN, BARBARA BARR, JANET KAMINSKI, BONNIE LEE BEEMAN, ROBERT DELROCCO, ELIZABETH ANN DOYLE, MARILYN SWARTZ, MARK A TARONE, CYNTHIA BUTLER, GLEN W COLE, JR, DONALD DEMPSEY, CHARLES P MOORE, SHAWN P CARLIN, ROBERT L YORI, ROBERT BETZ, LINDA LETIER, DENNIS MELCHIOR, ROBIN LYNN BOEHM, LEONARD GOLDSTEIN, RANDAL BOYER, JR, GEORGE S ROADKNIGHT, JOAN L YORI, EDWARD WOODS, ERNEST S LAVORINI, BRUCE CHASAN, RAYMOND D FERGIONE, LAURIE H SUTHERLAND, JAMES E HILTON, WILLIAM BUTLER, WILLIAM M SUTHERLAND, RAYMOND G HEFFNER, MICHAEL BARR, TERESA KIRK-JUNOD, JOSEPH GREENBERG, MAUREEN A GREEN, DOUGLAS C KUNKEL, THOMAS D GREEN, JORDAN LEPOW, ROBERT HAWRYLAK, MICHAEL SWAN, JOSEPH CAMAIONI, RAYMOND BRUCE BOEHM, JOSEPH F. BROCK, JR re: William Dougherty served Summons and Complaint upon ATRIUM LEGAL CAPITAL 3, LLC by Personal Service. ATRIUM LEGAL CAPITAL 3, LLC served on 12/15/2020, answer due 1/5/2021. (SCHWARTZ, STEVEN) (Entered: 01/12/2021)
01/12/2021	<a href="#">36</a>	SUMMONS Returned Executed by MARK NEWKIRK, FRED BARAKAT, JOHN W HARVEY, JOHN MADDEN, ROY MILLS, MICHAEL D GROFF, JOHN BUTLER, PATRICIA CROSSIN-CHAWAGA, JACE A WEAVER, MARCY H KERSHNER, DOMINICK BELLIZZIE, DAVID JAKEMAN, BARBARA BARR, JANET KAMINSKI, BONNIE LEE BEEMAN, ROBERT DELROCCO, ELIZABETH ANN DOYLE, MARILYN SWARTZ, MARK A TARONE, CYNTHIA BUTLER, GLEN W COLE, JR, DONALD DEMPSEY, CHARLES P MOORE, SHAWN P CARLIN, ROBERT L YORI, ROBERT BETZ, LINDA LETIER, DENNIS MELCHIOR, ROBIN LYNN BOEHM, LEONARD GOLDSTEIN, RANDAL BOYER, JR, GEORGE S



		ROADKNIGHT, JOAN L YORI, EDWARD WOODS, ERNEST S LAVORINI, BRUCE CHASAN, RAYMOND D FERGIONE, LAURIE H SUTHERLAND, JAMES E HILTON, WILLIAM BUTLER, WILLIAM M SUTHERLAND, RAYMOND G HEFFNER, MICHAEL BARR, TERESA KIRK-JUNOD, JOSEPH GREENBERG, MAUREEN A GREEN, DOUGLAS C KUNKEL, THOMAS D GREEN, JORDAN LEPOW, ROBERT HAWRYLAK, MICHAEL SWAN, JOSEPH CAMAIONI, RAYMOND BRUCE BOEHM, JOSEPH F. BROCK, JR re: William Dougherty served Summons and Complaint upon ATRIUM LEGAL CAPITAL 4, LLC by Personal Service. ATRIUM LEGAL CAPITAL 4, LLC served on 12/15/2020, answer due 1/5/2021. (SCHWARTZ, STEVEN) (Entered: 01/12/2021)
01/12/2021	<a href="#">37</a>	SUMMONS Returned Executed by MARK NEWKIRK, FRED BARAKAT, JOHN W HARVEY, JOHN MADDEN, ROY MILLS, MICHAEL D GROFF, JOHN BUTLER, PATRICIA CROSSIN-CHAWAGA, JACE A WEAVER, MARCY H KERSHNER, DOMINICK BELLIZZIE, DAVID JAKEMAN, BARBARA BARR, JANET KAMINSKI, BONNIE LEE BEEMAN, ROBERT DELROCCO, ELIZABETH ANN DOYLE, MARILYN SWARTZ, MARK A TARONE, CYNTHIA BUTLER, GLEN W COLE, JR, DONALD DEMPSEY, CHARLES P MOORE, SHAWN P CARLIN, ROBERT L YORI, ROBERT BETZ, LINDA LETIER, DENNIS MELCHIOR, ROBIN LYNN BOEHM, LEONARD GOLDSTEIN, RANDAL BOYER, JR, GEORGE S ROADKNIGHT, JOAN L YORI, EDWARD WOODS, ERNEST S LAVORINI, BRUCE CHASAN, RAYMOND D FERGIONE, LAURIE H SUTHERLAND, JAMES E HILTON, WILLIAM BUTLER, WILLIAM M SUTHERLAND, RAYMOND G HEFFNER, MICHAEL BARR, TERESA KIRK-JUNOD, JOSEPH GREENBERG, MAUREEN A GREEN, DOUGLAS C KUNKEL, THOMAS D GREEN, JORDAN LEPOW, ROBERT HAWRYLAK, MICHAEL SWAN, JOSEPH CAMAIONI, RAYMOND BRUCE BOEHM, JOSEPH F. BROCK, JR re: William Dougherty served Summons and Complaint upon ATRIUM LEGAL CAPITAL, LLC by Personal Service. ATRIUM LEGAL CAPITAL, LLC served on 12/15/2020, answer due 1/5/2021. (SCHWARTZ, STEVEN) (Entered: 01/12/2021)
01/12/2021	<a href="#">38</a>	SUMMONS Returned Executed by MARK NEWKIRK, FRED BARAKAT, JOHN W HARVEY, JOHN MADDEN, ROY MILLS, MICHAEL D GROFF, JOHN BUTLER, PATRICIA CROSSIN-CHAWAGA, JACE A WEAVER, MARCY H KERSHNER, DOMINICK BELLIZZIE, DAVID JAKEMAN, BARBARA BARR, JANET KAMINSKI, BONNIE LEE BEEMAN, ROBERT DELROCCO, ELIZABETH ANN DOYLE, MARILYN SWARTZ, MARK A TARONE, CYNTHIA BUTLER, GLEN W COLE, JR, DONALD DEMPSEY, CHARLES P MOORE, SHAWN P CARLIN, ROBERT L YORI, ROBERT BETZ, LINDA LETIER, DENNIS MELCHIOR, ROBIN LYNN BOEHM, LEONARD GOLDSTEIN, RANDAL BOYER, JR, GEORGE S ROADKNIGHT, JOAN L YORI, EDWARD WOODS, ERNEST S LAVORINI, BRUCE CHASAN, RAYMOND D FERGIONE, LAURIE H SUTHERLAND, JAMES E HILTON, WILLIAM BUTLER, WILLIAM M SUTHERLAND,

		RAYMOND G HEFFNER, MICHAEL BARR, TERESA KIRK-JUNOD, JOSEPH GREENBERG, MAUREEN A GREEN, DOUGLAS C KUNKEL, THOMAS D GREEN, JORDAN LEPOW, ROBERT HAWRYLAK, MICHAEL SWAN, JOSEPH CAMAIONI, RAYMOND BRUCE BOEHM, JOSEPH F. BROCK, JR re: Martin A. Ettorre served Summons and Complaint upon PAUL TERENCE KOHLER by Personal Service. PAUL TERENCE KOHLER served on 12/17/2020, answer due 1/7/2021. (SCHWARTZ, STEVEN) (Entered: 01/12/2021)
01/12/2021	<a href="#">39</a>	SUMMONS Returned Executed by MARK NEWKIRK, FRED BARAKAT, JOHN W HARVEY, JOHN MADDEN, ROY MILLS, MICHAEL D GROFF, JOHN BUTLER, PATRICIA CROSSIN-CHAWAGA, JACE A WEAVER, MARCY H KERSHNER, DOMINICK BELLIZZIE, DAVID JAKEMAN, BARBARA BARR, JANET KAMINSKI, BONNIE LEE BEEMAN, ROBERT DELROCCO, ELIZABETH ANN DOYLE, MARILYN SWARTZ, MARK A TARONE, CYNTHIA BUTLER, GLEN W COLE, JR, DONALD DEMPSEY, CHARLES P MOORE, SHAWN P CARLIN, ROBERT L YORI, ROBERT BETZ, LINDA LETIER, DENNIS MELCHIOR, ROBIN LYNN BOEHM, LEONARD GOLDSTEIN, RANDAL BOYER, JR, GEORGE S ROADKNIGHT, JOAN L YORI, EDWARD WOODS, ERNEST S LAVORINI, BRUCE CHASAN, RAYMOND D FERGIONE, LAURIE H SUTHERLAND, JAMES E HILTON, WILLIAM BUTLER, WILLIAM M SUTHERLAND, RAYMOND G HEFFNER, MICHAEL BARR, TERESA KIRK-JUNOD, JOSEPH GREENBERG, MAUREEN A GREEN, DOUGLAS C KUNKEL, THOMAS D GREEN, JORDAN LEPOW, ROBERT HAWRYLAK, MICHAEL SWAN, JOSEPH CAMAIONI, RAYMOND BRUCE BOEHM, JOSEPH F. BROCK, JR re: William Dougherty served Summons and Complaint upon PROMED INVESTMENT CO., L.P. by Personal Service. PROMED INVESTMENT CO., L.P. served on 12/15/2020, answer due 1/5/2021. (SCHWARTZ, STEVEN) (Entered: 01/12/2021)
01/12/2021	<a href="#">40</a>	SUMMONS Returned Executed by MARK NEWKIRK, FRED BARAKAT, JOHN W HARVEY, JOHN MADDEN, ROY MILLS, MICHAEL D GROFF, JOHN BUTLER, PATRICIA CROSSIN-CHAWAGA, JACE A WEAVER, MARCY H KERSHNER, DOMINICK BELLIZZIE, DAVID JAKEMAN, BARBARA BARR, JANET KAMINSKI, BONNIE LEE BEEMAN, ROBERT DELROCCO, ELIZABETH ANN DOYLE, MARILYN SWARTZ, MARK A TARONE, CYNTHIA BUTLER, GLEN W COLE, JR, DONALD DEMPSEY, CHARLES P MOORE, SHAWN P CARLIN, ROBERT L YORI, ROBERT BETZ, LINDA LETIER, DENNIS MELCHIOR, ROBIN LYNN BOEHM, LEONARD GOLDSTEIN, RANDAL BOYER, JR, GEORGE S ROADKNIGHT, JOAN L YORI, EDWARD WOODS, ERNEST S LAVORINI, BRUCE CHASAN, RAYMOND D FERGIONE, LAURIE H SUTHERLAND, JAMES E HILTON, WILLIAM BUTLER, WILLIAM M SUTHERLAND, RAYMOND G HEFFNER, MICHAEL BARR, TERESA KIRK-JUNOD, JOSEPH GREENBERG, MAUREEN A GREEN, DOUGLAS C KUNKEL, THOMAS D GREEN, JORDAN LEPOW, ROBERT HAWRYLAK, MICHAEL

		SWAN, JOSEPH CAMAIONI, RAYMOND BRUCE BOEHM, JOSEPH F. BROCK, JR re: William Dougherty served Summons and Complaint upon PILLAR LIFE SETTLEMENT FUND I, L.P. by Personal Service. PILLAR LIFE SETTLEMENT FUND I, L.P. served on 12/15/2020, answer due 1/5/2021. (SCHWARTZ, STEVEN) (Entered: 01/12/2021)
01/12/2021	<a href="#">41</a>	SUMMONS Returned Executed by MARK NEWKIRK, FRED BARAKAT, JOHN W HARVEY, JOHN MADDEN, ROY MILLS, MICHAEL D GROFF, JOHN BUTLER, PATRICIA CROSSIN-CHAWAGA, JACE A WEAVER, MARCY H KERSHNER, DOMINICK BELLIZZIE, DAVID JAKEMAN, BARBARA BARR, JANET KAMINSKI, BONNIE LEE BEEMAN, ROBERT DELROCCO, ELIZABETH ANN DOYLE, MARILYN SWARTZ, MARK A TARONE, CYNTHIA BUTLER, GLEN W COLE, JR, DONALD DEMPSEY, CHARLES P MOORE, SHAWN P CARLIN, ROBERT L YORI, ROBERT BETZ, LINDA LETIER, DENNIS MELCHIOR, ROBIN LYNN BOEHM, LEONARD GOLDSTEIN, RANDAL BOYER, JR, GEORGE S ROADKNIGHT, JOAN L YORI, EDWARD WOODS, ERNEST S LAJORINI, BRUCE CHASAN, RAYMOND D FERGIONE, LAURIE H SUTHERLAND, JAMES E HILTON, WILLIAM BUTLER, WILLIAM M SUTHERLAND, RAYMOND G HEFFNER, MICHAEL BARR, TERESA KIRK-JUNOD, JOSEPH GREENBERG, MAUREEN A GREEN, DOUGLAS C KUNKEL, THOMAS D GREEN, JORDAN LEPOW, ROBERT HAWRYLAK, MICHAEL SWAN, JOSEPH CAMAIONI, RAYMOND BRUCE BOEHM, JOSEPH F. BROCK, JR re: William Dougherty served Summons and Complaint upon PILLAR II LIFE SETTLEMENT FUND, L.P. by Personal Service. PILLAR II LIFE SETTLEMENT FUND, L.P. served on 12/15/2020, answer due 1/5/2021. (SCHWARTZ, STEVEN) (Entered: 01/12/2021)
01/12/2021	<a href="#">42</a>	SUMMONS Returned Executed by MARK NEWKIRK, FRED BARAKAT, JOHN W HARVEY, JOHN MADDEN, ROY MILLS, MICHAEL D GROFF, JOHN BUTLER, PATRICIA CROSSIN-CHAWAGA, JACE A WEAVER, MARCY H KERSHNER, DOMINICK BELLIZZIE, DAVID JAKEMAN, BARBARA BARR, JANET KAMINSKI, BONNIE LEE BEEMAN, ROBERT DELROCCO, ELIZABETH ANN DOYLE, MARILYN SWARTZ, MARK A TARONE, CYNTHIA BUTLER, GLEN W COLE, JR, DONALD DEMPSEY, CHARLES P MOORE, SHAWN P CARLIN, ROBERT L YORI, ROBERT BETZ, LINDA LETIER, DENNIS MELCHIOR, ROBIN LYNN BOEHM, LEONARD GOLDSTEIN, RANDAL BOYER, JR, GEORGE S ROADKNIGHT, JOAN L YORI, EDWARD WOODS, ERNEST S LAJORINI, BRUCE CHASAN, RAYMOND D FERGIONE, LAURIE H SUTHERLAND, JAMES E HILTON, WILLIAM BUTLER, WILLIAM M SUTHERLAND, RAYMOND G HEFFNER, MICHAEL BARR, TERESA KIRK-JUNOD, JOSEPH GREENBERG, MAUREEN A GREEN, DOUGLAS C KUNKEL, THOMAS D GREEN, JORDAN LEPOW, ROBERT HAWRYLAK, MICHAEL SWAN, JOSEPH CAMAIONI, RAYMOND BRUCE BOEHM, JOSEPH F. BROCK, JR re: William Dougherty served Summons and Complaint upon PILLAR 4 LIFE SETTLEMENT FUND, L.P. by Personal Service. PILLAR 4

		LIFE SETTLEMENT FUND, L.P. served on 12/15/2020, answer due 1/5/2021. (SCHWARTZ, STEVEN) (Entered: 01/12/2021)
01/12/2021	<a href="#">43</a>	SUMMONS Returned Executed by MARK NEWKIRK, FRED BARAKAT, JOHN W HARVEY, JOHN MADDEN, ROY MILLS, MICHAEL D GROFF, JOHN BUTLER, PATRICIA CROSSIN-CHAWAGA, JACE A WEAVER, MARCY H KERSHNER, DOMINICK BELLIZZIE, DAVID JAKEMAN, BARBARA BARR, JANET KAMINSKI, BONNIE LEE BEEMAN, ROBERT DELROCCO, ELIZABETH ANN DOYLE, MARILYN SWARTZ, MARK A TARONE, CYNTHIA BUTLER, GLEN W COLE, JR, DONALD DEMPSEY, CHARLES P MOORE, SHAWN P CARLIN, ROBERT L YORI, ROBERT BETZ, LINDA LETIER, DENNIS MELCHIOR, ROBIN LYNN BOEHM, LEONARD GOLDSTEIN, RANDAL BOYER, JR, GEORGE S ROADKNIGHT, JOAN L YORI, EDWARD WOODS, ERNEST S LAVORINI, BRUCE CHASAN, RAYMOND D FERGIONE, LAURIE H SUTHERLAND, JAMES E HILTON, WILLIAM BUTLER, WILLIAM M SUTHERLAND, RAYMOND G HEFFNER, MICHAEL BARR, TERESA KIRK-JUNOD, JOSEPH GREENBERG, MAUREEN A GREEN, DOUGLAS C KUNKEL, THOMAS D GREEN, JORDAN LEPOW, ROBERT HAWRYLAK, MICHAEL SWAN, JOSEPH CAMAIONI, RAYMOND BRUCE BOEHM, JOSEPH F. BROCK, JR re: William Dougherty served Summons and Complaint upon PILLAR 4 LIFE SETTLEMENT FUND, L.P. by Personal Service. (SCHWARTZ, STEVEN) (Entered: 01/12/2021)
01/12/2021	<a href="#">44</a>	SUMMONS Returned Executed by MARK NEWKIRK, FRED BARAKAT, JOHN W HARVEY, JOHN MADDEN, ROY MILLS, MICHAEL D GROFF, JOHN BUTLER, PATRICIA CROSSIN-CHAWAGA, JACE A WEAVER, MARCY H KERSHNER, DOMINICK BELLIZZIE, DAVID JAKEMAN, BARBARA BARR, JANET KAMINSKI, BONNIE LEE BEEMAN, ROBERT DELROCCO, ELIZABETH ANN DOYLE, MARILYN SWARTZ, MARK A TARONE, CYNTHIA BUTLER, GLEN W COLE, JR, DONALD DEMPSEY, CHARLES P MOORE, SHAWN P CARLIN, ROBERT L YORI, ROBERT BETZ, LINDA LETIER, DENNIS MELCHIOR, ROBIN LYNN BOEHM, LEONARD GOLDSTEIN, RANDAL BOYER, JR, GEORGE S ROADKNIGHT, JOAN L YORI, EDWARD WOODS, ERNEST S LAVORINI, BRUCE CHASAN, RAYMOND D FERGIONE, LAURIE H SUTHERLAND, JAMES E HILTON, WILLIAM BUTLER, WILLIAM M SUTHERLAND, RAYMOND G HEFFNER, MICHAEL BARR, TERESA KIRK-JUNOD, JOSEPH GREENBERG, MAUREEN A GREEN, DOUGLAS C KUNKEL, THOMAS D GREEN, JORDAN LEPOW, ROBERT HAWRYLAK, MICHAEL SWAN, JOSEPH CAMAIONI, RAYMOND BRUCE BOEHM, JOSEPH F. BROCK, JR re: William Dougherty served Summons and Complaint upon PILLAR 5 LIFE SETTLEMENT FUND, L.P. by Personal Service. PILLAR 5 LIFE SETTLEMENT FUND, L.P. served on 12/15/2020, answer due 1/5/2021. (SCHWARTZ, STEVEN) (Entered: 01/12/2021)
01/12/2021	<a href="#">45</a>	SUMMONS Returned Executed by MARK NEWKIRK, FRED BARAKAT, JOHN W HARVEY, JOHN MADDEN, ROY MILLS, MICHAEL D GROFF,

		<p>JOHN BUTLER, PATRICIA CROSSIN-CHAWAGA, JACE A WEAVER, MARCY H KERSHNER, DOMINICK BELLIZZIE, DAVID JAKEMAN, BARBARA BARR, JANET KAMINSKI, BONNIE LEE BEEMAN, ROBERT DELROCCO, ELIZABETH ANN DOYLE, MARILYN SWARTZ, MARK A TARONE, CYNTHIA BUTLER, GLEN W COLE, JR, DONALD DEMPSEY, CHARLES P MOORE, SHAWN P CARLIN, ROBERT L YORI, ROBERT BETZ, LINDA LETIER, DENNIS MELCHIOR, ROBIN LYNN BOEHM, LEONARD GOLDSTEIN, RANDAL BOYER, JR, GEORGE S ROADKNIGHT, JOAN L YORI, EDWARD WOODS, ERNEST S LAVORINI, BRUCE CHASAN, RAYMOND D FERGIONE, LAURIE H SUTHERLAND, JAMES E HILTON, WILLIAM BUTLER, WILLIAM M SUTHERLAND, RAYMOND G HEFFNER, MICHAEL BARR, TERESA KIRK-JUNOD, JOSEPH GREENBERG, MAUREEN A GREEN, DOUGLAS C KUNKEL, THOMAS D GREEN, JORDAN LEPOW, ROBERT HAWRYLAK, MICHAEL SWAN, JOSEPH CAMAIONI, RAYMOND BRUCE BOEHM, JOSEPH F. BROCK, JR re: William Dougherty served Summons and Complaint upon PILLAR 6 LIFE SETTLEMENT FUND, L.P. by Personal Service. PILLAR 6 LIFE SETTLEMENT FUND, L.P. served on 12/15/2020, answer due 1/5/2021. (SCHWARTZ, STEVEN) (Entered: 01/12/2021)</p>
01/12/2021	<a href="#">46</a>	<p>SUMMONS Returned Executed by MARK NEWKIRK, FRED BARAKAT, JOHN W HARVEY, JOHN MADDEN, ROY MILLS, MICHAEL D GROFF, JOHN BUTLER, PATRICIA CROSSIN-CHAWAGA, JACE A WEAVER, MARCY H KERSHNER, DOMINICK BELLIZZIE, DAVID JAKEMAN, BARBARA BARR, JANET KAMINSKI, BONNIE LEE BEEMAN, ROBERT DELROCCO, ELIZABETH ANN DOYLE, MARILYN SWARTZ, MARK A TARONE, CYNTHIA BUTLER, GLEN W COLE, JR, DONALD DEMPSEY, CHARLES P MOORE, SHAWN P CARLIN, ROBERT L YORI, ROBERT BETZ, LINDA LETIER, DENNIS MELCHIOR, ROBIN LYNN BOEHM, LEONARD GOLDSTEIN, RANDAL BOYER, JR, GEORGE S ROADKNIGHT, JOAN L YORI, EDWARD WOODS, ERNEST S LAVORINI, BRUCE CHASAN, RAYMOND D FERGIONE, LAURIE H SUTHERLAND, JAMES E HILTON, WILLIAM BUTLER, WILLIAM M SUTHERLAND, RAYMOND G HEFFNER, MICHAEL BARR, TERESA KIRK-JUNOD, JOSEPH GREENBERG, MAUREEN A GREEN, DOUGLAS C KUNKEL, THOMAS D GREEN, JORDAN LEPOW, ROBERT HAWRYLAK, MICHAEL SWAN, JOSEPH CAMAIONI, RAYMOND BRUCE BOEHM, JOSEPH F. BROCK, JR re: William Dougherty served Summons and Complaint upon PILLAR 7 LIFE SETTLEMENT FUND, L.P. by Personal Service. PILLAR 7 LIFE SETTLEMENT FUND, L.P. served on 12/15/2020, answer due 1/5/2021. (SCHWARTZ, STEVEN) (Entered: 01/12/2021)</p>
01/12/2021	<a href="#">47</a>	<p>SUMMONS Returned Executed by MARK NEWKIRK, FRED BARAKAT, JOHN W HARVEY, JOHN MADDEN, ROY MILLS, MICHAEL D GROFF, JOHN BUTLER, PATRICIA CROSSIN-CHAWAGA, JACE A WEAVER, MARCY H KERSHNER, DOMINICK BELLIZZIE, DAVID JAKEMAN, BARBARA BARR, JANET KAMINSKI, BONNIE LEE BEEMAN, ROBERT</p>

		<p>DELROCCO, ELIZABETH ANN DOYLE, MARILYN SWARTZ, MARK A TARONE, CYNTHIA BUTLER, GLEN W COLE, JR, DONALD DEMPSEY, CHARLES P MOORE, SHAWN P CARLIN, ROBERT L YORI, ROBERT BETZ, LINDA LETIER, DENNIS MELCHIOR, ROBIN LYNN BOEHM, LEONARD GOLDSTEIN, RANDAL BOYER, JR, GEORGE S ROADKNIGHT, JOAN L YORI, EDWARD WOODS, ERNEST S LAVERINI, BRUCE CHASAN, RAYMOND D FERGIONE, LAURIE H SUTHERLAND, JAMES E HILTON, WILLIAM BUTLER, WILLIAM M SUTHERLAND, RAYMOND G HEFFNER, MICHAEL BARR, TERESA KIRK-JUNOD, JOSEPH GREENBERG, MAUREEN A GREEN, DOUGLAS C KUNKEL, THOMAS D GREEN, JORDAN LEPOW, ROBERT HAWRYLAK, MICHAEL SWAN, JOSEPH CAMAIONI, RAYMOND BRUCE BOEHM, JOSEPH F. BROCK, JR re: William Dougherty served Summons and Complaint upon PILLAR 8 LIFE SETTLEMENT FUND, L.P. by Personal Service. PILLAR 8 LIFE SETTLEMENT FUND, L.P. served on 12/15/2020, answer due 1/5/2021. (SCHWARTZ, STEVEN) (Entered: 01/12/2021)</p>
01/12/2021	<a href="#">48</a>	<p>MOTION to Appoint Counsel filed by FRED BARAKAT, BARBARA BARR, MICHAEL BARR, BONNIE LEE BEEMAN, DOMINICK BELLIZZIE, ROBERT BETZ, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, RANDAL BOYER, JR, JOSEPH F. BROCK, JR, CYNTHIA BUTLER, JOHN BUTLER, WILLIAM BUTLER, JOSEPH CAMAIONI, SHAWN P CARLIN, BRUCE CHASAN, GLEN W COLE, JR, PATRICIA CROSSIN-CHAWAGA, ROBERT DELROCCO, DONALD DEMPSEY, ELIZABETH ANN DOYLE, RAYMOND D FERGIONE, LEONARD GOLDSTEIN, MAUREEN A GREEN, THOMAS D GREEN, JOSEPH GREENBERG, MICHAEL D GROFF, JOHN W HARVEY, ROBERT HAWRYLAK, RAYMOND G HEFFNER, JAMES E HILTON, DAVID JAKEMAN, JANET KAMINSKI, MARCY H KERSHNER, TERESA KIRK-JUNOD, DOUGLAS C KUNKEL, ERNEST S LAVERINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, JACE A WEAVER, EDWARD WOODS, JOAN L YORI, ROBERT L YORI. Memorandum and Declarations. (Attachments: # <a href="#">1</a> Text of Proposed Order, # <a href="#">2</a> Brief Memorandum of Law in Support of Motion, # <a href="#">3</a> Declaration of Eric Lechtzin, # <a href="#">4</a> Declaration of Steven A. Schwartz, # <a href="#">5</a> Declaration of Jason Kellogg, # <a href="#">6</a> Declaration of Scott L. Silver)(SCHWARTZ, STEVEN) (Entered: 01/12/2021)</p>
01/13/2021	<a href="#">49</a>	<p>MOTION for Pro Hac Vice of <i>Robert J. Kriner</i> ( Filing fee \$ 40 receipt number 0313-14841255.) filed by FRED BARAKAT, BARBARA BARR, MICHAEL BARR, BONNIE LEE BEEMAN, DOMINICK BELLIZZIE, ROBERT BETZ, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, RANDAL BOYER, JR, JOSEPH F. BROCK, JR, CYNTHIA BUTLER, JOHN BUTLER, WILLIAM BUTLER, JOSEPH CAMAIONI, SHAWN P CARLIN, BRUCE CHASAN, GLEN W COLE, JR, PATRICIA CROSSIN-CHAWAGA, ROBERT</p>

		DELROCCO, DONALD DEMPSEY, ELIZABETH ANN DOYLE, RAYMOND D FERGIONE, LEONARD GOLDSTEIN, MAUREEN A GREEN, THOMAS D GREEN, JOSEPH GREENBERG, MICHAEL D GROFF, JOHN W HARVEY, ROBERT HAWRYLAK, RAYMOND G HEFFNER, JAMES E HILTON, DAVID JAKEMAN, JANET KAMINSKI, MARCY H KERSHNER, TERESA KIRK-JUNOD, DOUGLAS C KUNKEL, ERNEST S LAVORINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, JACE A WEAVER, EDWARD WOODS, JOAN L YORI, ROBERT L YORI.. (SCHWARTZ, STEVEN) (Entered: 01/13/2021)
01/13/2021	<a href="#">50</a>	MOTION for Pro Hac Vice <i>of Tiffany J. Cramer</i> ( Filing fee \$ 40 receipt number 0313-14841268.) filed by FRED BARAKAT, BARBARA BARR, MICHAEL BARR, BONNIE LEE BEEMAN, DOMINICK BELLIZZIE, ROBERT BETZ, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, RANDAL BOYER, JR, JOSEPH F. BROCK, JR, CYNTHIA BUTLER, JOHN BUTLER, WILLIAM BUTLER, JOSEPH CAMAIONI, SHAWN P CARLIN, BRUCE CHASAN, GLEN W COLE, JR, PATRICIA CROSSIN-CHAWAGA, ROBERT DELROCCO, DONALD DEMPSEY, ELIZABETH ANN DOYLE, RAYMOND D FERGIONE, LEONARD GOLDSTEIN, MAUREEN A GREEN, THOMAS D GREEN, JOSEPH GREENBERG, MICHAEL D GROFF, JOHN W HARVEY, ROBERT HAWRYLAK, RAYMOND G HEFFNER, JAMES E HILTON, DAVID JAKEMAN, JANET KAMINSKI, MARCY H KERSHNER, TERESA KIRK-JUNOD, DOUGLAS C KUNKEL, ERNEST S LAVORINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, JACE A WEAVER, EDWARD WOODS, JOAN L YORI, ROBERT L YORI.. (SCHWARTZ, STEVEN) (Entered: 01/13/2021)
01/13/2021	<a href="#">51</a>	NOTICE of Voluntary Dismissal by All Plaintiffs As To COVENTRY FIRST LLC(LECHTZIN, ERIC) (Entered: 01/13/2021)
01/13/2021	<a href="#">52</a>	ORDER GRANTING <a href="#">49</a> MOTION FOR PRO HAC VICE ADMISSION OF ROBERT J. KRINER. SIGNED BY HONORABLE BERLE M. SCHILLER ON 1/13/21. 1/13/21 ENTERED AND COPIES E-MAILED. (va, ) (Entered: 01/14/2021)
01/13/2021	<a href="#">53</a>	ORDER GRANTING <a href="#">50</a> MOTION FOR PRO HAC VICE ADMISSION FOR TIFFANY J. CRAMER. SIGNED BY HONORABLE BERLE M. SCHILLER ON 1/13/21. 1/14/21 ENTERED AND COPIES E-MAILED. (va, ) (Entered: 01/14/2021)
01/15/2021	<a href="#">54</a>	MOTION to Stay <i>Proceedings, Or In The Alternative</i> , MOTION to Dismiss <i>PLAINTIFFS CLASS ACTION COMPLAINT</i> filed by ECKERT SEAMANS CHERIN & MELLOTT, LLC, JOHN W PAUCIULO.Memorandum,Proposed

		Order, Declaration with Exhibits, Certificate of Service.(DUBOW, JAY) (Entered: 01/15/2021)
01/15/2021	<a href="#">55</a>	ORDER GRANTING <a href="#">48</a> MOTION TO APPOINT INTERIM CO-LEAD CLASS COUNSEL PURSUANT TO FRCP 23(G). THE COURT APPOINTS ERIC LECHTZIN AND MARC H. EDELSON OF EDELSON LECHTZIN LLP, STEVEN A. SCHWARTZ, ROBERT J. KRINER, JR., SCOTT M. TUCKER AND TIFFANY J. CRAMER OF CHIMICLES SCHWARTZ KRINER & DONALDSON-SMITH LLP, AND JEFFREY C. SCHNEIDER, JASON KELLOGG AND VICTORIA J. WILSON OF LEVINE KELLOGG LEHMAN SCHNEIDER + GROSSMAN LLP AS INTERIM CO-LEAD CLASS COUNSEL TO ACT ON BEHALF OF THE PLAINTIFFS AND THE PUTATIVE CLASSES. THE COURT HEREBY CREATES A PLAINTIFFS EXECUTIVE COMMITTEE TO OPERATE UNDER THE DIRECTION OF INTERIM CO-LEAD CLASS COUNSEL ON BEHALF OF THE PUTATIVE CLASSES AND APPOINTS SCOTT L. SILVER OF SILVER LAW GROUP AS INTERIM CHAIR OF THE EXECUTIVE COMMITTEE. THE EXECUTIVE COMMITTEE WILL DO ALL WORK AT THE DIRECTION OF INTERIM CO-LEAD CLASS COUNSEL. THE INTERIM CO-LEAD CLASS COUNSEL HAVE AGREED AMONGST THEMSELVES TO ACT ACCORDING TO THE TERMS OUTLINED HEREIN. ETC. SIGNED BY HONORABLE BERLE M. SCHILLER ON 1/14/21. 1/15/21 ENTERED AND COPIES E-MAILED. (va, ) (Entered: 01/15/2021)
01/25/2021	<a href="#">56</a>	STIPULATION AND ORDER THAT PLAINTIFFS TIME TO RESPOND TO DEFENDANTS <a href="#">54</a> MOTION TO STAY SHALL BE EXTENDED BY TWENTY-ONE (21) DAYS, MAKING THEIR RESPONSE DUE ON FEBRUARY 19, 2021; AND DEFENDANTS SHALL HAVE UNTIL MARCH 10, 2021 TO FILE THEIR REPLY, IF ANY, IN FURTHER SUPPORT OF DEFENDANTS MOTION.. SIGNED BY HONORABLE BERLE M. SCHILLER ON 1/25/21. 1/26/21 ENTERED AND COPIES E-MAILED.(va, ) (Entered: 01/26/2021)
02/16/2021	<a href="#">57</a>	NOTICE of Appearance by CURT M. PARKINS on behalf of SHANNON WESTHEAD (PARKINS, CURT) (Entered: 02/16/2021)
02/16/2021	<a href="#">58</a>	MOTION for Extension of Time to File Response/Reply as to <a href="#">1</a> Complaint (Attorney),,,,,,, filed by SHANNON WESTHEAD..(PARKINS, CURT) (Entered: 02/16/2021)
02/17/2021	<a href="#">59</a>	ORDER GRANTING <a href="#">58</a> MOTION FOR EXTENSION OF TIME TO FILE RESPONSE TO COMPLAINT BY 4/15/21. SIGNED BY HONORABLE BERLE M. SCHILLER ON 2/17/21. 2/17/21 ENTERED AND COPIES E-MAILED. (va, ) (Entered: 02/17/2021)
02/18/2021	<a href="#">60</a>	MOTION Leave to File a Brief Not to Exceed 36 Pages in Support of Their Opposition to Defendants Eckert Seamans Cherin & Mellott, LLCs and John W. Pauculos Motion to Stay Proceedings, or in the Alternative, to Dismiss Plaintiffs Class Action Complaint re <a href="#">54</a> MOTION to Stay <i>Proceedings, Or In The</i>



		<p><i>Alternative</i> MOTION to Dismiss <i>PLAINTIFFS CLASS ACTION COMPLAINT</i> filed by FRED BARAKAT, BARBARA BARR, MICHAEL BARR, BONNIE LEE BEEMAN, DOMINICK BELLIZZIE, ROBERT BETZ, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, RANDAL BOYER, JR, JOSEPH F. BROCK, JR, CYNTHIA BUTLER, JOHN BUTLER, WILLIAM BUTLER, JOSEPH CAMAIONI, SHAWN P CARLIN, BRUCE CHASAN, GLEN W COLE, JR, PATRICIA CROSSIN-CHAWAGA, ROBERT DELROCCO, DONALD DEMPSEY, ELIZABETH ANN DOYLE, RAYMOND D FERGIONE, LEONARD GOLDSTEIN, MAUREEN A GREEN, THOMAS D GREEN, JOSEPH GREENBERG, MICHAEL D GROFF, JOHN W HARVEY, ROBERT HAWRYLAK, RAYMOND G HEFFNER, JAMES E HILTON, DAVID JAKEMAN, JANET KAMINSKI, MARCY H KERSHNER, TERESA KIRK-JUNOD, DOUGLAS C KUNKEL, ERNEST S LAVORINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, JACE A WEAVER, EDWARD WOODS, JOAN L YORI, ROBERT L YORI..</p> <p>(Attachments: # <a href="#">1</a> Text of Proposed Order)(LECHTZIN, ERIC) (Entered: 02/18/2021)</p>
02/18/2021	<a href="#">61</a>	<p>ORDER GRANTING <a href="#">60</a> MOTION FOR LEAVE TO FILE BRIEF NOT TO EXCEED 36 PAGES IN SUPPORT OF OPPOSITION TO MOTION TO STAY, ETC. SIGNED BY HONORABLE BERLE M. SCHILLER ON 2/18/21. 2/19/21 ENTERED AND COPIES E-MAILED. (va, ) (Entered: 02/19/2021)</p>
02/19/2021	<a href="#">62</a>	<p>RESPONSE in Opposition re <a href="#">54</a> MOTION to Stay <i>Proceedings, Or In The Alternative</i> MOTION to Dismiss <i>PLAINTIFFS CLASS ACTION COMPLAINT</i> filed by FRED BARAKAT, BARBARA BARR, MICHAEL BARR, BONNIE LEE BEEMAN, DOMINICK BELLIZZIE, ROBERT BETZ, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, RANDAL BOYER, JR, JOSEPH F. BROCK, JR, CYNTHIA BUTLER, JOHN BUTLER, WILLIAM BUTLER, JOSEPH CAMAIONI, SHAWN P CARLIN, BRUCE CHASAN, GLEN W COLE, JR, PATRICIA CROSSIN-CHAWAGA, ROBERT DELROCCO, DONALD DEMPSEY, ELIZABETH ANN DOYLE, RAYMOND D FERGIONE, LEONARD GOLDSTEIN, MAUREEN A GREEN, THOMAS D GREEN, JOSEPH GREENBERG, MICHAEL D GROFF, JOHN W HARVEY, ROBERT HAWRYLAK, RAYMOND G HEFFNER, JAMES E HILTON, DAVID JAKEMAN, JANET KAMINSKI, MARCY H KERSHNER, TERESA KIRK-JUNOD, DOUGLAS C KUNKEL, ERNEST S LAVORINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, JACE A WEAVER, EDWARD WOODS, JOAN L YORI, ROBERT L YORI.</p> <p>(Attachments: # <a href="#">1</a> Declaration of Eric Lechtzin in Support of Plaintiffs' Response in Opposition to Defendants' Motion, # <a href="#">2</a> Exhibit A (Receivers Quarterly</p>

		Report), # <a href="#">3</a> Exhibit B (email from Receivers counsel))(LECHTZIN, ERIC) (Entered: 02/19/2021)
02/24/2021	<a href="#">63</a>	NOTICE of Voluntary Dismissal by All Plaintiffs As To ATRIUM LEGAL CAPITAL, LLC, ATRIUM LEGAL CAPITAL 2, LLC, ATRIUM LEGAL CAPITAL 3, LLC, ATRIUM LEGAL CAPITAL 4, LLC, PROMED INVESTMENT CO., L.P., and WOODLAND FALLS INVESTMENT FUND, LLC only(LECHTZIN, ERIC) (Entered: 02/24/2021)
03/09/2021	<a href="#">64</a>	NOTICE of Voluntary Dismissal by All Plaintiffs As To CHRISTA VAGNOZZI AND ALEC VAGNOZZI(LECHTZIN, ERIC) (Entered: 03/09/2021)
03/10/2021	<a href="#">65</a>	REPLY to Response to Motion re <a href="#">54</a> MOTION to Stay <i>Proceedings, Or In The Alternative</i> MOTION to Dismiss <i>PLAINTIFFS CLASS ACTION COMPLAINT</i> filed by ECKERT SEAMANS CHERIN & MELLOTT, LLC, JOHN W PAUCIULO. (DUBOW, JAY) (Entered: 03/10/2021)
03/23/2021	<a href="#">66</a>	NOTICE of Voluntary Dismissal by All Plaintiffs As To PILLAR 8 LIFE SETTLEMENT FUND, L.P.(LECHTZIN, ERIC) (Entered: 03/23/2021)
04/12/2021	<a href="#">67</a>	ORDER GRANTING <a href="#">54</a> MOTION TO STAY; DENYING <a href="#">54</a> MOTION TO DISMISS WITHOUT PREJUDICE. THE CASE IS STAYED IN ITS ENTIRETY UNTIL FURTHER ORDER. SIGNED BY HONORABLE BERLE M. SCHILLER ON 4/12/21. 4/12/21 ENTERED AND COPIES E-MAILED.(va, ) (Entered: 04/12/2021)
04/21/2021	<a href="#">68</a>	MOTION for Reconsideration re <a href="#">67</a> Order on Motion to Stay, Order on Motion to Dismiss filed by FRED BARAKAT, BARBARA BARR, MICHAEL BARR, BONNIE LEE BEEMAN, DOMINICK BELLIZZIE, ROBERT BETZ, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, RANDAL BOYER, JR, JOSEPH F. BROCK, JR, CYNTHIA BUTLER, JOHN BUTLER, WILLIAM BUTLER, JOSEPH CAMAIONI, SHAWN P CARLIN, BRUCE CHASAN, GLEN W COLE, JR, PATRICIA CROSSIN-CHAWAGA, ROBERT DELROCCO, DONALD DEMPSEY, ELIZABETH ANN DOYLE, RAYMOND D FERGIONE, LEONARD GOLDSTEIN, MAUREEN A GREEN, THOMAS D GREEN, JOSEPH GREENBERG, MICHAEL D GROFF, JOHN W HARVEY, ROBERT HAWRYLAK, RAYMOND G HEFFNER, JAMES E HILTON, DAVID JAKEMAN, JANET KAMINSKI, MARCY H KERSHNER, TERESA KIRK-JUNOD, DOUGLAS C KUNKEL, ERNEST S LAVORINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, JACE A WEAVER, EDWARD WOODS, JOAN L YORI, ROBERT L YORI.Memorandum, Declaration. (Attachments: # <a href="#">1</a> Memorandum of Law in Support of Motion for Reconsideration, # <a href="#">2</a> Declaration of Eric Lechtzin in Support of Motion for Reconsideration, # <a href="#">3</a> Exhibit A, # <a href="#">4</a> Exhibit B, # <a href="#">5</a> Exhibit C, # <a href="#">6</a> Text of Proposed Order)(LECHTZIN, ERIC) (Entered: 04/21/2021)

04/28/2021	<a href="#">69</a>	RESPONSE in Opposition re <a href="#">68</a> MOTION for Reconsideration re <a href="#">67</a> Order on Motion to Stay, Order on Motion to Dismiss filed by ECKERT SEAMANS CHERIN & MELLOTT, LLC, JOHN W PAUCIUOLO. (DUBOW, JAY) (Entered: 04/28/2021)
05/07/2021	<a href="#">70</a>	ORDER THAT PLAINTIFFS' <a href="#">68</a> MOTION FOR RECONSIDERATION OF ORDER STAYING PROCEEDINGS IS DENIED WITHOUT PREJUDICE. SIGNED BY HONORABLE BERLE M. SCHILLER ON 5/7/21.5/7/21 ENTERED & E-MAILED.(fdc) (Entered: 05/07/2021)
09/16/2021	<a href="#">71</a>	NOTICE of Voluntary Dismissal by All Plaintiffs As To PILLAR 6 LIFE SETTLEMENT FUND, L.P.(LECHTZIN, ERIC) (Entered: 09/16/2021)
01/28/2022	<a href="#">72</a>	NOTICE of Voluntary Dismissal by All Plaintiffs As To PILLAR 7 LIFE SETTLEMENT FUND, L.P.(LECHTZIN, ERIC) (Entered: 01/28/2022)
05/19/2022	<a href="#">73</a>	SUGGESTION OF DEATH Upon the Record as to Fred Paul Joseph Barakat (a/k/a Fareed Barakat or F. Paul Barakat) by FRED BARAKAT, BARBARA BARR, MICHAEL BARR, BONNIE LEE BEEMAN, DOMINICK BELLIZZIE, ROBERT BETZ, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, RANDAL BOYER, JR, JOSEPH F. BROCK, JR, CYNTHIA BUTLER, JOHN BUTLER, WILLIAM BUTLER, JOSEPH CAMAIONI, SHAWN P CARLIN, BRUCE CHASAN, GLEN W COLE, JR, PATRICIA CROSSIN-CHAWAGA, ROBERT DELROCCO, DONALD DEMPSEY, ELIZABETH ANN DOYLE, RAYMOND D FERGIONE, LEONARD GOLDSTEIN, MAUREEN A GREEN, THOMAS D GREEN, JOSEPH GREENBERG, MICHAEL D GROFF, JOHN W HARVEY, ROBERT HAWRYLAK, RAYMOND G HEFFNER, JAMES E HILTON, DAVID JAKEMAN, JANET KAMINSKI, MARCY H KERSHNER, TERESA KIRK-JUNOD, DOUGLAS C KUNKEL, ERNEST S LAVORINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, JACE A WEAVER, EDWARD WOODS, JOAN L YORI, ROBERT L YORI. (Attachments: # <a href="#">1</a> Exhibit A - Death Certificate of Fred Paul Joseph Barakat)(LECHTZIN, ERIC) (Entered: 05/19/2022)
08/11/2022	<a href="#">74</a>	NOTICE of Withdrawal of Appearance by TIFFANY J. CRAMER on behalf of FRED BARAKAT, BARBARA BARR, MICHAEL BARR, BONNIE LEE BEEMAN, DOMINICK BELLIZZIE, ROBERT BETZ, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, RANDAL BOYER, JR, JOSEPH F. BROCK, JR, CYNTHIA BUTLER, JOHN BUTLER, WILLIAM BUTLER, JOSEPH CAMAIONI, SHAWN P CARLIN, BRUCE CHASAN, GLEN W COLE, JR, PATRICIA CROSSIN-CHAWAGA, ROBERT DELROCCO, DONALD DEMPSEY, ELIZABETH ANN DOYLE, RAYMOND D FERGIONE, LEONARD GOLDSTEIN, MAUREEN A GREEN, THOMAS D GREEN, JOSEPH GREENBERG, MICHAEL D GROFF, JOHN W HARVEY, ROBERT HAWRYLAK, RAYMOND G HEFFNER, JAMES E HILTON,

		DAVID JAKEMAN, JANET KAMINSKI, MARCY H KERSHNER, TERESA KIRK-JUNOD, DOUGLAS C KUNKEL, ERNEST S LAVORINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, JACE A WEAVER, EDWARD WOODS, JOAN L YORI, ROBERT L YORI(SCHWARTZ, STEVEN) Modified on 9/22/2022 (va). (Entered: 08/11/2022)
09/22/2022	<a href="#">75</a>	MOTION Lift Stay filed by BARBARA BARR, MICHAEL BARR, BONNIE LEE BEEMAN, DOMINICK BELLIZZIE, ROBERT BETZ, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, RANDAL BOYER, JR, JOSEPH F. BROCK, JR, CYNTHIA BUTLER, JOHN BUTLER, WILLIAM BUTLER, JOSEPH CAMAIONI, SHAWN P CARLIN, BRUCE CHASAN, GLEN W COLE, JR, PATRICIA CROSSIN-CHAWAGA, ROBERT DELROCCO, DONALD DEMPSEY, ELIZABETH ANN DOYLE, RAYMOND D FERGIONE, LEONARD GOLDSTEIN, MAUREEN A GREEN, THOMAS D GREEN, JOSEPH GREENBERG, MICHAEL D GROFF, JOHN W HARVEY, ROBERT HAWRYLAK, RAYMOND G HEFFNER, JAMES E HILTON, DAVID JAKEMAN, JANET KAMINSKI, MARCY H KERSHNER, TERESA KIRK-JUNOD, DOUGLAS C KUNKEL, ERNEST S LAVORINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, JACE A WEAVER, EDWARD WOODS, JOAN L YORI, ROBERT L YORI.Certificate of Service. (Attachments: # <a href="#">1</a> Text of Proposed Order, # <a href="#">2</a> Exhibit A) (SCHWARTZ, STEVEN) (Entered: 09/22/2022)
09/28/2022	<a href="#">76</a>	ORDER GRANTING <a href="#">75</a> UNOPPOSED MOTION TO LIFT STAY. SIGNED BY HONORABLE BERLE M. SCHILLER ON 9/28/22. 9/28/22 ENTERED AND COPIES E-MAILED. (va) (Entered: 09/28/2022)
10/06/2022	<a href="#">77</a>	NOTICE of Appearance by CATHERINE M. RECKER on behalf of JOHN W PAUCIULO with Certificate of Service(RECKER, CATHERINE) (Entered: 10/06/2022)
10/06/2022	<a href="#">78</a>	NOTICE of Appearance by RICHARD D. WALK, III on behalf of JOHN W PAUCIULO with Certificate of Service(WALK, RICHARD) (Entered: 10/06/2022)
10/07/2022	<a href="#">79</a>	NOTICE of Withdrawal of Appearance by JAY A. DUBOW on behalf of JOHN W PAUCIULO(DUBOW, JAY) (Entered: 10/07/2022)
10/07/2022	<a href="#">80</a>	NOTICE of Withdrawal of Appearance by JOANNA J. CLINE on behalf of JOHN W PAUCIULO(CLINE, JOANNA) (Entered: 10/07/2022)
10/07/2022	<a href="#">81</a>	NOTICE of Withdrawal of Appearance by ERICA HALL DRESSLER on behalf of JOHN W PAUCIULO(DRESSLER, ERICA) (Entered: 10/07/2022)

10/07/2022	<a href="#">82</a>	NOTICE of Withdrawal of Appearance by Mia S. Marko on behalf of JOHN W PAUCIULO(Marko, Mia) (Entered: 10/07/2022)
10/07/2022	<a href="#">83</a>	Joint MOTION FOR BRIEFING SCHEDULE ON THE ECKERT SEAMANS DEFENDANTS RENEWED MOTION TO DISMISS filed by FRED BARAKAT, BARBARA BARR, MICHAEL BARR, BONNIE LEE BEEMAN, DOMINICK BELLIZZIE, ROBERT BETZ, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, RANDAL BOYER, JR, JOSEPH F. BROCK, JR, CYNTHIA BUTLER, JOHN BUTLER, WILLIAM BUTLER, JOSEPH CAMAIONI, SHAWN P CARLIN, BRUCE CHASAN, GLEN W COLE, JR, PATRICIA CROSSIN-CHAWAGA, ROBERT DELROCCO, DONALD DEMPSEY, ELIZABETH ANN DOYLE, RAYMOND D FERGIONE, LEONARD GOLDSTEIN, MAUREEN A GREEN, THOMAS D GREEN, JOSEPH GREENBERG, MICHAEL D GROFF, JOHN W HARVEY, ROBERT HAWRYLAK, RAYMOND G HEFFNER, JAMES E HILTON, DAVID JAKEMAN, JANET KAMINSKI, MARCY H KERSHNER, TERESA KIRK-JUNOD, DOUGLAS C KUNKEL, ERNEST S LAVORINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, JACE A WEAVER, EDWARD WOODS, JOAN L YORI, ROBERT L YORI..(LECHTZIN, ERIC) (Entered: 10/07/2022)
10/24/2022	<a href="#">84</a>	MOTION to Dismiss - <i>Renewed Motion to Dismiss Plaintiffs Class Action Complaint</i> filed by ECKERT SEAMANS CHERIN & MELLOTT, LLC, JOHN W PAUCIULO.Memorandum, Certificate of Service.(DUBOW, JAY) (Entered: 10/24/2022)
10/25/2022	<a href="#">85</a>	NOTICE of Appearance by AMY B. CARVER on behalf of JOHN W PAUCIULO with Certificate of Service(CARVER, AMY) (Entered: 10/25/2022)
10/27/2022	<a href="#">86</a>	ORDER THAT THE JOINT MOTION FOR BRIEFING SCHEDULE (ECF <a href="#">83</a> ) IS GRANTED; CONSISTENT WITH THE JOINT MOTION FOR BRIEFING SCHEDULE, PLAINTIFFS SHALL FILE THEIR RESPONSE TO DEFENDANTS ECKERT SEAMANS CHERIN & MELLOTT, LLC AND JOHN W. PAUCIULOS RENEWED MOTION TO DISMISS PLAINTIFFS CLASS ACTION COMPLAINT (ECF <a href="#">84</a> ) NO LATER THAN NOVEMBER 7, 2022; AND DEFENDANTS ECKERT SEAMANS CHERIN & MELLOTT, LLC AND JOHN W. PAUCIULOS SHALL FILE THEIR REPLY IN SUPPORT OF THEIR MOTION NO LATER THAN NOVEMBER 17, 2022. SIGNED BY HONORABLE BERLE M. SCHILLER ON 10/27/22. 10/27/22 ENTERED AND COPIES E-MAILED. (va) (Entered: 10/27/2022)
11/04/2022	<a href="#">87</a>	MOTION for Leave to File Excess Pages <i>Plaintiffs Unopposed Motion for Leave to File a Brief Not to Exceed 28 Pages in Support of Their Opposition to Defendants Eckert Seamans Cherin &amp; Mellott, LLCs and John W. Pauciulos Renewed Motion to Dismiss Plaintiffs Class Action Complaint</i> filed by FRED BARAKAT, BARBARA BARR, MICHAEL BARR, BONNIE LEE BEEMAN,

DOMINICK BELLIZZIE, ROBERT BETZ, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, RANDAL BOYER, JR, JOSEPH F. BROCK, JR, CYNTHIA BUTLER, JOHN BUTLER, WILLIAM BUTLER, JOSEPH CAMAIONI, SHAWN P CARLIN, BRUCE CHASAN, GLEN W COLE, JR, PATRICIA CROSSIN-CHAWAGA, ROBERT DELROCCO, DONALD DEMPSEY, ELIZABETH ANN DOYLE, RAYMOND D FERGIONE, LEONARD GOLDSTEIN, MAUREEN A GREEN, THOMAS D GREEN, JOSEPH GREENBERG, MICHAEL D GROFF, JOHN W HARVEY, ROBERT HAWRYLAK, RAYMOND G HEFFNER, JAMES E HILTON, DAVID JAKEMAN, JANET KAMINSKI, MARCY H KERSHNER, TERESA KIRK-JUNOD, DOUGLAS C KUNKEL, ERNEST S LAVORINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, JACE A WEAVER, EDWARD WOODS, JOAN L YORI, ROBERT L YORI.. (Attachments: # [1](#) Text of Proposed Order)(LECHTZIN, ERIC) (Entered: 11/04/2022)

11/04/2022

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RESPONSE in Opposition re [84](#) MOTION to Dismiss -*Renewed Motion to Dismiss Plaintiffs Class Action Complaint PLAINTIFFS OPPOSITION TO DEFENDANTS ECKERT SEAMANS CHERIN & MELLOTT, LLCS AND JOHN W. PAUCIULOS RENEWED MOTION TO DISMISS PLAINTIFFS CLASS ACTION COMPLAINT* filed by FRED BARAKAT, BARBARA BARR, MICHAEL BARR, BONNIE LEE BEEMAN, DOMINICK BELLIZZIE, ROBERT BETZ, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, RANDAL BOYER, JR, JOSEPH F. BROCK, JR, CYNTHIA BUTLER, JOHN BUTLER, WILLIAM BUTLER, JOSEPH CAMAIONI, SHAWN P CARLIN, BRUCE CHASAN, GLEN W COLE, JR, PATRICIA CROSSIN-CHAWAGA, ROBERT DELROCCO, DONALD DEMPSEY, ELIZABETH ANN DOYLE, RAYMOND D FERGIONE, LEONARD GOLDSTEIN, MAUREEN A GREEN, THOMAS D GREEN, JOSEPH GREENBERG, MICHAEL D GROFF, JOHN W HARVEY, ROBERT HAWRYLAK, RAYMOND G HEFFNER, JAMES E HILTON, DAVID JAKEMAN, JANET KAMINSKI, MARCY H KERSHNER, TERESA KIRK-JUNOD, DOUGLAS C KUNKEL, ERNEST S LAVORINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, JACE A WEAVER, EDWARD WOODS, JOAN L YORI, ROBERT L YORI.  
(Attachments: # [1](#) Declaration OF ERIC LECHTZIN IN SUPPORT OF PLAINTIFFS OPPOSITION TO DEFENDANTS ECKERT SEAMANS CHERIN & MELLOTT, LLCS AND JOHN W. PAUCIULOS RENEWED MOTION TO DISMISS PLAINTIFFS CLASS ACTION COMPLAINT, # [2](#) Exhibit A - Order Instituting Public Administrative and Cease-And-Desist Proceedings, # [3](#) Exhibit B - Receiver Ryan K. Stumphauzers Quarterly Status Report Dated February 1, 2021, # [4](#) Exhibit C - Unopposed Motion for Entry of Final Judgment Against Defendant Dean J. Vagnozzi, # [5](#) Exhibit D - Order

		Granting in Part Plaintiffs Amended Omnibus Motion for Final Judgment) (LECHTZIN, ERIC) (Entered: 11/04/2022)
11/04/2022	<a href="#">89</a>	ORDER GRANTING <a href="#">87</a> MOTION FOR LEAVE TO FILE EXCESS PAGES. SIGNED BY HONORABLE BERLE M. SCHILLER ON 11/4/22. 11/7/22 ENTERED AND COPIES E-MAILED. (va) (Entered: 11/07/2022)
11/17/2022	<a href="#">90</a>	REPLY to Response to Motion re <a href="#">84</a> MOTION to Dismiss - <i>Renewed Motion to Dismiss Plaintiffs Class Action Complaint</i> filed by ECKERT SEAMANS CHERIN & MELLOTT, LLC, JOHN W PAUCIUOLO. (DUBOW, JAY) (Entered: 11/17/2022)
12/14/2022	<a href="#">91</a>	ORDER THAT PLAINTIFFS COUNSEL IN THE ABOVE-CAPTIONED MATTER SHALL PROVIDE THIS COURT WITH A STATUS REPORT ON OR BEFORE JANUARY 13, 2023. SIGNED BY HONORABLE BERLE M. SCHILLER ON 12/14/22. 12/14/22 ENTERED AND COPIES E-MAILED. (va) (Entered: 12/14/2022)
01/10/2023	<a href="#">92</a>	STATUS REPORT by FRED BARAKAT, BARBARA BARR, MICHAEL BARR, BONNIE LEE BEEMAN, DOMINICK BELLIZZIE, ROBERT BETZ, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, RANDAL BOYER, JR, JOSEPH F. BROCK, JR, CYNTHIA BUTLER, JOHN BUTLER, WILLIAM BUTLER, JOSEPH CAMAIONI, SHAWN P CARLIN, BRUCE CHASAN, GLEN W COLE, JR, PATRICIA CROSSIN-CHAWAGA, ROBERT DELROCCO, DONALD DEMPSEY, ELIZABETH ANN DOYLE, RAYMOND D FERGIONE, LEONARD GOLDSTEIN, MAUREEN A GREEN, THOMAS D GREEN, JOSEPH GREENBERG, MICHAEL D GROFF, JOHN W HARVEY, ROBERT HAWRYLAK, RAYMOND G HEFFNER, JAMES E HILTON, DAVID JAKEMAN, JANET KAMINSKI, MARCY H KERSHNER, TERESA KIRK-JUNOD, DOUGLAS C KUNKEL, ERNEST S LAVORINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, JACE A WEAVER, EDWARD WOODS, JOAN L YORI, ROBERT L YORI. (LECHTZIN, ERIC) (Entered: 01/10/2023)
01/19/2023	<a href="#">93</a>	STATUS REPORT <i>PLAINTIFFS SECOND STATUS REPORT</i> by FRED BARAKAT, BARBARA BARR, MICHAEL BARR, BONNIE LEE BEEMAN, DOMINICK BELLIZZIE, ROBERT BETZ, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, RANDAL BOYER, JR, JOSEPH F. BROCK, JR, CYNTHIA BUTLER, JOHN BUTLER, WILLIAM BUTLER, JOSEPH CAMAIONI, SHAWN P CARLIN, BRUCE CHASAN, GLEN W COLE, JR, PATRICIA CROSSIN-CHAWAGA, ROBERT DELROCCO, DONALD DEMPSEY, ELIZABETH ANN DOYLE, RAYMOND D FERGIONE, LEONARD GOLDSTEIN, MAUREEN A GREEN, THOMAS D GREEN, JOSEPH GREENBERG, MICHAEL D GROFF, JOHN W HARVEY, ROBERT HAWRYLAK, RAYMOND G HEFFNER, JAMES E HILTON, DAVID JAKEMAN, JANET KAMINSKI, MARCY H KERSHNER, TERESA KIRK-

		JUNOD, DOUGLAS C KUNKEL, ERNEST S LAVORINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, JACE A WEAVER, EDWARD WOODS, JOAN L YORI, ROBERT L YORI. (LECHTZIN, ERIC) (Entered: 01/19/2023)
01/31/2023	<a href="#">94</a>	NOTICE of Voluntary Dismissal by FRED BARAKAT, BARBARA BARR, MICHAEL BARR, BONNIE LEE BEEMAN, DOMINICK BELLIZZIE, ROBERT BETZ, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, RANDAL BOYER, JR, JOSEPH F. BROCK, JR, CYNTHIA BUTLER, JOHN BUTLER, WILLIAM BUTLER, JOSEPH CAMAIONI, SHAWN P CARLIN, BRUCE CHASAN, GLEN W COLE, JR, PATRICIA CROSSIN-CHAWAGA, ROBERT DELROCCO, DONALD DEMPSEY, ELIZABETH ANN DOYLE, RAYMOND D FERGIONE, LEONARD GOLDSTEIN, MAUREEN A GREEN, THOMAS D GREEN, JOSEPH GREENBERG, MICHAEL D GROFF, JOHN W HARVEY, ROBERT HAWRYLAK, RAYMOND G HEFFNER, JAMES E HILTON, DAVID JAKEMAN, JANET KAMINSKI, MARCY H KERSHNER, TERESA KIRK-JUNOD, DOUGLAS C KUNKEL, ERNEST S LAVORINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, JACE A WEAVER, EDWARD WOODS, JOAN L YORI, ROBERT L YORI As To FALLCATCHER, INC.(LECHTZIN, ERIC) (Entered: 01/31/2023)
06/15/2023	<a href="#">95</a>	NOTICE by FRED BARAKAT, BARBARA BARR, MICHAEL BARR, BONNIE LEE BEEMAN, DOMINICK BELLIZZIE, ROBERT BETZ, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, RANDAL BOYER, JR, JOSEPH F. BROCK, JR, CYNTHIA BUTLER, JOHN BUTLER, WILLIAM BUTLER, JOSEPH CAMAIONI, SHAWN P CARLIN, BRUCE CHASAN, GLEN W COLE, JR, PATRICIA CROSSIN-CHAWAGA, ROBERT DELROCCO, DONALD DEMPSEY, ELIZABETH ANN DOYLE, RAYMOND D FERGIONE, LEONARD GOLDSTEIN, MAUREEN A GREEN, THOMAS D GREEN, JOSEPH GREENBERG, MICHAEL D GROFF, JOHN W HARVEY, ROBERT HAWRYLAK, RAYMOND G HEFFNER, JAMES E HILTON, DAVID JAKEMAN, JANET KAMINSKI, MARCY H KERSHNER, TERESA KIRK-JUNOD, DOUGLAS C KUNKEL, ERNEST S LAVORINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, JACE A WEAVER, EDWARD WOODS, JOAN L YORI, ROBERT L YORI <i>PLAINTIFFS NOTICE OF SETTLEMENT WITH DEFENDANTS JOHN W. PAUCIULO AND ECKERT SEAMANS CHERIN &amp; MELLOTT, LLC</i> (LECHTZIN, ERIC) (Entered: 06/15/2023)



06/20/2023	<a href="#">96</a>	ORDER THAT THE MOTION TO DISMISS PLAINTIFFS CLASS ACTION COMPLAINT (ECF <a href="#">84</a> ) IS DENIED AS MOOT. IT IS FURTHER ORDERED THAT THIS CASE IS STAYED AS TO DEFENDANTS JOHN W. PAUCIULO AND ECKERT SEAMANS CHERIN & MELLOTT, LLC. PLAINTIFFS SHALL EMAIL A STATUS UPDATE REGARDING THE PROGRESS OF SETTLEMENT TO CHAMBERS_OF_JUDGE_BERLE_M_SCHILLER@PAED.USCOURTS.GOV ON JULY 20, 2023 AND EVERY SIXTY (60) DAYS THEREAFTER UNTIL A STIPULATION OF DISMISSAL IS FILED.. SIGNED BY HONORABLE BERLE M. SCHILLER ON 6/20/23. 6/20/23 ENTERED AND COPIES E-MAILED.(va) (Entered: 06/20/2023)
09/26/2023	<a href="#">97</a>	STATUS REPORT <i>PLAINTIFFS THIRD STATUS REPORT</i> by FRED BARAKAT, BARBARA BARR, MICHAEL BARR, BONNIE LEE BEEMAN, DOMINICK BELLIZZIE, ROBERT BETZ, RAYMOND BRUCE BOEHM, ROBIN LYNN BOEHM, RANDAL BOYER, JR, JOSEPH F. BROCK, JR, CYNTHIA BUTLER, JOHN BUTLER, WILLIAM BUTLER, JOSEPH CAMAIONI, SHAWN P CARLIN, BRUCE CHASAN, GLEN W COLE, JR, PATRICIA CROSSIN-CHAWAGA, ROBERT DELROCCO, DONALD DEMPSEY, ELIZABETH ANN DOYLE, RAYMOND D FERIGIONE, LEONARD GOLDSTEIN, MAUREEN A GREEN, THOMAS D GREEN, JOSEPH GREENBERG, MICHAEL D GROFF, JOHN W HARVEY, ROBERT HAWRYLAK, RAYMOND G HEFFNER, JAMES E HILTON, DAVID JAKEMAN, JANET KAMINSKI, MARCY H KERSHNER, TERESA KIRK-JUNOD, DOUGLAS C KUNKEL, ERNEST S LAVORINI, JORDAN LEPOW, LINDA LETIER, JOHN MADDEN, DENNIS MELCHIOR, ROY MILLS, CHARLES P MOORE, MARK NEWKIRK, GEORGE S ROADKNIGHT, LAURIE H SUTHERLAND, WILLIAM M SUTHERLAND, MICHAEL SWAN, MARILYN SWARTZ, MARK A TARONE, JACE A WEAVER, EDWARD WOODS, JOAN L YORI, ROBERT L YORI. (LECHTZIN, ERIC) (Entered: 09/26/2023)
12/07/2023	<a href="#">98</a>	ORDER THAT THIS CASE IS REASSIGNED FROM HONORABLE BERLE M. SCHILLER TO HONORABLE MIA ROBERTS PEREZ FOR ALL FURTHER PROCEEDINGS. SIGNED BY GEORGE V WYLESOL, CLERK OF COURT ON 12/7/23. 12/7/23 ENTERED AND COPIES E-MAILED.(va) (Entered: 12/07/2023)
02/28/2024	<a href="#">99</a>	NOTICE of Hearing: ZOOM STATUS CONFERENCE SET FOR WEDNESDAY, MARCH 13, 2024, AT 10:30 A.M. BEFORE DISTRICT JUDGE MIA R. PEREZ. 2/28/2024 ENTERED AND COPIES E-MAILED. (miah) (Entered: 02/28/2024)
03/13/2024	<a href="#">100</a>	Minute Entry for proceedings held before DISTRICT JUDGE MIA ROBERTS PEREZ. Video Status Conference On the Record held on 3/13/2024. (va) (Entered: 03/13/2024)

<b>PACER Service Center</b>			
<b>Transaction Receipt</b>			
06/24/2024 11:16:33			
<b>PACER Login:</b>	joconnell1	<b>Client Code:</b>	vagnozzi
<b>Description:</b>	Docket Report	<b>Search Criteria:</b>	2:20-cv-05562-MRP
<b>Billable Pages:</b>	30	<b>Cost:</b>	3.00

# **Exhibit “26”**



A \$5 Convenience fee will be added to the transaction at checkout.

**Case Description**

**Case ID:** 210402115  
**Case Caption:** VAGNOZZI VS PAUCIULO ETAL  
**Filing Date:** Friday , April 23rd, 2021  
**Court:** COMMERCE - STANDARD, JURY  
**Location:** CITY HALL  
**Jury:** JURY  
**Case Type:** MALPRACTICE - LEGAL  
**Status:** LISTED FOR SETTLEMENT CONF

**Related Cases**

No related cases were found.

**Case Event Schedule**

Event	Date/Time	Room	Location	Judge
SETTLEMENT CONFERENCE	28-OCT-2024 10:00 AM	CITY HALL	DISPUTE RESOLUTION CTR RM 691	GLAZER, GARY S

**Case motions**

No case motions were found.

**Case Parties**

Seq #	Assoc	Expn Date	Type	Name
1			ATTORNEY FOR PLAINTIFF	BOCHETTO, GEORGE
<b>Address:</b>	BOCHETTO & LENTZ, P.C. 1524 LOCUST STREET PHILADELPHIA PA 19102 (215)735-3900 gbochetto@bochettoandlentz.com		<b>Aliases:</b>	none
2	1		PLAINTIFF	VAGNOZZI, DEAN
<b>Address:</b>	NONE GIVEN PHILADELPHIA PA 19107		<b>Aliases:</b>	none

3	8		DEFENDANT	PAUCIULO, JOHN W
<b>Address:</b>	50 S. 16TH STREET, 22ND FLOOR PHILADELPHIA PA 19102	<b>Aliases:</b>	<i>none</i>	
4	8		DEFENDANT	ECKERT SEAMANS CHERIN & MELLOTT LLC
<b>Address:</b>	50 S. 16TH STREET, 22ND FLOOR PHILADELPHIA PA 19102	<b>Aliases:</b>	<i>none</i>	
5	1		ATTORNEY FOR PLAINTIFF	LENTZ, GAVIN P
<b>Address:</b>	BOCHETTO & LENTZ, P.C. 1524 LOCUST STREET PHILADELPHIA PA 19102 (000)735-3900 glentz@bochettoandlentz.com	<b>Aliases:</b>	<i>none</i>	
6	1		ATTORNEY FOR PLAINTIFF	HEIM, DAVID P
<b>Address:</b>	1524 LOCUST STREET PHILADELPHIA PA 19102 (215)735-3900 dheim@bochettoandlentz.com	<b>Aliases:</b>	<i>none</i>	
7		17-JUN- 2021	TEAM LEADER	ANDERS, DANIEL J
<b>Address:</b>	529 CITY HALL PHILADELPHIA PA 19107	<b>Aliases:</b>	<i>none</i>	
8			ATTORNEY FOR DEFENDANT	DUBOW, JAY A
<b>Address:</b>	TROUTMAN PEPPER HAMILTON SANDE TWO LOGAN SQUARE 18TH AND ARCH STREETS PHILADELPHIA PA 19103 (215)981-4713 Jay.Dubow@troutman.com	<b>Aliases:</b>	<i>none</i>	

9			ATTORNEY FOR INTERVENOR	ALFANO, GAETAN J
<b>Address:</b>	1818 MARKET ST SUITE 3402 PHILADELPHIA PA 19103 (215)320-6200 gja@pietragallo.com	<b>Aliases:</b>	none	
10			ATTORNEY FOR DEFENDANT	RECKER, CATHERINE M
<b>Address:</b>	306 WALNUT ST PHILADELPHIA PA 19106 (215)972-6430 cmrecker@welshrecker.com	<b>Aliases:</b>	none	
11		8	ATTORNEY FOR DEFENDANT	CARVER, AMY B
<b>Address:</b>	WELSH & RECKER 306 WALNUT ST PHILADELPHIA PA 19106 (215)972-6430 abcarver@welshrecker.com	<b>Aliases:</b>	none	
12		8	ATTORNEY FOR DEFENDANT	WALK III, RICHARD D
<b>Address:</b>	WELSH & RECKER 306 WALNUT ST. PHILADELPHIA PA 19106 (215)972-6430 rwalk@welshrecker.com	<b>Aliases:</b>	none	
13			JUDGE	PADILLA, NINA W
<b>Address:</b>	360 CITY HALL PHILADELPHIA PA 19107	<b>Aliases:</b>	none	
14		17-JUN-2021	TEAM LEADER	DJERASSI, RAMY I

<b>Address:</b>	Room 300 CITY HALL PHILADELPHIA PA 19107 (215)686-7338	<b>Aliases:</b>	none	
15		17-AUG-2022	TEAM LEADER	TUCKER, LEON
<b>Address:</b>	540 CITY HALL PHILADELPHIA PA 19107 (215)686-7510	<b>Aliases:</b>	none	
16	1		ATTORNEY FOR PLAINTIFF	MINSKY, MATTHEW L
<b>Address:</b>	1524 LOCUST STREET PHILADELPHIA PA 19102 (215)735-3900 mminsky@bochettoandlantz.com	<b>Aliases:</b>	none	
17	9		ATTORNEY FOR INTERVENOR	ROSENBLUM, DOUGLAS K
<b>Address:</b>	PIETRAGALLO GORDON ALFANO BOSI CK & RASPANTI, LLP 1818 MARKET ST SUITE 3402 PHILADELPHIA PA 19103 (215)320-6200 dkr@pietragallo.com	<b>Aliases:</b>	none	
18	4		ATTORNEY FOR DEFENDANT	CLINE, JOANNA J
<b>Address:</b>	TROUTMAN PEPPER 3000 TWO LOGAN SQUARE EIGHTEENTH & ARCH STREETS PHILADELPHIA PA 19103 (215)981-4520 Joanna.Cline@troutman.com	<b>Aliases:</b>	none	
19	4		ATTORNEY FOR DEFENDANT	DRESSLER, ERICA
<b>Address:</b>	3000 TWO LOGAN SQ PHILADELPHIA PA 19103	<b>Aliases:</b>	none	

	(860)324-4934 Erica.Dressler@troutman.com			
20	4		ATTORNEY FOR DEFENDANT	MARKO, MIA S
<b>Address:</b>	TROUTMAN PEPPER HAMILTON SANDERS 3000 TWO LOGAN SQUARE PHILADELPHIA PA 19103 (215)981-4839 mia.rosati@troutman.com	<b>Aliases:</b>	none	
21	9		INTERVENOR	STUMPHAUZER, RYAN
<b>Address:</b>	NON GIVEN PHILADELPHIA PA 19102	<b>Aliases:</b>	none	
22		22-NOV-2022	ATTORNEY FOR DEFENDANT	WOTHERSPOON, DANIEL P
<b>Address:</b>	1801 MARKET STREET SUITE 770 PHILADELPHIA PA 19103 (215)569-4433 dwotherspoon@kiernantrebach.com	<b>Aliases:</b>	none	
23			TEAM LEADER	PATRICK, PAULA
<b>Address:</b>	CITY HALL RM 510 PHILADELPHIA PA 19107 (215)686-8338	<b>Aliases:</b>	none	
24		17-NOV-2023	ATTORNEY FOR DEFENDANT	LUPINACCI, TONYA W
<b>Address:</b>	1818 MARKET STREET, SUITE 3402 PHILADELPHIA PA 19103 (215)988-1454 TWL@Pietragallo.com	<b>Aliases:</b>	none	



25	1		ATTORNEY FOR PLAINTIFF	DEGROOTE, KIERSTY M
<b>Address:</b>	1524 LOCUST ST PHILADELPHIA PA 19102 (215)735-3900 kdegroote@bochettoandlentz.com	<b>Aliases:</b>	none	
26	1		ATTORNEY FOR PLAINTIFF	OCONNELL, JOHN A
<b>Address:</b>	1524 LOCUST STREET PHILADELPHIA PA 19102 (215)735-3900 joconnell@bochettoandlentz.com	<b>Aliases:</b>	none	
27	1		ATTORNEY FOR PLAINTIFF	VANLAAR, VINCENT
<b>Address:</b>	BOCHETTO & LENTZ, P.C. 1524 LOCUST STREET PHILADELPHIA PA 19102 (215)735-3900 vvanlaar@bochettoandlentz.com	<b>Aliases:</b>	none	
28			JUDGE PRO TEMPORE	GLAZER, GARY S
<b>Address:</b>	469 CITY HALL PHILADELPHIA PA 19107 (215)686-9540	<b>Aliases:</b>	none	

**Docket Entries**

Filing Date/Time	Docket Type	Filing Party	Disposition Amount
23-APR-2021 04:02 PM	ACTIVE CASE		
<b>Docket Entry:</b>	E-Filing Number: 2104035317		
23-APR-2021 04:02 PM	COMMENCEMENT CIVIL ACTION JURY	BOCHETTO, GEORGE	

<b>Documents:</b>	<a href="#">Final Cover</a>		
<b>Docket Entry:</b>	<i>none.</i>		
23-APR-2021 04:02 PM	PRAE TO ISSUE WRIT OF SUMMONS	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2021 04 23 Praecipe to Issue Writ of Summons.pdf</a> <a href="#">2021 04 23 Writ-of-Summons.pdf</a> <a href="#">2021 04 23 Attach to Writ.pdf</a>		
<b>Docket Entry:</b>	PRAECIPE TO ISSUE WRIT OF SUMMONS FILED. WRIT OF SUMMONS ISSUED.		
23-APR-2021 04:02 PM	JURY TRIAL PERFECTED	BOCHETTO, GEORGE	
<b>Docket Entry:</b>	12 JURORS REQUESTED.		
23-APR-2021 04:02 PM	WAITING TO LIST CASE MGMT CONF	BOCHETTO, GEORGE	
<b>Docket Entry:</b>	<i>none.</i>		
26-APR-2021 10:10 AM	ENTRY OF APPEARANCE	LENTZ, GAVIN P	
<b>Documents:</b>	<a href="#">2021 04 26 EOA - GPL.pdf</a> <a href="#">2021 04 26 EOA - DH.pdf</a>		
<b>Docket Entry:</b>	ENTRY OF APPEARANCE OF DAVID P HEIM AND GAVIN P LENTZ FILED. (FILED ON BEHALF OF DEAN VAGNOZZI)		
28-APR-2021 01:49 PM	ACCEPTANCE OF SERVICE FILED	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">Affidavit of Service_Redacted.pdf</a>		
<b>Docket Entry:</b>	SERVICE OF PLAINTIFF'S WRIT OF SUMMONS ACCEPTED BY JOHN W PAUCIUOLO AND ECKERT SEAMANS CHERIN & MELLOTT LLC ON 04/28/2021 FILED. (FILED ON BEHALF OF DEAN VAGNOZZI)		
12-MAY-2021 10:37 AM	COMPLAINT FILED NOTICE GIVEN	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2021 5.12 Complaint.FULL.FILE.pdf</a>		

<b>Docket Entry:</b>	COMPLAINT WITH NOTICE TO DEFEND WITHIN TWENTY (20) DAYS AFTER SERVICE IN ACCORDANCE WITH RULE 1018.1 FILED. (FILED ON BEHALF OF DEAN VAGNOZZI)		
12-MAY-2021 10:37 AM	JURY TRIAL PERFECTED	BOCHETTO, GEORGE	
<b>Docket Entry:</b>	12 JURORS REQUESTED.		
28-MAY-2021 12:12 PM	CERTIFICATE OF MERIT	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2021 05 28 Certificate of Merit - Eckert Seamans - Dean Vagnozzi.pdf</a>		
<b>Docket Entry:</b>	CERTIFICATE OF MERIT AS TO DEFT ECKERT SEAMANS CHERIN & MELLOTT LLC IS FILED (FILED ON BEHALF OF DEAN VAGNOZZI)		
28-MAY-2021 12:13 PM	CERTIFICATE OF MERIT	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2021 05 28 Certificate of Merit - Pauciulo - Dean Vagnozzi.pdf</a>		
<b>Docket Entry:</b>	CERTIFICATE OF MERIT AS TO DEFT JOHN W PAUCIULO IS FILED (FILED ON BEHALF OF DEAN VAGNOZZI)		
01-JUN-2021 05:52 PM	ANSWER TO COMPLAINT FILED	DUBOW, JAY A	
<b>Documents:</b>	<a href="#">Vagnozzi v. Pauciulo et al - Answer and New Matter with Verifications.pdf</a>		
<b>Docket Entry:</b>	ANSWER WITH NEW MATTER TO PLAINTIFF'S COMPLAINT FILED. (FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC AND JOHN W PAUCIULO) ENTRY OF APPEARANCE FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC AND JOHN W PAUCIULO.		
03-JUN-2021 05:27 PM	NOTICE/PROGRAM DISPUTE FILED	DUBOW, JAY A	
<b>Documents:</b>	<a href="#">Defendants Pauciulo and Eckert Notice of Management Program Dispute with Exhibits.pdf</a>		
<b>Docket Entry:</b>	70-21060770 RESPONSE DATE 06/11/2021.		
08-JUN-2021 08:39 AM	MOTION TO STAY PROCEEDINGS	DUBOW, JAY A	
<b>Documents:</b>	<a href="#">Vagnozzi v. Pauciulo, et al. - Motion to Stay Proceedings (Final).PDF</a> <a href="#">Vagnozzi - Motion to Stay Exhibits.PDF</a>		

	<a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	54-21061654 RESPONSE DATE 06/28/2021. (FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC AND JOHN W PAUCIULO)		
09-JUN-2021 01:25 PM	ANSWER (MOTION/PETITION) FILED	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2021 6.9 Pl. Opp. Notice of Mgmt Program Dispute.pdf</a> <a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	70-21060770 ANSWER IN OPPOSITION OF NOTICE/PROGRAM DISPUTE FILED FILED. (FILED ON BEHALF OF DEAN VAGNOZZI)		
11-JUN-2021 05:22 PM	PETITION TO INTERVENE	ALFANO, GAETAN J	
<b>Documents:</b>	<a href="#">Exhibit A to Petition.pdf</a> <a href="#">Exhibit B to Petition.pdf</a> <a href="#">Exhibit C to Petition.pdf</a> <a href="#">Receivership Petition to Intervene.pdf</a> <a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	86-21062486 PETITION TO INTERVENE (FILED ON BEHALF OF DEAN VAGNOZZI)		
14-JUN-2021 10:03 AM	MOTION ASSIGNED		
<b>Docket Entry:</b>	86-21062486 PETITION TO INTERVENE ASSIGNED TO JUDGE: ANDERS, DANIEL J. ON DATE: JUNE 14, 2021		
14-JUN-2021 11:37 AM	ENTRY OF APPEARANCE-CO COUNSEL	RECKER, CATHERINE M	
<b>Documents:</b>	<a href="#">CMR ABC RDW Appearances for Vagnozzi.pdf</a>		
<b>Docket Entry:</b>	ENTRY OF APPEARANCE OF AMY B CARVER, CATHERINE M RECKER, CATHERINE M RECKER AND RICHARD D WALK AS CO-COUNSEL FILED. (FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC AND JOHN W PAUCIULO)		
15-JUN-2021 10:08 AM	MOTION ASSIGNED		
<b>Docket Entry:</b>	70-21060770 NOTICE/PROGRAM DISPUTE FILED ASSIGNED TO JUDGE: PADILLA, NINA W. ON DATE: JUNE 15, 2021		
17-JUN-2021 10:39 AM	ORDER ENTERED/236 NOTICE GIVEN	PADILLA, NINA W	

<b>Documents:</b>	<a href="#">ORDER_20.pdf</a>		
<b>Docket Entry:</b>	70-21060770 AND NOW, THIS 15TH DAY OF JUNE, 2021, UPON CONSIDERATION OF DEFENDANTS' NOTICE OF MANAGEMENT PROGRAM DISPUTE, PLAINTIFF'S RESPONSE IN OPPOSITION, THE COMPLAINT, AND THE DOCKET ENTRIES IN THIS MATTER, IT HEREBY IS ORDERED THAT THE NOTICE OF MANAGEMENT PROGRAM DISPUTE IS GRANTED AND THIS MATTER SHALL BE TRANSFERRED TO THE COMMERCE PROGRAM AND ASSIGNED TO THE HONORABLE LEON W. TUCKER DUE TO A RELATED ACTION CAPTIONED PAUCIULO V. PARKER ET. AL., 2012-892. THIS MATTER SHALL BE PLACED IN A "WAITING TO LIST CASE MANAGEMENT " STATUS. BY THE COURT: JUDGE PADILLA, SUPERVISING JUDGE OF THE COMMERCE PROGRAM, 6/15/2021.		
17-JUN-2021 10:39 AM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 17-JUN-2021 OF ORDER ENTERED/236 NOTICE GIVEN ENTERED ON 17-JUN-2021.		
17-JUN-2021 10:41 AM	TRANSFERRED TO COMMERCE		
<b>Docket Entry:</b>	<i>none.</i>		
17-JUN-2021 10:42 AM	WAITING TO LIST CASE MGMT CONF		
<b>Docket Entry:</b>	<i>none.</i>		
17-JUN-2021 10:44 AM	MOTION ASSIGNMENT UPDATED		
<b>Docket Entry:</b>	86-21062486 REASSIGNED TO JUDGE TUCKER, LEON ON 17-JUN-21		
21-JUN-2021 06:21 PM	REPLY TO NEW MATTER	HEIM, DAVID P	
<b>Documents:</b>	<a href="#">2021 6.19 Reply to New Matter.full.pdf</a>		
<b>Docket Entry:</b>	REPLY TO NEW MATTER OF JOHN W PAUCIULO AND ECKERT SEAMANS CHERIN & MELLOTT LLC FILED. (FILED ON BEHALF OF DEAN VAGNOZZI)		
24-JUN-2021 01:37 PM	ORDER ENTERED/236 NOTICE GIVEN	TUCKER, LEON	

<b>Documents:</b>	<a href="#">ORDER_26.pdf</a>		
<b>Docket Entry:</b>	86-21062486 AND NOW, THIS 23RD DAY OF JUNE, 2021, UPON CONSIDERATION OF RYAN K. STUMPHAUZER, ESQUIRE AS RECEIVER FOR THE PAR FUNDING RECEIVERSHIP ENTITIES' (THE "RECEIVER") PETITION FOR LEAVE TO INTERVENE (THE "PETITION") AND ALL RSPONSES AND REPLIES THERETO, IT IS HEREBY ORDERED THAT THE PETITION IS GRANTED. THE RECEIVER IS PERMITTED TO INTERVENE IN THIS ACTION FOR THE PURPOSES OF FILING THE MOTION FOR STAY PENDING RESOLUTION OF THE PAR FUNDING LITIGATION. BY THE COURT: JUDGE TUCKER, 6/23/2021.		
24-JUN-2021 01:37 PM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 24-JUN-2021 OF ORDER ENTERED/236 NOTICE GIVEN ENTERED ON 24-JUN-2021.		
24-JUN-2021 04:01 PM	MOTION TO STAY PROCEEDINGS	ALFANO, GAETAN J	
<b>Documents:</b>	<a href="#">Receivers Motion For Stay Pending Resolution of the Par Funding.pdf</a> <a href="#">Exhibit A to Motion.pdf</a> <a href="#">Exhibit B to Motion.pdf</a> <a href="#">Exhibit C to Motion.pdf</a> <a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	51-21064651 RESPONSE DATE 07/14/2021. (FILED ON BEHALF OF DEAN VAGNOZZI)		
25-JUN-2021 09:41 PM	ANSWER (MOTION/PETITION) FILED	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2021 6.25 Opp. Motion to Stay FULL.pdf</a> <a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	54-21061654 ANSWER IN OPPOSITION OF MOTION TO STAY PROCEEDINGS FILED. (FILED ON BEHALF OF DEAN VAGNOZZI)		
28-JUN-2021 10:01 AM	ENTRY OF APPEARANCE	MINSKY, MATTHEW L	
<b>Documents:</b>	<a href="#">2021 06 28 EOA - MM.pdf</a>		
<b>Docket Entry:</b>	ENTRY OF APPEARANCE OF MATTHEW L MINSKY FILED. (FILED ON BEHALF OF DEAN VAGNOZZI)		
30-JUN-2021 12:35 PM	MOTION ASSIGNED		

<b>Docket Entry:</b>	54-21061654 MOTION TO STAY PROCEEDINGS ASSIGNED TO JUDGE: TUCKER, LEON . ON DATE: JUNE 30, 2021		
01-JUL-2021 12:03 PM	MOTION/PETITION REPLY FILED	WALK III, RICHARD D	
<b>Documents:</b>	<a href="#">D. Vagnozzi v. Pauciulo et al - Reply in Support of Motion to Stay.pdf</a> <a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	54-21061654 REPLY IN SUPPORT OF MOTION TO STAY PROCEEDINGS FILED. (FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC AND JOHN W PAUCIULO)		
01-JUL-2021 03:29 PM	MOTION FOR RECONSIDERATION	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2021 7.1 Ps Motion for Reconsideration FULL.pdf</a> <a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	60-21070260 MOTION FOR RECONSIDERATION OF JUDGE TUCKER'S ORDER ISSUED 6/23/21 (FILED ON BEHALF OF DEAN VAGNOZZI)		
02-JUL-2021 12:49 PM	ANSWER (MOTION/PETITION) FILED	ALFANO, GAETAN J	
<b>Documents:</b>	<a href="#">Receivers Opp to Plaintiffs Motion for Reconsideration.pdf</a> <a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	60-21070260 ANSWER IN OPPOSITION OF MOTION FOR RECONSIDERATION FILED. (FILED ON BEHALF OF RYAN K. STUMPHAUZER)		
02-JUL-2021 05:22 PM	MOTION ASSIGNED		
<b>Docket Entry:</b>	60-21070260 MOTION FOR RECONSIDERATION ASSIGNED TO JUDGE: TUCKER, LEON . ON DATE: JULY 02, 2021		
06-JUL-2021 02:52 PM	STAYED BY ORDER OF COURT	TUCKER, LEON	
<b>Documents:</b>	<a href="#">ORDST_36.pdf</a>		
<b>Docket Entry:</b>	54-21061654 AND NOW, THIS 6TH DAY OF JULY, 2021, UPON CONSIDERATION OF DEFENDANTS' JOHN W. PAUCIULO AND ECKERT SEAMANS CHERIN & MELLOTT, LLC MOTION TO STAY PROCEEDINGS, SUPPORTING MEMORANDUM OF LAW, AND ANY RESPONSE THERETO, IT IS HEREBY ORDERED THAT THE PROCEEDINGS ARE STAYED PENDING TERMINATION OF THE LITIGATION STAY IN THE SEC ACTION. BY THE COURT: JUDGE TUCKER, 7/6/2021.		

06-JUL-2021 02:52 PM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 06-JUL-2021 OF STAYED BY ORDER OF COURT ENTERED ON 06-JUL-2021.		
12-JUL-2021 01:08 PM	ORDER ENTERED/236 NOTICE GIVEN	TUCKER, LEON	
<b>Documents:</b>	<a href="#">ORDER_38.pdf</a>		
<b>Docket Entry:</b>	60-21070260 UPON REVIEW OF PLAINTIFF'S MOTION FOR RECONSIDERATION AND THE RESPONSES THERETO, IT IS HEREBY ORDERED THAT COUNSEL SHALL APPEAR FOR A HEARING ON FRIDAY, JULY 23, 2021, AT 11:00 A.M. VIA ZOOM. ... BY THE COURT: TUCKER, J. 07/12/21		
12-JUL-2021 01:08 PM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 12-JUL-2021 OF ORDER ENTERED/236 NOTICE GIVEN ENTERED ON 12-JUL-2021.		
12-JUL-2021 01:10 PM	MOTION HEARING SCHEDULED		
<b>Docket Entry:</b>	60-21070260		
14-JUL-2021 03:03 PM	MOTION FOR CONTINUANCE	ALFANO, GAETAN J	
<b>Documents:</b>	<a href="#">2021.07.14 Receivers Motion to Continue Hearing.pdf</a> <a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	59-21072559 MOTION FOR CONTINUANCE (FILED ON BEHALF OF RYAN K. STUMPHAUZER)		
14-JUL-2021 03:17 PM	MOTION ASSIGNED		
<b>Docket Entry:</b>	59-21072559 MOTION FOR CONTINUANCE ASSIGNED TO JUDGE: TUCKER, LEON . ON DATE: JULY 14, 2021		
15-JUL-2021 09:53 AM	ANSWER (MOTION/PETITION) FILED	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2021 7.15 Dean Vagnozzi Opposition to Recs Mot. Continuance.pdf</a> <a href="#">Motion CoverSheet Form</a>		



<b>Docket Entry:</b>	59-21072559 ANSWER IN OPPOSITION OF MOTION FOR CONTINUANCE FILED. (FILED ON BEHALF OF DEAN VAGNOZZI)		
15-JUL-2021 03:01 PM	ANSWER (MOTION/PETITION) FILED	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2021 7.15 Ps Opp. Recs Motion to Stay.pdf</a> <a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	51-21064651 ANSWER IN OPPOSITION OF MOTION TO STAY PROCEEDINGS FILED. (FILED ON BEHALF OF DEAN VAGNOZZI)		
15-JUL-2021 03:24 PM	MOTION FOR RECONSIDERATION	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2021 7.15 Mot for Reconsideration - Defs MTS.pdf</a> <a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	29-21072829 MOTION FOR RECONSIDERATION OF JUDGE TUCKER'S ORDER DATED 0706/2021 (FILED ON BEHALF OF DEAN VAGNOZZI)		
15-JUL-2021 03:57 PM	MOTION ASSIGNED		
<b>Docket Entry:</b>	29-21072829 MOTION FOR RECONSIDERATION ASSIGNED TO JUDGE: TUCKER, LEON . ON DATE: JULY 15, 2021		
16-JUL-2021 09:25 AM	ORDER ENTERED/236 NOTICE GIVEN	TUCKER, LEON	
<b>Documents:</b>	<a href="#">ORDER_47.pdf</a>		
<b>Docket Entry:</b>	59-21072559 AND NOW, THIS 15TH DAY OF JULY 2021, UPON REVIEW OF RECEIVER'S MOTION FOR CONTINUANCE OF THE FRIDAY, JULY 23, 2021 HEARINGS, AND THE RESPONSE THERETO, IT IS HEREBY ORDERED THAT THE MOTION IS DENIED. BY THE COURT: JUDGE TUCKER, 7/15/2021.		
16-JUL-2021 09:25 AM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 16-JUL-2021 OF ORDER ENTERED/236 NOTICE GIVEN ENTERED ON 16-JUL-2021.		
16-JUL-2021 11:02 AM	MOTION ASSIGNED		
<b>Docket Entry:</b>	51-21064651 MOTION TO STAY PROCEEDINGS ASSIGNED TO JUDGE: TUCKER, LEON . ON DATE: JULY 16, 2021		

19-JUL-2021 03:52 PM	ORDER ENTERED/236 NOTICE GIVEN	TUCKER, LEON	
<b>Documents:</b>	<a href="#">ORDER_50.pdf</a>		
<b>Docket Entry:</b>	51-21064651 AND NOW, THIS 19TH DAY OF JULY 2021, UPON REVIEW OF RECEIVER RYAN STUMPHAUZER'S MOTION TO STAY PROCEEDINGS, AND THE RESPONSE THERETO, IT IS HEREBY ORDERED THAT COUNSEL SHALL APPEAR FOR A HEARING ON FRIDAY, JULY 23, 2021, AT 11:00 A.M. VIA ZOOM. (SEE FOOTNOTE 1) BY THE COURT: JUDGE TUCKER, 7/19/2021.		
19-JUL-2021 03:52 PM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 19-JUL-2021 OF ORDER ENTERED/236 NOTICE GIVEN ENTERED ON 19-JUL-2021.		
19-JUL-2021 03:56 PM	MOTION HEARING SCHEDULED		
<b>Docket Entry:</b>	51-21064651 MOTION TO STAY PROCEEDINGS IS SCHEDULED FOR 7/23/2021 AT 11:00 A.M. VIA ZOOM		
19-JUL-2021 03:58 PM	EVENT CANCELLED-CASE DEFERRED		
<b>Docket Entry:</b>	<i>none.</i>		
19-JUL-2021 03:58 PM	ORDER ENTERED/236 NOTICE GIVEN	TUCKER, LEON	
<b>Documents:</b>	<a href="#">ORDER_53.pdf</a>		
<b>Docket Entry:</b>	29-21072829 51-21064651 AND NOW, THIS 19TH DAY OF JULY 2021, UPON REVIEW OF PLAINTIFF'S MOTION FOR RECONSIDERATION OF THE COURT'S JULY 6, 2021 ORDER, IT IS HEREBY ORDERED THAT COUNSEL SHALL APPEAR FOR A HEARING ON FRIDAY, JULY 23, 2021, AT 11:00 A.M. VIA ZOOM. (SEE FOOTNOTE 1) BY THE COURT: JUDGE TUCKER, 7/19/2021.		
19-JUL-2021 03:58 PM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 19-JUL-2021 OF ORDER ENTERED/236 NOTICE GIVEN ENTERED ON 19-JUL-2021.		
19-JUL-2021 04:00 PM	EVENT CANCELLED-CASE DEFERRED		

<b>Docket Entry:</b>	none.		
19-JUL-2021 04:01 PM	MOTION HEARING SCHEDULED		
<b>Docket Entry:</b>	29-21072829 PLAINTIFF'S MOTION FOR RECONSIDERATION IS SCHEDULED FOR 7/23/20201 AT 11:00 A.M. VIA ZOOM.		
20-JUL-2021 12:46 PM	ANSWER (MOTION/PETITION) FILED	DUBOW, JAY A	
<b>Documents:</b>	<a href="#">Defendants_Opposition to Plaintiffs_Motion for Reconsideration of Stay.pdf</a> <a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	29-21072829 ANSWER IN OPPOSITION OF MOTION FOR RECONSIDERATION FILED. (FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC AND JOHN W PAUCIULO)		
20-JUL-2021 01:10 PM	ENTRY OF APPEARANCE-CO COUNSEL	ROSENBLUM, DOUGLAS K	
<b>Documents:</b>	<a href="#">2115 CORRECTED.pdf</a>		
<b>Docket Entry:</b>	ENTRY OF APPEARANCE OF DOUGLAS K ROSENBLUM AS CO-COUNSEL FILED. (FILED ON BEHALF OF RYAN STUMPHAUZER)		
20-JUL-2021 04:21 PM	ENTRY OF APPEARANCE-CO COUNSEL	CLINE, JOANNA J	
<b>Documents:</b>	<a href="#">Vagnozzi v. Eckert et al - Cline Entry of Appearance.pdf</a>		
<b>Docket Entry:</b>	ENTRY OF APPEARANCE OF JOANNA J CLINE AS CO-COUNSEL FILED. (FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC AND JOHN W PAUCIULO)		
20-JUL-2021 04:23 PM	ENTRY OF APPEARANCE-CO COUNSEL	DRESSLER, ERICA	
<b>Documents:</b>	<a href="#">Vagnozzi v. Eckert et al - Dressler Entry of Appearance.pdf</a>		
<b>Docket Entry:</b>	ENTRY OF APPEARANCE OF ERICA DRESSLER AS CO-COUNSEL FILED. (FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC AND JOHN W PAUCIULO)		
20-JUL-2021 04:25 PM	ENTRY OF APPEARANCE-CO COUNSEL	MARKO, MIA S	
<b>Documents:</b>	<a href="#">Vagnozzi v. Eckert et al - Rosati Entry of Appearance.pdf</a>		

<b>Docket Entry:</b>	ENTRY OF APPEARANCE OF MIA S ROSATI AS CO-COUNSEL FILED. (FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC AND JOHN W PAUCIULO)		
22-JUL-2021 12:05 PM	ENTRY OF APPEARANCE-CO COUNSEL	WOTHERSPOON, DANIEL P	
<b>Documents:</b>	<a href="#">DPW EOA 2115.pdf</a>		
<b>Docket Entry:</b>	ENTRY OF APPEARANCE OF DANIEL P WOTHERSPOON AS CO-COUNSEL FILED. (FILED ON BEHALF OF RYAN STUMPHAUZER)		
23-JUL-2021 02:38 PM	STAYED BY ORDER OF COURT	TUCKER, LEON	
<b>Documents:</b>	<a href="#">ORDST_64.pdf</a>		
<b>Docket Entry:</b>	51-21064651 AS AGREED BY COUNSEL FOR BOTH PARTIES AND THE RECEIVER, THE ABOVE-CAPTIONED MATTER IS HEREBY STAYED FOR SIXTY (60) DAYS. IT IS FURTHER ORDERED THAT COUNSEL SHALL APPEAR FOR A STATUS HEARING ON THURSDAY, SEPTEMBER 23, 2021 AT 09:00 A.M. VIA ZOOM. ... BY THE COURT: TUCKER, J. 07/23/21		
23-JUL-2021 02:38 PM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 23-JUL-2021 OF STAYED BY ORDER OF COURT ENTERED ON 23-JUL-2021.		
23-JUL-2021 02:39 PM	LISTED FOR STATUS CONFERENCE		
<b>Docket Entry:</b>	<i>none.</i>		
27-JUL-2021 12:30 AM	NOTICE GIVEN		
<b>Docket Entry:</b>	OF STATUS CONFERENCE SCHEDULED FOR 23-SEP-2021.		
23-SEP-2021 11:16 AM	ORDER ENTERED/236 NOTICE GIVEN	TUCKER, LEON	
<b>Documents:</b>	<a href="#">ORDER_68.pdf</a>		
<b>Docket Entry:</b>	AND NOW, THIS 23RD DAY OF SEPTEMBER 2021, UPON REQUEST FROM PLAINTIFF AND IN ACCORDANCE WITH THE COURT'S JULY 6, 2021 ORDER STAYING THE ABOVE-CAPTIONED MATTER, IT IS HEREBY ORDERED THAT		

	THE STAY IS TO REMAIN INEFFECT PENDING THE LITIGATION IN THE SEC ACTION. (SEE FOOTNOTE 1) BY THE COURT: JUDGE TUCKER, 9/23/2021.		
23-SEP-2021 11:17 AM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 23-SEP-2021 OF ORDER ENTERED/236 NOTICE GIVEN ENTERED ON 23-SEP-2021.		
27-SEP-2021 03:30 PM	ORDER ENTERED/236 NOTICE GIVEN	TUCKER, LEON	
<b>Documents:</b>	<a href="#">ORDER_70.pdf</a>		
<b>Docket Entry:</b>	60-21070260 AND NOW, THIS 27TH DAY OF SEPTEMBER 2021, IT IS HEREBY ORDERED THAT PLAINTIFF'S MOTION FOR RECONSIDERATION IS DENIED AS MOOT. BY THE COURT: JUDGE TUCKER, 9/27/2021.		
27-SEP-2021 03:30 PM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 27-SEP-2021 OF ORDER ENTERED/236 NOTICE GIVEN ENTERED ON 27-SEP-2021.		
27-SEP-2021 03:32 PM	ORDER ENTERED/236 NOTICE GIVEN	TUCKER, LEON	
<b>Documents:</b>	<a href="#">ORDER_71.pdf</a>		
<b>Docket Entry:</b>	29-21072829 AND NOW, THIS 27TH DAY OF SEPTEMBER 2021, IT IS HEREBY ORDERED THAT PLAINTIFF'S MOTION FOR RECONSIDERATION IS DENIED AS MOOT. BY THE COURT: JUDGE TUCKER, 9/27/2021.		
27-SEP-2021 03:32 PM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 27-SEP-2021 OF ORDER ENTERED/236 NOTICE GIVEN ENTERED ON 27-SEP-2021.		
12-SEP-2022 03:05 PM	MISCELLANEOUS MOTION/PETITION	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2022 9.12 Unopposed Motion FILE.pdf</a> <a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	66-22091966 RESPONSE DATE 10/03/2022. PLAINTIFF DEAN VAGNOZZI'S UNOPPOSED MOTION TO LIFT STAY (FILED ON BEHALF OF DEAN VAGNOZZI)		

05-OCT-2022 04:45 PM	MOTION ASSIGNED		
<b>Docket Entry:</b>	66-22091966 MISCELLANEOUS MOTION/PETITION ASSIGNED TO JUDGE: PATRICK, PAULA . ON DATE: OCTOBER 05, 2022		
14-OCT-2022 11:18 AM	ORDER ENTERED/236 NOTICE GIVEN	PATRICK, PAULA	
<b>Documents:</b>	<a href="#">ORDER_76.pdf</a>		
<b>Docket Entry:</b>	66-22091966 AND NOW, THIS 14TH DAY OF OCTOBER, 2022, UPON CONSIDERATION OF PLAINTIFFS DEAN VAGNOZZI'S UNOPPOSED MOTION TO LIFT STAY, AND ANY RESPONSES THERETO, IT IS HEREBY ORDERED THAT SAID MOTION IS GRANTED AND THAT THE STAY IN THIS MATTER HAS BEEN LIFTED. BY THE COURT: JUDGE PATRICK, 10/14/2022.		
14-OCT-2022 11:18 AM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 14-OCT-2022 OF ORDER ENTERED/236 NOTICE GIVEN ENTERED ON 14-OCT-2022.		
14-OCT-2022 11:20 AM	REMOVED FROM DEFERRED STATUS		
<b>Docket Entry:</b>	<i>none.</i>		
14-OCT-2022 11:20 AM	OTHER EVENT CANCELLED		
<b>Docket Entry:</b>	<i>none.</i>		
14-OCT-2022 11:20 AM	WAITING TO LIST CASE MGMT CONF		
<b>Docket Entry:</b>	<i>none.</i>		
14-OCT-2022 11:23 AM	LISTED FOR CASE MGMT CONF		
<b>Docket Entry:</b>	<i>none.</i>		

14-OCT-2022 11:23 AM	CONFERENCE DATE SET		
<b>Documents:</b>	<a href="#">CLCDS_81.pdf</a>		
<b>Docket Entry:</b>	<i>none.</i>		
14-OCT-2022 11:23 AM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 14-OCT-2022 OF CONFERENCE DATE SET ENTERED ON 14-OCT-2022.		
18-OCT-2022 12:30 AM	NOTICE GIVEN		
<b>Docket Entry:</b>	OF CASE MANAGEMENT CONFERENCE SCHEDULED FOR 17-NOV-2022.		
19-OCT-2022 04:03 PM	WITHDRAWAL OF APPEARANCE	DUBOW, JAY A	
<b>Documents:</b>	<a href="#">Vagnozzi v. Pauciulo, et al. - J. Dubow Praecepte to Withdraw Appearance (Pauciulo).pdf</a>		
<b>Docket Entry:</b>	WITHDRAWAL OF APPEARANCE OF JAY A. DUBOW FILED. (FILED ON BEHALF OF JOHN W PAUCIULO)		
19-OCT-2022 04:08 PM	WITHDRAWAL OF APPEARANCE	CLINE, JOANNA J	
<b>Documents:</b>	<a href="#">Vagnozzi v. Pauciulo, et al. - J. Cline Praecepte to Withdraw Appearance (Pauciulo).pdf</a>		
<b>Docket Entry:</b>	WITHDRAWAL OF APPEARANCE OF JOANNA J. CLINE FILED. (FILED ON BEHALF OF JOHN W PAUCIULO)		
19-OCT-2022 04:12 PM	WITHDRAWAL OF APPEARANCE	DRESSLER, ERICA	
<b>Documents:</b>	<a href="#">Vagnozzi v. Pauciulo, et al. - E. Dressler Praecepte to Withdraw Appearance (Pauciulo).pdf</a>		
<b>Docket Entry:</b>	WITHDRAWAL OF APPEARANCE OF ERICA DRESSLER FILED. (FILED ON BEHALF OF JOHN W PAUCIULO)		
19-OCT-2022 04:15 PM	WITHDRAWAL OF APPEARANCE	MARKO, MIA S	
<b>Documents:</b>	<a href="#">Vagnozzi v. Pauciulo, et al. - M. Marko Praecepte to Withdraw Appearance (Pauciulo).pdf</a>		

<b>Docket Entry:</b>	WITHDRAWAL OF APPEARANCE OF MIA S. MARKO FILED. (FILED ON BEHALF OF JOHN W PAUCIULO)		
19-OCT-2022 04:56 PM	WITHDRAWAL OF APPEARANCE	RECKER, CATHERINE M	
<b>Documents:</b>	<a href="#">Pauciulo v. Vagnozzi 2115 Withdrawal of Appearance (00208776xB9127).pdf</a>		
<b>Docket Entry:</b>	WITHDRAWAL OF APPEARANCE OF CATHERINE M. RECKER FILED. (FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC)		
25-OCT-2022 02:14 PM	WAITING TO LIST CASE MGMT CONF		
<b>Docket Entry:</b>	<i>none.</i>		
25-OCT-2022 04:29 PM	DISCOVERY MOTION FILED	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2022 10.25 Motion to Compel full.pdf</a>		
<b>Docket Entry:</b>	81-22104281 MOTION TO COMPEL REQUEST FOR PRODUCTION. CERTIFICATION DUE DATE: 11/01/2022. RESPONSE DATE: 11/08/2022. (FILED ON BEHALF OF DEAN VAGNOZZI)		
28-OCT-2022 11:26 AM	LISTED FOR CASE MGMT CONF		
<b>Docket Entry:</b>	<i>none.</i>		
28-OCT-2022 11:26 AM	CONFERENCE DATE SET		
<b>Documents:</b>	<a href="#">CLCDS_93.pdf</a>		
<b>Docket Entry:</b>	<i>none.</i>		
28-OCT-2022 11:26 AM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 28-OCT-2022 OF CONFERENCE DATE SET ENTERED ON 28-OCT-2022.		
01-NOV-2022	NOTICE GIVEN		



12:30 AM			
<b>Docket Entry:</b>	OF CASE MANAGEMENT CONFERENCE SCHEDULED FOR 13-DEC-2022.		
08-NOV-2022 01:04 PM	ANSWER (MOTION/PETITION) FILED	DUBOW, JAY A	
<b>Documents:</b>	<a href="#">2022.11.08 - Eckerts Response in Opposition to Plaintiffs Mot to Compel w COS and proposed order.pdf</a> <a href="#">2022.11.08 - Eckerts MOL ISO Opposition to Motion to Compel.pdf</a> <a href="#">2022.11.08 - Declaration ISO Opp. to MTC (w exhibits).pdf</a>		
<b>Docket Entry:</b>	81-22104281 ANSWER/RESPONSE IN OPPOSITION TO MOTION/PETITION. (FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC)		
10-NOV-2022 12:56 PM	MOTION ASSIGNED		
<b>Docket Entry:</b>	81-22104281 DISCOVERY MOTION FILED ASSIGNED TO JUDGE: PATRICK, PAULA . ON DATE: NOVEMBER 10, 2022		
22-NOV-2022 04:10 PM	WITHDRAWAL/ENTRY OF APPEARANCE	WOTHERSPOON, DANIEL P	
<b>Documents:</b>	<a href="#">2022.11.22 FINAL Withdraw for DPW and EOA for TWL (Vagnozzi)(210402115).pdf</a>		
<b>Docket Entry:</b>	WITHDRAWAL OF APPEARANCE OF DANIEL P WOTHERSPOON AND ENTRY OF APPEARANCE OF TONYA W LUPINACCI FILED. (FILED ON BEHALF OF RYAN STUMPHAUZER)		
24-NOV-2022 12:30 AM	NOTICE GIVEN		
<b>Docket Entry:</b>	OF CASE MANAGEMENT CONFERENCE SCHEDULED FOR 13-DEC-2022.		
25-NOV-2022 12:30 AM	NOTICE GIVEN		
<b>Docket Entry:</b>	OF CASE MANAGEMENT CONFERENCE SCHEDULED FOR 13-DEC-2022.		
21-DEC-2022 10:40 AM	TRANS. TO JURY COMMERCE STAND.		
<b>Docket Entry:</b>	none.		

21-DEC-2022 10:42 AM	CASE MGMT CONFERENCE COMPLETED	PATRICK, PAULA	
<b>Docket Entry:</b>	<i>none.</i>		
21-DEC-2022 10:42 AM	CASE MANAGEMENT ORDER ISSUED		
<b>Documents:</b>	<a href="#">CMOIS_103.pdf</a>		
<b>Docket Entry:</b>	<p>CASE MANAGEMENT ORDER, STANDARD TRACK - IT IS ORDERED THAT: 1) THE CASE MANAGEMENT AND TIME STANDARDS ADOPTED FOR COMMERCE PROGRAM, STANDARD TRACK CASES SHALL APPLY AND ARE INCORPORATED. 2) ALL DISCOVERY SHALL BE COMPLETED NOT LATER THAN 02-JAN-2024. 3) PLAINTIFF(S) SHALL IDENTIFY AND SUBMIT CURRICULUM VITAE AND EXPERT REPORTS FOR ALL EXPERT WITNESSES INTENDED TO TESTIFY AT TRIAL TO ALL OTHER PARTIES NOT LATER THAN 02-JAN-2024. 4) DEFENDANT(S) AND ANY ADDITIONAL DEFENDANT(S) SHALL IDENTIFY AND SUBMIT CURRICULUM VITAE AND EXPERT REPORTS FOR ALL EXPERT WITNESSES INTENDED TO TESTIFY AT TRIAL TO ALL OTHER PARTIES NOT LATER THAN 05-FEB-2024. 5) ALL PRETRIAL MOTIONS (OTHER THAN MOTIONS IN LIMINE) SHALL BE FILED NOT LATER THAN 20-FEB-2024. 6) A SETTLEMENT CONFERENCE MAY BE SCHEDULED ANY TIME AFTER 01-APR-2024. 7) A PRETRIAL CONFERENCE MAY BE SCHEDULED ANY TIME AFTER 06-MAY-2024. 9) IT IS EXPECTED THAT THE CASE WILL BE READY FOR TRIAL 03-JUN-2024, WHICH IS THE EARLIEST TRIAL DATE PURSUANT TO PA.R.C.P. 212.1 AND COUNSEL SHOULD ANTICIPATE TRIAL TO BEGIN EXPEDITIOUSLY THEREAFTER. ALL COUNSEL ARE UNDER A CONTINUING OBLIGATION AND ARE HEREBY ORDERED TO SERVE A COPY OF THIS ORDER UPON ALL UNREPRESENTED PARTIES AND UPON ALL COUNSEL ENTERING AN APPEARANCE SUBSEQUENT TO THE ENTRY OF THIS ORDER. ... BY THE COURT: PAULA PATRICK, J. 21-DEC-2022</p>		
21-DEC-2022 10:42 AM	LISTED-PROJ. SETTLEMENT CONF.		
<b>Docket Entry:</b>	<i>none.</i>		
21-DEC-2022 10:42 AM	LISTED-PROJ. PRE-TRIAL CONF		
<b>Docket Entry:</b>	<i>none.</i>		
21-DEC-2022 10:42 AM	LISTED FOR TRIAL		
<b>Docket Entry:</b>	<i>none.</i>		

21-DEC-2022 10:42 AM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 21-DEC-2022 OF CASE MANAGEMENT ORDER ISSUED ENTERED ON 21-DEC-2022.		
21-DEC-2022 03:59 PM	ENTRY OF APPEARANCE	DEGROOTE, KIERSTY M	
<b>Documents:</b>	<a href="#">2022 11.10 EOA KD- 210402115.pdf</a>		
<b>Docket Entry:</b>	ENTRY OF APPEARANCE OF KIERSTY M DEGROOTE AND JOHN A OCONNELL FILED. (FILED ON BEHALF OF DEAN VAGNOZZI)		
22-DEC-2022 11:27 AM	DISCOVERY MOTION FILED	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2022 12.22 Motion to Compel (3).FINAL.COMBINED.file.pdf</a> <a href="#">EXHIBITS A-C.COMBINED.pdf</a> <a href="#">EXHIBITS D-G.COMBINED.pdf</a>		
<b>Docket Entry:</b>	98-22124598 MOTION TO COMPEL REQUEST FOR PRODUCTION. CERTIFICATION DUE DATE: 12/29/2022. RESPONSE DATE: 01/05/2023. (FILED ON BEHALF OF DEAN VAGNOZZI)		
22-DEC-2022 12:07 PM	ENTRY OF APPEARANCE	VANLAAR, VINCENT	
<b>Documents:</b>	<a href="#">2022 12.22 EOA VVL- 210402115.pdf</a>		
<b>Docket Entry:</b>	ENTRY OF APPEARANCE OF VINCENT VANLAAR FILED. (FILED ON BEHALF OF DEAN VAGNOZZI)		
23-DEC-2022 02:31 PM	DISCOVERY MOTION FILED	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2022 12 23 MTC RFA 2115 - revised.COMBINED.pdf</a> <a href="#">Exs.A -B.CONSolidATED.pdf</a> <a href="#">EX C-E.COMBINED.pdf</a>		
<b>Docket Entry:</b>	82-22124882 MOTION TO COMPEL REQUEST FOR ADMISSIONS. CERTIFICATION DUE DATE: 12/30/2022. RESPONSE DATE: 01/06/2023. (FILED ON BEHALF OF DEAN VAGNOZZI)		
29-DEC-2022 02:47 PM	CERT MOTION IS CONTESTED	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">Certification-Praecipe for Contested Discovery Motion CONTROL NO 22124598.pdf</a>		

<b>Docket Entry:</b>	98-22124598 MOTION IS CONTESTED. (FILED ON BEHALF OF DEAN VAGNOZZI)		
30-DEC-2022 10:15 AM	CERT MOTION IS CONTESTED	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2022.12.30 Praecepte for Contested Discovery Motion CONTROL NO 22124882.pdf</a>		
<b>Docket Entry:</b>	82-22124882 MOTION IS CONTESTED. (FILED ON BEHALF OF DEAN VAGNOZZI)		
05-JAN-2023 04:01 PM	ANSWER (MOTION/PETITION) FILED	DUBOW, JAY A	
<b>Documents:</b>	<a href="#">2023.01.05 - Vagnozzi v. Eckert, et al. - Eckert Response to Motion to Compel Production of Documents FINAL.pdf</a>		
<b>Docket Entry:</b>	98-22124598 ANSWER/RESPONSE IN OPPOSITION TO MOTION/PETITION. (FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC)		
06-JAN-2023 08:53 AM	LISTED FOR DISCOVERY HEARING		
<b>Docket Entry:</b>	98-22124598 DISCOVERY MOTION FILED SCHEDULED FOR A HEARING ON JANUARY 26, 2023 AT 10:00 AM IN REMOTE HEARING VIA ADVANCED COMMUN. TECH.		
06-JAN-2023 10:33 AM	ANSWER (MOTION/PETITION) FILED	WALK III, RICHARD D	
<b>Documents:</b>	<a href="#">2023.01.06 Pauciulo Oppn to Motion to Compel Production.pdf</a> <a href="#">2023.01.05 Oppn to Mot to Compel Ex. A.pdf</a> <a href="#">2023.01.05 Oppn to Mot to Compel Ex. B_Redacted.pdf</a> <a href="#">Ex. C - Efiling Confirmation.pdf</a> <a href="#">2023.01.06 Cert of Service.pdf</a> <a href="#">2023.01.05 JWP Resp to Mot to Compel Prod Proposed Order.pdf</a>		
<b>Docket Entry:</b>	98-22124598 ANSWER/RESPONSE IN OPPOSITION TO MOTION/PETITION. (FILED ON BEHALF OF JOHN W PAUCIULO)		
06-JAN-2023 07:11 PM	ANSWER (MOTION/PETITION) FILED	WALK III, RICHARD D	
<b>Documents:</b>	<a href="#">2023.01.06 - Vagnozzi v. Eckert et al. - Defendants Response in Opposition to Motion to Determine Sufficiency of RFA Answers.pdf</a> <a href="#">2023.01.06 Defs Oppn Ex. A.pdf</a> <a href="#">2023.01.06 Defendants Oppn to Vagnozzi Mot to Det Suff of Answers - Prop Order.pdf</a> <a href="#">2023.01.06 Defs Oppn Cert of Svc.pdf</a>		
<b>Docket Entry:</b>	82-22124882 ANSWER/RESPONSE IN OPPOSITION TO MOTION/PETITION. (FILED ON BEHALF OF JOHN W PAUCIULO AND ECKERT SEAMANS CHERIN & MELLOTT LLC)		

09-JAN-2023 10:10 AM	LISTED FOR DISCOVERY HEARING		
<b>Docket Entry:</b>	82-22124882 DISCOVERY MOTION FILED SCHEDULED FOR A HEARING ON FEBRUARY 02, 2023 AT 10:00 AM IN REMOTE HEARING VIA ADVANCED COMMUN. TECH.		
10-JAN-2023 12:30 AM	NOTICE GIVEN-DISCOVERY HEARING		
<b>Docket Entry:</b>	<i>none.</i>		
11-JAN-2023 12:30 AM	NOTICE GIVEN-DISCOVERY HEARING		
<b>Docket Entry:</b>	<i>none.</i>		
12-JAN-2023 12:30 AM	NOTICE GIVEN-DISCOVERY HEARING		
<b>Docket Entry:</b>	<i>none.</i>		
12-JAN-2023 12:30 AM	NOTICE GIVEN-DISCOVERY HEARING		
<b>Docket Entry:</b>	<i>none.</i>		
23-JAN-2023 12:53 PM	DISCOVERY MOTION FILED	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2023 01 23 MTC.pdf</a> <a href="#">2023 01 23 Atty Cert of Good Faith.pdf</a> <a href="#">2023 01 23 Cert of Service.pdf</a> <a href="#">2023 01 23 Order.pdf</a> <a href="#">Ex. A -2022 09 13 Ps 1st Set of RFPD to All Defs.pdf</a> <a href="#">Ex. B - 2022 11.14 - Letter to Counsel encl. responses to discovery(134800768.1).pdf</a> <a href="#">Ex. C - 2022 11 23 Pauculos Responses to Ps 1st Set of RFPD.pdf</a>		
<b>Docket Entry:</b>	88-23013788 MOTION FOR MORE SPECIFIC ANSWERS TO REQUEST FOR PRODUCTION. CERTIFICATION DUE DATE: 01/30/2023. RESPONSE DATE: 02/06/2023. (FILED ON BEHALF OF DEAN VAGNOZZI)		
26-JAN-2023 03:12 PM	ORDER ENTERED/236 NOTICE GIVEN	PATRICK, PAULA	

<b>Documents:</b>	<a href="#">ORDER_124.pdf</a>		
<b>Docket Entry:</b>	82-22124882 IT IS HEREBY ORDERED AND DECREED THAT THE MOTION TO DETERMINE THE SUFFICIENCY OF DEFENDANTS? ANSWERS TO PLAINTIFF? S REQUESTS FOR ADMISSION #1 AND #2 IS GRANTED. IT IS FURTHER ORDERED THAT PLAINTIFF MUST RE-ISSUE ITS REQUESTS FOR ADMISSIONS SET #1 AND #2 IN THE PROPER FORMAT CONSISTENT WITH THE APPLICABLE RULES OF CIVIL PROCEDURE. UPON RECEIPT OF THE PLAINTIFF?S REQUESTS FOR ADMISSIONS SET # 1 AND #2, DEFENDANTS ECKERT SEAMANS CHERIN & MELLOTT LLC AND JOHN W PAUCIULO MUST RESPOND TO THE REQUESTS WITHIN 30 DAYS. ?.BY THE COURT: PATRICK, J. 01/26/23		
26-JAN-2023 03:12 PM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 27-JAN-2023 OF ORDER ENTERED/236 NOTICE GIVEN ENTERED ON 26-JAN-2023.		
26-JAN-2023 03:14 PM	ORDER ENTERED/236 NOTICE GIVEN	PATRICK, PAULA	
<b>Documents:</b>	<a href="#">ORDER_125.pdf</a>		
<b>Docket Entry:</b>	98-22124598 UPON CONSIDERATION OF PLAINTIFF?S MOTION TO COMPEL ALL DEFENDANTS TO PRODUCE DOCUMENTS, AND ANY RESPONSE THERETO AND AFTER A HEARING, IT IS HEREBY ORDERED AND DECREED THAT PLAINTIFF?S MOTION IS GRANTED. SEE ORDER FOR TERMS. ?.BY THE COURT: PATRICK, J. 01/26/23		
26-JAN-2023 03:14 PM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 27-JAN-2023 OF ORDER ENTERED/236 NOTICE GIVEN ENTERED ON 26-JAN-2023.		
30-JAN-2023 11:39 AM	CERT MOTION IS CONTESTED	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2023 01 30 Praecipe.pdf</a>		
<b>Docket Entry:</b>	88-23013788 MOTION IS CONTESTED. (FILED ON BEHALF OF DEAN VAGNOZZI)		
06-FEB-2023 05:27 PM	ANSWER (MOTION/PETITION) FILED	DUBOW, JAY A	
<b>Documents:</b>	<a href="#">2023-02-06 Eckert Response in Opposition to Vagnozzi Motion to Compel Eckert to Provide Full and Complete Responses to RFPs.pdf</a>		

<b>Docket Entry:</b>	88-23013788 ANSWER/RESPONSE IN OPPOSITION TO MOTION/PETITION. (FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC)		
08-FEB-2023 11:47 AM	LISTED FOR DISCOVERY HEARING		
<b>Docket Entry:</b>	88-23013788 DISCOVERY MOTION FILED SCHEDULED FOR A HEARING ON MARCH 02, 2023 AT 10:00 AM IN REMOTE HEARING VIA ADVANCED COMMUN. TECH.		
10-FEB-2023 12:30 AM	NOTICE GIVEN-DISCOVERY HEARING		
<b>Docket Entry:</b>	<i>none.</i>		
16-FEB-2023 09:45 AM	MOTION FOR CLARIFICATION	DUBOW, JAY A	
<b>Documents:</b>	<a href="#">Defendants Motion for Clarification and or Correction.pdf</a> <a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	58-23023458 MOTION FOR CLARIFICATION (FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC AND JOHN W PAUCIULO)		
16-FEB-2023 11:27 AM	MOTION ASSIGNED		
<b>Docket Entry:</b>	58-23023458 MOTION FOR CLARIFICATION ASSIGNED TO JUDGE: PATRICK, PAULA . ON DATE: FEBRUARY 16, 2023		
17-FEB-2023 09:40 AM	ORDER ENTERED/236 NOTICE GIVEN	PATRICK, PAULA	
<b>Documents:</b>	<a href="#">ORDER_134.pdf</a>		
<b>Docket Entry:</b>	58-23023458 AND NOW, THIS 16TH DAY OF FEBRUARY, 2023, UPON CONSIDERATION OF THE FOREGOING PLAINTIFF'S MOTION TO COMPEL ALL DEFENDANTS TO PRODUCE DOCUMENTS, ANY RESPONSE THERETO AND AFTER A HEARING, IT IS HEREBY ORDERED AND DECREED THAT SAID MOTION IS GRANTED IN PART.....SEE ORDER FOR DETAILS.....BY THE COURT: PATRICK,J. 2/16/23		
17-FEB-2023 09:40 AM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 17-FEB-2023 OF ORDER ENTERED/236 NOTICE GIVEN ENTERED ON 17-FEB-2023.		

02-MAR-2023 03:17 PM	ORDER ENTERED/236 NOTICE GIVEN	PATRICK, PAULA	
<b>Documents:</b>	<a href="#">ORDER_136.pdf</a>		
<b>Docket Entry:</b>	88-23013788 UPON CONSIDERATION OF PLAINTIFF DEAN VAGNOZZI'S MOTION TO COMPEL DEFENDANT ECKERT SEAMANS TO PROVIDE FULL AND COMPLETE RESPONSES TO PLAINTIFF'S FIRST REQUEST FOR PRODUCTION OF DOCUMENTS, DATED SEPTEMBER 13, 2022, DEFENDANT'S RESPONSE THERETO, IF ANY, AND THE RECORD AS A WHOLE, IT IS HEREBY ORDERED THAT PLAINTIFF'S MOTION TO COMPEL IS GRANTED. SEE ORDER FOR TERMS. ....BY THE COURT: PATRICK, J .03/02/23		
02-MAR-2023 03:17 PM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 03-MAR-2023 OF ORDER ENTERED/236 NOTICE GIVEN ENTERED ON 02-MAR-2023.		
06-MAR-2023 04:11 PM	DISCOVERY MOTION FILED	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2023 03 06 Motion for Sanctions - Pauciulo.pdf</a> <a href="#">2023 03 06 Atty Cert of Good Faith.pdf</a> <a href="#">2023 03 06 COS.pdf</a> <a href="#">2023 03 06 Order .pdf</a> <a href="#">Ex. A - E.pdf</a>		
<b>Docket Entry:</b>	21-23031421 MOTION FOR SANCTIONS. CERTIFICATION DUE DATE: 03/13/2023. RESPONSE DATE: 03/20/2023. (FILED ON BEHALF OF DEAN VAGNOZZI)		
13-MAR-2023 03:40 PM	CERT MOTION IS CONTESTED	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2023 03 13 Praecipe.pdf</a>		
<b>Docket Entry:</b>	21-23031421 MOTION IS CONTESTED. (FILED ON BEHALF OF DEAN VAGNOZZI)		
20-MAR-2023 06:24 PM	ANSWER (MOTION/PETITION) FILED	WALK III, RICHARD D	
<b>Documents:</b>	<a href="#">2023.03.20 Pauciulo Oppn Order.pdf</a> <a href="#">2023.03.20 Pauciulo Opposition to Vagnozzi Motion for Sanctions.pdf</a> <a href="#">2023.03.20 Pauciulo Oppn Exs. 1-3.pdf</a> <a href="#">2023.03.20 Pauciulo Oppn COS.pdf</a>		
<b>Docket Entry:</b>	21-23031421 ANSWER/RESPONSE IN OPPOSITION TO MOTION/PETITION. (FILED ON BEHALF OF JOHN W PAUCIULO)		



22-MAR-2023 01:35 PM	LISTED FOR DISCOVERY HEARING		
<b>Docket Entry:</b>	21-23031421 DISCOVERY MOTION FILED SCHEDULED FOR A HEARING ON APRIL 06, 2023 AT 10:00 AM IN REMOTE HEARING VIA ADVANCED COMMUN. TECH.		
24-MAR-2023 12:30 AM	NOTICE GIVEN-DISCOVERY HEARING		
<b>Docket Entry:</b>	<i>none.</i>		
28-MAR-2023 12:28 PM	CASE RESCHEDULED BY COURT		
<b>Docket Entry:</b>	<i>none.</i>		
28-MAR-2023 12:32 PM	LISTED FOR DISCOVERY HEARING		
<b>Docket Entry:</b>	21-23031421 DISCOVERY MOTION FILED SCHEDULED FOR A HEARING ON APRIL 13, 2023 AT 10:00 AM IN REMOTE HEARING VIA ADVANCED COMMUN. TECH.		
30-MAR-2023 12:30 AM	NOTICE GIVEN-DISCOVERY HEARING		
<b>Docket Entry:</b>	<i>none.</i>		
14-APR-2023 01:33 PM	ORDER ENTERED/236 NOTICE GIVEN	PATRICK, PAULA	
<b>Documents:</b>	<a href="#">ORDER_146_001.pdf</a>		
<b>Docket Entry:</b>	21-23031421 IT IS HEREBY ORDERED THAT PLAINTIFF'S MOTION TO COMPEL IS GRANTED. IT IS FURTHER ORDERED AND DECREED THAT DEFENDANT PAUCIULO SHALL PROVIDE THE FOLLOWING RESPONSES AND/OR DOCUMENTS TO PLAINTIFF'S REQUEST FOR PRODUCTION OF DOCUMENTS #3 WITHIN TEN(10) DAYS OF THE ENTRY OF THIS ORDER AS FOLLOWS: SEE ORDER FOR TERMS AND DETAILS.....BY THE COURT: PATRICK, J. 04/14/2023		
14-APR-2023 01:33 PM	NOTICE GIVEN UNDER RULE 236		

<b>Docket Entry:</b>	NOTICE GIVEN ON 17-APR-2023 OF ORDER ENTERED/236 NOTICE GIVEN ENTERED ON 14-APR-2023.		
25-APR-2023 01:39 PM	ORDER ENTERED/236 NOTICE GIVEN	PATRICK, PAULA	
<b>Documents:</b>	<a href="#">ORDER_148.pdf</a>		
<b>Docket Entry:</b>	81-22104281 UPON CONSIDERATION OF PLAINTIFF'S MOTION TO COMPEL, IT IS HEREBY ORDERED AND DECREED THAT SAID MOTION IS DISMISSED WITHOUT PREJUDICE. ....BY THE COURT: PATRICK, J. 04/25/23		
25-APR-2023 01:39 PM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 26-APR-2023 OF ORDER ENTERED/236 NOTICE GIVEN ENTERED ON 25-APR-2023.		
26-JUN-2023 05:21 PM	DISCOVERY MOTION FILED	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2023 06 26 Motion to Compel Coons Testimony.pdf</a> <a href="#">2023 06 26 Atty Cert of Good Faith.pdf</a> <a href="#">2023 06 26 Order - Coon.pdf</a> <a href="#">2023 06 26 Cert of Service.pdf</a> <a href="#">Ex. A.pdf</a> <a href="#">Ex. B.pdf</a> <a href="#">Ex. C.pdf</a> <a href="#">Ex. D.pdf</a> <a href="#">Ex. E.pdf</a>		
<b>Docket Entry:</b>	61-23065161 MOTION TO COMPEL DEPOSITION. CERTIFICATION DUE DATE: 07/05/2023. RESPONSE DATE: 07/12/2023. (FILED ON BEHALF OF DEAN VAGNOZZI)		
27-JUN-2023 05:12 PM	DISCOVERY MOTION FILED	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2023 06 27 Motion to Compel Term Sheet.pdf</a> <a href="#">2023 06 27 Order.pdf</a> <a href="#">2023 06 27 Atty Cert of Good Faith.pdf</a> <a href="#">2023 06 27 Cert of Service.pdf</a> <a href="#">Ex. A.pdf</a>		
<b>Docket Entry:</b>	16-23065416 MOTION TO COMPEL ANSWERS AND PRODUCTION OF DOCUMENTS. CERTIFICATION DUE DATE: 07/05/2023. RESPONSE DATE: 07/12/2023. (FILED ON BEHALF OF DEAN VAGNOZZI)		
10-JUL-2023 09:06 AM	DISCOVERY MOTION DISMISSED		

<b>Docket Entry:</b>	61-23065161 NO CERTIFICATION FILED		
10-JUL-2023 09:14 AM	DISCOVERY MOTION DISMISSED		
<b>Docket Entry:</b>	16-23065416 NO CERTIFICATION FILED		
17-NOV-2023 10:54 AM	WITHDRAWAL OF APPEARANCE	LUPINACCI, TONYA W	
<b>Documents:</b>	<a href="#">2023.11.17 FINAL Withdrawal of Appearance for TWL (Vagnozzi).pdf</a>		
<b>Docket Entry:</b>	WITHDRAWAL OF APPEARANCE OF TONYA W. LUPINACCI FILED. (FILED ON BEHALF OF RYAN STUMPHAUZER)		
15-APR-2024 10:33 AM	OTHER EVENT CANCELLED		
<b>Docket Entry:</b>	<i>none.</i>		
15-APR-2024 10:33 AM	CONFERENCE DATE SET	GLAZER, GARY S	
<b>Docket Entry:</b>	<i>none.</i>		
15-APR-2024 10:34 AM	LISTED FOR SETTLEMENT CONF		
<b>Docket Entry:</b>	<i>none.</i>		
15-APR-2024 10:34 AM	NOTICE GIVEN		
<b>Documents:</b>	<a href="#">NOTGV_158.pdf</a>		
<b>Docket Entry:</b>	This case is scheduled for an in-person Settlement Conference on Tuesday, May 28, 2024 at 10:00 AM in DISPUTE RESOLUTION CTR RM 691, City Hall, Philadelphia, PA 19107 before Senior Judge Gary S. Glazer. The following people must attend this Settlement Conference: 1) counsel knowledgeable about the case and with authority to settle; and 2) any unrepresented parties. Represented parties must be available in person, via telephone, or virtually during the Settlement Conference. Counsel is required to evaluate the case for settlement purposes and obtain appropriate authority for settlement prior to the conference. No later than ten (10) days prior to the date of the Settlement Conference, counsel are required to serve a Settlement		

Memorandum of not more than 10 pages in length on Judge Glazer via electronic mail at Gary.Glazer@courts.phila.gov. In addition, counsel must electronically file the same Memorandum with the court and serve a copy on all opposing counsel or pro se parties not electronically served by the court. To file the Settlement Memorandum electronically, access the "Existing Case" section of the court's electronic filing system. Select "Conference Submissions" as the filing type. Select "Settlement Memorandum" as the document type. The Settlement Memorandum shall contain the following: the facts giving rise to the action; the theories of liability or defense; an itemization of damages claimed; current demand; current offer. Copies of relevant documents and expert reports shall be attached to the Settlement Memorandum. The parties may also submit via electronic mail additional, confidential, materials to Judge Glazer alone. Judge Glazer may report to the Team Leader for this case the result of the Settlement Conference. If the case settles prior to the Conference, electronically file a settlement letter. To file the letter electronically, access the "Existing Case" section of the court's electronic filing system. Select "Conference Submissions" as the filing category. Select "Settlement Letter" as the document type. Any questions should be directed to the Commerce Program Administrator at Rachel.Postell@courts.phila.gov and should include all counsel of record. BY THE COURT: PAULA PATRICK JUDICIAL TEAM LEADER

15-APR-2024 10:34 AM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 15-APR-2024 OF NOTICE GIVEN ENTERED ON 15-APR-2024.		
19-APR-2024 10:04 AM	OTHER EVENT CANCELLED		
<b>Docket Entry:</b>	<i>none.</i>		
19-APR-2024 10:04 AM	WAITING TO LIST SETTLMNT CONF		
<b>Docket Entry:</b>	<i>none.</i>		
19-APR-2024 10:04 AM	LISTED FOR SETTLEMENT CONF		
<b>Docket Entry:</b>	<i>none.</i>		
19-APR-2024 10:04 AM	NOTICE GIVEN		
<b>Documents:</b>	<a href="#">NOTGV_163.pdf</a>		

<b>Docket Entry:</b>	<p>This case is scheduled for an in-person Settlement Conference on Monday, October 28, 2024 at 10:00 AM in DISPUTE RESOLUTION CTR RM 691, City Hall, Philadelphia, PA 19107 before Senior Judge Gary S. Glazer. The following people must attend this Settlement Conference: 1) counsel knowledgeable about the case and with authority to settle; and 2) any unrepresented parties. Represented parties must be available in person, via telephone, or virtually during the Settlement Conference. Counsel is required to evaluate the case for settlement purposes and obtain appropriate authority for settlement prior to the conference. No later than ten (10) days prior to the date of the Settlement Conference, counsel are required to serve a Settlement Memorandum of not more than 10 pages in length on Judge Glazer via electronic mail at Gary.Glazer@courts.phila.gov. In addition, counsel must electronically file the same Memorandum with the court and serve a copy on all opposing counsel or pro se parties not electronically served by the court. To file the Settlement Memorandum electronically, access the "Existing Case" section of the court's electronic filing system. Select "Conference Submissions" as the filing type. Select "Settlement Memorandum" as the document type. The Settlement Memorandum shall contain the following: the facts giving rise to the action; the theories of liability or defense; an itemization of damages claimed; current demand; current offer. Copies of relevant documents and expert reports shall be attached to the Settlement Memorandum. The parties may also submit via electronic mail additional, confidential, materials to Judge Glazer alone. Judge Glazer may report to the Team Leader for this case the result of the Settlement Conference. If the case settles prior to the Conference, electronically file a settlement letter. To file the letter electronically, access the "Existing Case" section of the court's electronic filing system. Select "Conference Submissions" as the filing category. Select "Settlement Letter" as the document type. Any questions should be directed to the Commerce Program Administrator at Rachel.Postell@courts.phila.gov and should include all counsel of record. BY THE COURT: PAULA PATRICK JUDICIAL TEAM LEADER</p>		
19-APR-2024 10:04 AM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 19-APR-2024 OF NOTICE GIVEN ENTERED ON 19-APR-2024.		

- [▶ Case Description](#)
- [▶ Related Cases](#)
- [▶ Event Schedule](#)
- [▶ Case Parties](#)
- [▶ Docket Entries](#)

# **Exhibit “27”**



A \$5 Convenience fee will be added to the transaction at checkout.

**Case Description**

**Case ID:** 210502334  
**Case Caption:** VAGNOZZI ETAL VS PAUCIUOLO ETAL  
**Filing Date:** Wednesday, May 26th, 2021  
**Court:** COMMERCE - STANDARD, JURY  
**Location:** CITY HALL  
**Jury:** JURY  
**Case Type:** MALPRACTICE - LEGAL  
**Status:** LISTED FOR SETTLEMENT CONF

**Related Cases**

No related cases were found.

**Case Event Schedule**

Event	Date/Time	Room	Location	Judge
SETTLEMENT CONFERENCE	28-OCT-2024 10:00 AM	CITY HALL	DISPUTE RESOLUTION CTR RM 691	GLAZER, GARY S

**Case motions**

No case motions were found.

**Case Parties**

Seq #	Assoc	Expn Date	Type	Name
1			ATTORNEY FOR PLAINTIFF	BOCHETTO, GEORGE
<b>Address:</b>	BOCHETTO & LENTZ, P.C. 1524 LOCUST STREET PHILADELPHIA PA 19102 (215)735-3900 gbochetto@bochettoandlentz.com		<b>Aliases:</b>	none
2	1		PLAINTIFF	VAGNOZZI, ALBERT
<b>Address:</b>	NONE GIVEN PHILADELPHIA PA 19107		<b>Aliases:</b>	none

3	1		PLAINTIFF	KOHLER, PAUL
<b>Address:</b>	NONE GIVEN PHILADELPHIA PA 19107	<b>Aliases:</b>	none	
4	1		PLAINTIFF	CAPRICORN INCOME FUND I LLC
<b>Address:</b>	21 WEST FRONT STREET SUITE 300 MEDIA PA 19063	<b>Aliases:</b>	none	
5	1		PLAINTIFF	CAPRICORN INCOME FUND I PARALLEL LLC
<b>Address:</b>	21 WEST FRONT STREET SUITE 300 MEDIA PA 19063	<b>Aliases:</b>	none	
6	20		DEFENDANT	PAUCIULO, JOHN
<b>Address:</b>	50 S. 16TH STREET, 22ND FLOOR PHILADELPHIA PA 19102	<b>Aliases:</b>	none	
7	15		DEFENDANT	ECKERT SEAMANS CHERIN & MELLOTT LLC
<b>Address:</b>	50 S. 16TH STREET, 22ND FLOOR PHILADELPHIA PA 19102	<b>Aliases:</b>	none	
8	1		ATTORNEY FOR PLAINTIFF	MINSKY, MATTHEW L
<b>Address:</b>	1524 LOCUST STREET PHILADELPHIA PA 19102 (215)735-3900 mminsky@bochettoandlentz.com	<b>Aliases:</b>	none	
9	1		ATTORNEY FOR PLAINTIFF	LENTZ, GAVIN P
<b>Address:</b>	BOCHETTO & LENTZ, P.C. 1524 LOCUST STREET	<b>Aliases:</b>	none	



			PHILADELPHIA PA 19102 (000)735-3900 glentz@bochettoandlentz.com		
10		1		ATTORNEY FOR PLAINTIFF	HEIM, DAVID P
<b>Address:</b>	1524 LOCUST STREET PHILADELPHIA PA 19102 (215)735-3900 dheim@bochettoandlentz.com		<b>Aliases:</b>	none	
11				07-JUL-2021	TEAM LEADER ANDERS, DANIEL J
<b>Address:</b>	529 CITY HALL PHILADELPHIA PA 19107		<b>Aliases:</b>	none	
12					ATTORNEY FOR INTERVENOR ALFANO, GAETAN J
<b>Address:</b>	1818 MARKET ST SUITE 3402 PHILADELPHIA PA 19103 (215)320-6200 gja@pietragallo.com		<b>Aliases:</b>	none	
13					ATTORNEY FOR DEFENDANT DUBOW, JAY A
<b>Address:</b>	TROUTMAN PEPPER HAMILTON SANDE TWO LOGAN SQUARE 18TH AND ARCH STREETS PHILADELPHIA PA 19103 (215)981-4713 Jay.Dubow@troutman.com		<b>Aliases:</b>	none	
14		13		20-OCT-2022	ATTORNEY FOR DEFENDANT RECKER, CATHERINE M
<b>Address:</b>	306 WALNUT ST PHILADELPHIA PA 19106 (215)972-6430 cmrecker@welshrecker.com		<b>Aliases:</b>	none	

15			ATTORNEY FOR DEFENDANT	CARVER, AMY B
<b>Address:</b>	WELSH & RECKER 306 WALNUT ST PHILADELPHIA PA 19106 (215)972-6430 abcarver@welshrecker.com	<b>Aliases:</b>	none	
16	15		ATTORNEY FOR DEFENDANT	WALK III, RICHARD D
<b>Address:</b>	WELSH & RECKER 306 WALNUT ST. PHILADELPHIA PA 19106 (215)972-6430 rwalk@welshrecker.com	<b>Aliases:</b>	none	
17			JUDGE	PADILLA, NINA W
<b>Address:</b>	360 CITY HALL PHILADELPHIA PA 19107	<b>Aliases:</b>	none	
18		17-AUG-2022	TEAM LEADER	TUCKER, LEON
<b>Address:</b>	540 CITY HALL PHILADELPHIA PA 19107 (215)686-7510	<b>Aliases:</b>	none	
19	12		ATTORNEY FOR INTERVENOR	ROSENBLUM, DOUGLAS K
<b>Address:</b>	PIETRAGALLO GORDON ALFANO BOSI CK & RASPANTI, LLP 1818 MARKET ST SUITE 3402 PHILADELPHIA PA 19103 (215)320-6200 dkr@pietragallos.com	<b>Aliases:</b>	none	
20	15		ATTORNEY FOR DEFENDANT	MARKO, MIA S

<b>Address:</b>	TROUTMAN PEPPER HAMILTON SANDERS 3000 TWO LOGAN SQUARE PHILADELPHIA PA 19103 (215)981-4839 mia.rosati@troutman.com	<b>Aliases:</b>	none	
21	15		ATTORNEY FOR DEFENDANT	CLINE, JOANNA J
<b>Address:</b>	TROUTMAN PEPPER 3000 TWO LOGAN SQUARE EIGHTEENTH & ARCH STREETS PHILADELPHIA PA 19103 (215)981-4520 Joanna.Cline@troutman.com	<b>Aliases:</b>	none	
22	15		ATTORNEY FOR DEFENDANT	DRESSLER, ERICA
<b>Address:</b>	3000 TWO LOGAN SQ PHILADELPHIA PA 19103 (860)324-4934 Erica.Dressler@troutman.com	<b>Aliases:</b>	none	
23	12		ATTORNEY FOR DEFENDANT	WOTHERSPOON, DANIEL P
<b>Address:</b>	1801 MARKET STREET SUITE 770 PHILADELPHIA PA 19103 (215)569-4433 dwotherspoon@kiernantrebach.com	<b>Aliases:</b>	none	
24			TEAM LEADER	PATRICK, PAULA
<b>Address:</b>	CITY HALL RM 510 PHILADELPHIA PA 19107 (215)686-8338	<b>Aliases:</b>	none	
25	1		ATTORNEY FOR PLAINTIFF	DEGROOTE, KIERSTY M
<b>Address:</b>	1524 LOCUST ST PHILADELPHIA PA 19102	<b>Aliases:</b>	none	

	(215)735-3900 kdegroote@bochettoandlantz.com		
26	1	ATTORNEY FOR PLAINTIFF	O'CONNELL, JOHN A
<b>Address:</b>	1524 LOCUST STREET PHILADELPHIA PA 19102 (215)735-3900 joconnell@bochettoandlantz.com	<b>Aliases:</b>	none
27		JUDGE PRO TEMPORE	GLAZER, GARY S
<b>Address:</b>	469 CITY HALL PHILADELPHIA PA 19107 (215)686-9540	<b>Aliases:</b>	none

**Docket Entries**

Filing Date/Time	Docket Type	Filing Party	Disposition Amount
26-MAY-2021 11:36 AM	ACTIVE CASE		
<b>Docket Entry:</b>	E-Filing Number: 2105048261		
26-MAY-2021 11:36 AM	COMMENCEMENT CIVIL ACTION JURY	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">Final Cover</a>		
<b>Docket Entry:</b>	none.		
26-MAY-2021 11:36 AM	COMPLAINT FILED NOTICE GIVEN	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2021 05 26 Complaint.pdf</a>		
<b>Docket Entry:</b>	COMPLAINT WITH NOTICE TO DEFEND WITHIN TWENTY (20) DAYS AFTER SERVICE IN ACCORDANCE WITH RULE 1018.1 FILED.		
26-MAY-2021 11:36 AM	JURY TRIAL PERFECTED	BOCHETTO, GEORGE	

<b>Docket Entry:</b>	12 JURORS REQUESTED.		
26-MAY-2021 11:36 AM	WAITING TO LIST CASE MGMT CONF	BOCHETTO, GEORGE	
<b>Docket Entry:</b>	<i>none.</i>		
26-MAY-2021 02:58 PM	ENTRY OF APPEARANCE	MINSKY, MATTHEW L	
<b>Documents:</b>	<a href="#">2021 05 26 EOA - MM.pdf</a>		
<b>Docket Entry:</b>	ENTRY OF APPEARANCE OF DAVID P HEIM, GAVIN P LENTZ AND MATTHEW L MINSKY FILED. (FILED ON BEHALF OF CAPRICORN INCOME FUND I PARALLEL LLC, CAPRICORN INCOME FUND I LLC, PAUL KOHLER AND ALBERT VAGNOZZI)		
27-MAY-2021 09:47 AM	ACCEPTANCE OF SERVICE FILED	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2021 05 27 COS - John Pauciulo.pdf</a>		
<b>Docket Entry:</b>	SERVICE OF PLAINTIFF'S COMPLAINT ACCEPTED BY JOHN PAUCIULO ON 05/27/2021 FILED. (FILED ON BEHALF OF CAPRICORN INCOME FUND I PARALLEL LLC, CAPRICORN INCOME FUND I LLC, PAUL KOHLER AND ALBERT VAGNOZZI)		
27-MAY-2021 09:48 AM	ACCEPTANCE OF SERVICE FILED	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2021 05 27 COS - Eckert Seamans.pdf</a>		
<b>Docket Entry:</b>	SERVICE OF PLAINTIFF'S COMPLAINT ACCEPTED BY ECKERT SEAMANS CHERIN & MELLOTT LLC ON 05/27/2021 FILED. (FILED ON BEHALF OF CAPRICORN INCOME FUND I PARALLEL LLC, CAPRICORN INCOME FUND I LLC, PAUL KOHLER AND ALBERT VAGNOZZI)		
28-MAY-2021 11:24 AM	CERTIFICATE OF MERIT	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2021 05 28 Certificate of Merit - Eckert Seamans.pdf</a>		
<b>Docket Entry:</b>	CERTIFICATE OF MERIT AS TO DEFT ECKERT SEAMANS CHERIN & MELLOTT LLC IS FILED (FILED ON BEHALF OF CAPRICORN INCOME FUND I PARALLEL LLC, CAPRICORN INCOME FUND I LLC, PAUL KOHLER AND ALBERT VAGNOZZI)		

28-MAY-2021 11:28 AM	CERTIFICATE OF MERIT	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2021 05 28 Certificate of Merit - Pauciulo.pdf</a>		
<b>Docket Entry:</b>	CERTIFICATE OF MERIT AS TO DEFT JOHN PAUCIULO IS FILED (FILED ON BEHALF OF CAPRICORN INCOME FUND I PARALLEL LLC, CAPRICORN INCOME FUND I LLC, PAUL KOHLER AND ALBERT VAGNOZZI)		
11-JUN-2021 05:30 PM	PETITION TO INTERVENE	ALFANO, GAETAN J	
<b>Documents:</b>	<a href="#">Receivers Petition for Leave to Intervene.pdf</a> <a href="#">Exhibit A to Petition.pdf</a> <a href="#">Exhibit B to Petition.pdf</a> <a href="#">Exhibit C to Petition.pdf</a> <a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	89-21062489 PETITION TO INTERVENE (FILED ON BEHALF OF CAPRICORN INCOME FUND I PARALLEL LLC, CAPRICORN INCOME FUND I LLC, PAUL KOHLER AND ALBERT VAGNOZZI)		
14-JUN-2021 10:03 AM	MOTION ASSIGNED		
<b>Docket Entry:</b>	89-21062489 PETITION TO INTERVENE ASSIGNED TO JUDGE: ANDERS, DANIEL J. ON DATE: JUNE 14, 2021		
16-JUN-2021 06:15 PM	ANSWER TO COMPLAINT FILED	DUBOW, JAY A	
<b>Documents:</b>	<a href="#">Defendants Pauciulo and Eckert Answer and New Matter .pdf</a>		
<b>Docket Entry:</b>	ANSWER WITH NEW MATTER TO PLAINTIFF'S COMPLAINT FILED. (FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC AND JOHN PAUCIULO) ENTRY OF APPEARANCE FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC AND JOHN PAUCIULO.		
18-JUN-2021 10:57 AM	ENTRY OF APPEARANCE-CO COUNSEL	RECKER, CATHERINE M	
<b>Documents:</b>	<a href="#">CMR ABC RDW Appearances Albert Vagnozzi et al.pdf</a>		
<b>Docket Entry:</b>	ENTRY OF APPEARANCE OF AMY B CARVER, CATHERINE M RECKER, CATHERINE M RECKER AND RICHARD D WALK AS CO-COUNSEL FILED. (FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC AND JOHN PAUCIULO)		
24-JUN-2021 03:27 PM	MOTION TO STAY PROCEEDINGS	DUBOW, JAY A	

<b>Documents:</b>	<a href="#">Kohler Vagnozzi v. Pauciulo, et al. - Final Motion to Stay Proceedings.pdf</a> <a href="#">Kohler Vagnozzi - Motion to Stay Exhibits.PDF</a> <a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	43-21064643 RESPONSE DATE 07/14/2021. (FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC AND JOHN PAUCIULO)		
24-JUN-2021 03:31 PM	NOTICE/PROGRAM DISPUTE FILED	DUBOW, JAY A	
<b>Documents:</b>	<a href="#">Kohler, et al. v. Pauciulo, et al. - Notice of Program Management Dispute.pdf</a> <a href="#">Exhibits to Notice of Program Management Dispute.PDF</a>		
<b>Docket Entry:</b>	44-21064644 RESPONSE DATE 07/01/2021.		
24-JUN-2021 04:41 PM	MOTION ASSIGNMENT UPDATED		
<b>Docket Entry:</b>	89-21062489 REASSIGNED TO JUDGE NEW, ARNOLD L ON 24-JUN-21		
24-JUN-2021 04:42 PM	MOTION ASSIGNMENT UPDATED		
<b>Docket Entry:</b>	43-21064643 REASSIGNED TO JUDGE NEW, ARNOLD L ON 24-JUN-21		
30-JUN-2021 10:30 AM	ANSWER (MOTION/PETITION) FILED	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2021 6.30 Ps Opp to Petition for Leave to Intervene.pdf</a> <a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	89-21062489 ANSWER IN OPPOSITION OF PETITION TO INTERVENE FILED. (FILED ON BEHALF OF CAPRICORN INCOME FUND I PARALLEL LLC, CAPRICORN INCOME FUND I LLC, PAUL KOHLER AND ALBERT VAGNOZZI)		
01-JUL-2021 12:57 PM	PRAECIPE TO SUPPL/ATTACH FILED	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2021 7.1 Praecipec to Attach Memo in Support of Opp FULL.pdf</a>		
<b>Docket Entry:</b>	89-21062489 PRAECIPE TO SUPPLEMENT/ATTACH RE: PETITION TO INTERVENE FILED. (FILED ON BEHALF OF CAPRICORN INCOME FUND I PARALLEL LLC, CAPRICORN INCOME FUND I LLC, PAUL KOHLER AND ALBERT VAGNOZZI)		
02-JUL-2021	MOTION/PETITION REPLY FILED	ALFANO, GAETAN J	

12:24 PM			
<b>Documents:</b>	<a href="#">Reply to Plaintiffs Opp to Receivers Petition.pdf</a> <a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	89-21062489 REPLY IN SUPPORT OF PETITION TO INTERVENE FILED. (FILED ON BEHALF OF RYAN K. STUMPHAUZER)		
02-JUL-2021 03:27 PM	MOTION ASSIGNMENT UPDATED		
<b>Docket Entry:</b>	89-21062489 REASSIGNED TO JUDGE SHREEVES-JOHNS, KAREN ON 06-JUL-21		
02-JUL-2021 03:27 PM	MOTION ASSIGNMENT UPDATED		
<b>Docket Entry:</b>	43-21064643 REASSIGNED TO JUDGE SHREEVES-JOHNS, KAREN ON 06-JUL-21		
06-JUL-2021 12:56 PM	ANSWER (MOTION/PETITION) FILED	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2021 7.6 Opp. Motion to Stay.pdf</a> <a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	43-21064643 ANSWER IN OPPOSITION OF MOTION TO STAY PROCEEDINGS FILED. (FILED ON BEHALF OF CAPRICORN INCOME FUND I PARALLEL LLC, CAPRICORN INCOME FUND I LLC, PAUL KOHLER AND ALBERT VAGNOZZI)		
06-JUL-2021 01:24 PM	REPLY TO NEW MATTER	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2021 7.6 Reply to New Matter.pdf</a>		
<b>Docket Entry:</b>	REPLY TO NEW MATTER OF ECKERT SEAMANS CHERIN AND MELLOTT FILED. (FILED ON BEHALF OF CAPRICORN INCOME FUND I PARALLEL LLC, CAPRICORN INCOME FUND I LLC, PAUL KOHLER AND ALBERT VAGNOZZI)		
06-JUL-2021 03:42 PM	MOTION ASSIGNED		
<b>Docket Entry:</b>	44-21064644 NOTICE/PROGRAM DISPUTE FILED ASSIGNED TO JUDGE: PADILLA, NINA W. ON DATE: JULY 06, 2021		
07-JUL-2021 12:12 PM	ORDER ENTERED/236 NOTICE GIVEN	PADILLA, NINA W	
<b>Documents:</b>	<a href="#">ORDER_27.pdf</a>		



<b>Docket Entry:</b>	44-21064644 AND NOW, THIS 7TH DAY OF JULY, 2021, UPON CONSIDERATION OF DEFENDANTS' NOTICE OF MANAGEMENT PROGRAM DISPUTE, NO REPOSE IN OPPOSITION, THE COMPLAINT, AND THE DOCKET ENTRIES IN THIS MATTER, IT HEREBY IS ORDERED THAT THE NOTICE OF MANAGEMENT PROGRAM DISPUTE IS GRANTED AND THIS MATTER SHALL BE TRANSFERRED TO THE COMMERCE PROGRAM AND ASSIGNED TO THE HONORABLE LEON TUCKER DUE TO RELATED ACTIONS CAPTIONED PAUCIULO V. PARKER, ET AL., 2012-892 AN DVAGNOZZI V. PAUCIULO, ET AL., 2104-2115. THIS MATTER SHALL BE PLACED IN A "WAITING TO LIST CASE MANAGEMENT" STATUS. BY THE COURT: JUDGE PADILLA, SUPERVISING JUDGE OF THE COMMERCE PROGRAM, 7/7/2021.		
07-JUL-2021 12:12 PM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 09-JUL-2021 OF ORDER ENTERED/236 NOTICE GIVEN ENTERED ON 07-JUL-2021.		
07-JUL-2021 12:13 PM	TRANSFERRED TO COMMERCE		
<b>Docket Entry:</b>	<i>none.</i>		
07-JUL-2021 12:14 PM	MOTION ASSIGNMENT UPDATED		
<b>Docket Entry:</b>	89-21062489 REASSIGNED TO JUDGE TUCKER, LEON ON 07-JUL-21		
07-JUL-2021 12:15 PM	MOTION ASSIGNMENT UPDATED		
<b>Docket Entry:</b>	43-21064643 REASSIGNED TO JUDGE TUCKER, LEON ON 07-JUL-21		
07-JUL-2021 03:57 PM	MOTION/PETITION REPLY FILED	WALK III, RICHARD D	
<b>Documents:</b>	<a href="#">2021.07.07 Final Reply in Support of Motion to Stay (Kohler).pdf</a> <a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	43-21064643 REPLY IN SUPPORT OF MOTION TO STAY PROCEEDINGS FILED. (FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC AND JOHN PAUCIULO)		
13-JUL-2021 05:47 PM	OTHER EVENT CANCELLED	TUCKER, LEON	

<b>Docket Entry:</b>	none.		
13-JUL-2021 05:56 PM	MOTION HEARING SCHEDULED		
<b>Documents:</b>	<a href="#">MTHRS_34.pdf</a>		
<b>Docket Entry:</b>	43-21064643 UPON REVIEW OF DEFENDANTS' MOTION TO STAY PROCEEDINGS AND THE RESPONSE THERETO, IT IS ORDERED THAT COUNSEL SHALL APPEAR FOR A HEARING ON FRIDAY, JULY 23, 2021 AT 12:00 P.M. VIA ZOOM. ...BY THE COURT; TUCKEN, J. 7-13-21		
13-JUL-2021 05:56 PM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 14-JUL-2021 OF MOTION HEARING SCHEDULED ENTERED ON 13-JUL-2021.		
13-JUL-2021 06:07 PM	MOTION HEARING SCHEDULED		
<b>Documents:</b>	<a href="#">MTHRS_35.pdf</a>		
<b>Docket Entry:</b>	89-21062489 UPON REVIEW OF RECEIVER RYAN STUMPHAUZER'S PETITION TO INTERVENE AND THE RESPONSE THERETO, IT IS ORDERED THAT COUNSEL SHALL APPEAR FOR A HEARING ON FRIDAY, JULY 23, 2021 AT 11:30 A.M., VIA ZOOM. ...BY THE COURT; TUCKER, J. 7-13-21		
13-JUL-2021 06:07 PM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 14-JUL-2021 OF MOTION HEARING SCHEDULED ENTERED ON 13-JUL-2021.		
14-JUL-2021 03:05 PM	MOTION FOR CONTINUANCE	ALFANO, GAETAN J	
<b>Documents:</b>	<a href="#">2021.07.14 Receivers Motion to Continue Hearings.pdf</a> <a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	62-21072562 MOTION FOR CONTINUANCE (FILED ON BEHALF OF RYAN K. STUMPHAUZER)		
14-JUL-2021 03:17 PM	MOTION ASSIGNED		
<b>Docket Entry:</b>	62-21072562 MOTION FOR CONTINUANCE ASSIGNED TO JUDGE: TUCKER, LEON . ON DATE: JULY 14, 2021		

15-JUL-2021 09:47 AM	ANSWER (MOTION/PETITION) FILED	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2021 7.15 Capricorn Opposition to Rec Mot. Continuance.pdf</a> <a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	62-21072562 ANSWER IN OPPOSITION OF MOTION FOR CONTINUANCE FILED. (FILED ON BEHALF OF CAPRICORN INCOME FUND I PARALLEL LLC, CAPRICORN INCOME FUND I LLC, PAUL KOHLER AND ALBERT VAGNOZZI)		
16-JUL-2021 09:24 AM	ORDER ENTERED/236 NOTICE GIVEN	TUCKER, LEON	
<b>Documents:</b>	<a href="#">ORDER_41.pdf</a>		
<b>Docket Entry:</b>	62-21072562 AND NOW, THIS 15TH DAY OF JULY 2021, UPON REVIEW OF RECEIVER'S MOTION FOR CONTINUANCE OF THE FRIDAY, JULY 23, 2021 HEARINGS, AND THE RESPONSE THERETO, IT IS HEREBY ORDERED THAT THE MOTION IS DENIED. BY THE COURT: JUDGE TUCKER, 7/15/2021.		
16-JUL-2021 09:24 AM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 16-JUL-2021 OF ORDER ENTERED/236 NOTICE GIVEN ENTERED ON 16-JUL-2021.		
20-JUL-2021 11:41 AM	ENTRY OF APPEARANCE-CO COUNSEL	ROSENBLUM, DOUGLAS K	
<b>Documents:</b>	<a href="#">2334.pdf</a>		
<b>Docket Entry:</b>	ENTRY OF APPEARANCE OF DOUGLAS K ROSENBLUM AS CO-COUNSEL FILED. (FILED ON BEHALF OF RYAN STUMPHAUZER)		
20-JUL-2021 04:43 PM	ENTRY OF APPEARANCE-CO COUNSEL	MARKO, MIA S	
<b>Documents:</b>	<a href="#">Kohler et al. v. Eckert et al - Rosati Entry of Appearance.pdf</a>		
<b>Docket Entry:</b>	ENTRY OF APPEARANCE OF MIA S ROSATI AS CO-COUNSEL FILED. (FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC AND JOHN PAUCIULO)		
20-JUL-2021 04:45 PM	ENTRY OF APPEARANCE-CO COUNSEL	CLINE, JOANNA J	
<b>Documents:</b>	<a href="#">Kohler et al. v. Eckert et al - Cline Entry of Appearance.pdf</a>		

<b>Docket Entry:</b>	ENTRY OF APPEARANCE OF JOANNA J CLINE AS CO-COUNSEL FILED. (FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC AND JOHN PAUCIULO)		
20-JUL-2021 04:47 PM	ENTRY OF APPEARANCE-CO COUNSEL	DRESSLER, ERICA	
<b>Documents:</b>	<a href="#">Kohler et al. v. Eckert et al - Dressler Entry of Appearance.pdf</a>		
<b>Docket Entry:</b>	ENTRY OF APPEARANCE OF ERICA DRESSLER AS CO-COUNSEL FILED. (FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC AND JOHN PAUCIULO)		
22-JUL-2021 12:08 PM	ENTRY OF APPEARANCE-CO COUNSEL	WOTHERSPOON, DANIEL P	
<b>Documents:</b>	<a href="#">DPW EOA 2334.pdf</a>		
<b>Docket Entry:</b>	ENTRY OF APPEARANCE OF DANIEL P WOTHERSPOON AS CO-COUNSEL FILED. (FILED ON BEHALF OF RYAN STUMPHAUZER)		
23-JUL-2021 02:36 PM	STAYED BY ORDER OF COURT	TUCKER, LEON	
<b>Documents:</b>	<a href="#">ORDST_48.pdf</a>		
<b>Docket Entry:</b>	43-21064643 AS AGREED BY COUNSEL FOR BOTH PARTIES AND THE RECEIVER, THE ABOVE-CAPTIONED MATTER IS HEREBY STAYED FOR SIXTY (60) DAYS. IT IS FURTHER ORDERED THAT COUNSEL SHALL APPEAR FOR A STATUS HEARING ON THURSDAY, SEPTEMBER 23, 2021 AT 09:00 A.M. VIA ZOOM. ... BY THE COURT: TUCKER, J. 07/23/21		
23-JUL-2021 02:36 PM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 23-JUL-2021 OF STAYED BY ORDER OF COURT ENTERED ON 23-JUL-2021.		
23-JUL-2021 02:37 PM	LISTED FOR STATUS CONFERENCE		
<b>Docket Entry:</b>	<i>none.</i>		
27-JUL-2021 12:30 AM	NOTICE GIVEN		
<b>Docket Entry:</b>	OF STATUS CONFERENCE SCHEDULED FOR 23-SEP-2021.		

23-SEP-2021 11:14 AM	ORDER ENTERED/236 NOTICE GIVEN	TUCKER, LEON	
<b>Documents:</b>	<a href="#">ORDER_52.pdf</a>		
<b>Docket Entry:</b>	AND NOW, THIS 23RD DAY OF SEPTEMBER 2021, UPON REQUEST FROM PLAINTIFF AND IN ACCORDANCE WITH THE COURT'S JULY 23, 2021 ORDER STAYING THE ABOVE-CAPTIONED MATTER, IT IS HEREBY ORDERED THAT THE STAY IS TO REMAIN INEFFECT PENDING THE LITIGATION IN THE SEC ACTION. (SEE FOOTNOTE 1) BY THE COURT: JUDGE TUCKER, 9/23/2021.		
23-SEP-2021 11:14 AM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 23-SEP-2021 OF ORDER ENTERED/236 NOTICE GIVEN ENTERED ON 23-SEP-2021.		
27-SEP-2021 03:34 PM	ORDER ENTERED/236 NOTICE GIVEN	TUCKER, LEON	
<b>Documents:</b>	<a href="#">ORDER_54.pdf</a>		
<b>Docket Entry:</b>	89-21062489 AND NOW, THIS 27TH DAY OF SEPTEMBER 2021, IT IS HEREBY ORDERED THAT RECEIVER RYAN STUMPHAUZER'S PETITION TO INTERVENE IS DENIED AS MOOT. BY THE COURT: JUDGE TUCKER, 9/27/2021.		
27-SEP-2021 03:34 PM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 27-SEP-2021 OF ORDER ENTERED/236 NOTICE GIVEN ENTERED ON 27-SEP-2021.		
15-SEP-2022 09:23 AM	MISCELLANEOUS MOTION/PETITION	BOCHETTO, GEORGE	
<b>Documents:</b>	<a href="#">2022 9.15 Unopposed Motion FILE.pdf</a> <a href="#">Motion CoverSheet Form</a>		
<b>Docket Entry:</b>	81-22092581 RESPONSE DATE 10/05/2022. PLAINTIFF'S UNOPPOSED MOTION TO LIFT STAY (FILED ON BEHALF OF CAPRICORN INCOME FUND I PARALLEL LLC, CAPRICORN INCOME FUND I LLC, PAUL KOHLER AND ALBERT VAGNOZZI)		
07-OCT-2022 09:57 AM	MOTION ASSIGNED		
<b>Docket Entry:</b>	81-22092581 MISCELLANEOUS MOTION/PETITION ASSIGNED TO JUDGE: PATRICK, PAULA . ON DATE: OCTOBER 07, 2022		

14-OCT-2022 11:17 AM	ORDER ENTERED/236 NOTICE GIVEN	PATRICK, PAULA	
<b>Documents:</b>	<a href="#">ORDER_58.pdf</a>		
<b>Docket Entry:</b>	81-22092581 AND NOW, THIS 14TH DAY OF OCTOBER, 2022, UPON CONSIDERATION OF PLAINTIFFS' UNOPPOSED MOTION TO LIFT STAY, AND ANY RESPONSES THERETO, IT IS HEREBY ORDERED THAT SAID MOTION IS GRANTED AND THAT THE STAY IN THIS MATTER HAS BEEN LIFTED. BY THE COURT: JUDGE PATRICK, 10/14/2022.		
14-OCT-2022 11:17 AM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 14-OCT-2022 OF ORDER ENTERED/236 NOTICE GIVEN ENTERED ON 14-OCT-2022.		
14-OCT-2022 11:20 AM	REMOVED FROM DEFERRED STATUS		
<b>Docket Entry:</b>	<i>none.</i>		
14-OCT-2022 11:21 AM	WAITING TO LIST CASE MGMT CONF		
<b>Docket Entry:</b>	<i>none.</i>		
14-OCT-2022 11:24 AM	LISTED FOR CASE MGMT CONF		
<b>Docket Entry:</b>	<i>none.</i>		
14-OCT-2022 11:24 AM	CONFERENCE DATE SET		
<b>Documents:</b>	<a href="#">CLCDS_62.pdf</a>		
<b>Docket Entry:</b>	<i>none.</i>		
14-OCT-2022 11:24 AM	NOTICE GIVEN UNDER RULE 236		
<b>Docket</b>	NOTICE GIVEN ON 14-OCT-2022 OF CONFERENCE DATE SET ENTERED ON		

<b>Entry:</b>	14-OCT-2022.		
18-OCT-2022 12:30 AM	NOTICE GIVEN		
<b>Docket Entry:</b>	OF CASE MANAGEMENT CONFERENCE SCHEDULED FOR 17-NOV-2022.		
19-OCT-2022 04:04 PM	WITHDRAWAL OF APPEARANCE	DUBOW, JAY A	
<b>Documents:</b>	<a href="#">Kohler, et al. v. Pauciulo, et al. - J. Dubow Praecepte to Withdraw Appearance (Pauciulo).pdf</a>		
<b>Docket Entry:</b>	WITHDRAWAL OF APPEARANCE OF JAY A. DUBOW FILED. (FILED ON BEHALF OF JOHN PAUCIULO)		
19-OCT-2022 04:06 PM	WITHDRAWAL OF APPEARANCE	CLINE, JOANNA J	
<b>Documents:</b>	<a href="#">Kohler, et al. v. Pauciulo, et al. - J. Cline Praecepte to Withdraw Appearance (Pauciulo).pdf</a>		
<b>Docket Entry:</b>	WITHDRAWAL OF APPEARANCE OF JOANNA J. CLINE FILED. (FILED ON BEHALF OF JOHN PAUCIULO)		
19-OCT-2022 04:11 PM	WITHDRAWAL OF APPEARANCE	DRESSLER, ERICA	
<b>Documents:</b>	<a href="#">Kohler, et al. v. Pauciulo, et al. - E. Dressler Praecepte to Withdraw Appearance (Pauciulo).pdf</a>		
<b>Docket Entry:</b>	WITHDRAWAL OF APPEARANCE OF ERICA DRESSLER FILED. (FILED ON BEHALF OF JOHN PAUCIULO)		
19-OCT-2022 04:14 PM	WITHDRAWAL OF APPEARANCE	MARKO, MIA S	
<b>Documents:</b>	<a href="#">Kohler, et al. v. Pauciulo, et al. - M. Marko Praecepte to Withdraw Appearance (Pauciulo).pdf</a>		
<b>Docket Entry:</b>	WITHDRAWAL OF APPEARANCE OF MIA S. MARKO FILED. (FILED ON BEHALF OF JOHN PAUCIULO)		
19-OCT-2022 04:52 PM	WITHDRAWAL OF APPEARANCE	RECKER, CATHERINE M	
<b>Documents:</b>	<a href="#">Vagnozzi Kohler Pauciulo 002334 Withdrawal of Appearance - (00208778xB9127).pdf</a>		
<b>Docket Entry:</b>	WITHDRAWAL OF APPEARANCE OF CATHERINE M. RECKER FILED. (FILED ON BEHALF OF ECKERT SEAMANS CHERIN & MELLOTT LLC)		

25-OCT-2022 02:13 PM	WAITING TO LIST CASE MGMT CONF		
<b>Docket Entry:</b>	<i>none.</i>		
28-OCT-2022 11:27 AM	LISTED FOR CASE MGMT CONF		
<b>Docket Entry:</b>	<i>none.</i>		
28-OCT-2022 11:27 AM	CONFERENCE DATE SET		
<b>Documents:</b>	<a href="#">CLCDS_73.pdf</a>		
<b>Docket Entry:</b>	<i>none.</i>		
28-OCT-2022 11:27 AM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 28-OCT-2022 OF CONFERENCE DATE SET ENTERED ON 28-OCT-2022.		
01-NOV-2022 12:30 AM	NOTICE GIVEN		
<b>Docket Entry:</b>	OF CASE MANAGEMENT CONFERENCE SCHEDULED FOR 13-DEC-2022.		
24-NOV-2022 12:30 AM	NOTICE GIVEN		
<b>Docket Entry:</b>	OF CASE MANAGEMENT CONFERENCE SCHEDULED FOR 13-DEC-2022.		
21-DEC-2022 10:50 AM	TRANS. TO JURY COMMERCE STAND.		
<b>Docket Entry:</b>	<i>none.</i>		
21-DEC-2022 10:51 AM	CASE MGMT CONFERENCE COMPLETED	PATRICK, PAULA	



<b>Docket Entry:</b>	<i>none.</i>		
21-DEC-2022 10:51 AM	CASE MANAGEMENT ORDER ISSUED		
<b>Documents:</b>	<a href="#">CMOIS_79.pdf</a>		
<b>Docket Entry:</b>	<p>CASE MANAGEMENT ORDER, STANDARD TRACK - IT IS ORDERED THAT: 1) THE CASE MANAGEMENT AND TIME STANDARDS ADOPTED FOR COMMERCE PROGRAM, STANDARD TRACK CASES SHALL APPLY AND ARE INCORPORATED. 2) ALL DISCOVERY SHALL BE COMPLETED NOT LATER THAN 02-JAN-2024. 3) PLAINTIFF(S) SHALL IDENTIFY AND SUBMIT CURRICULUM VITAE AND EXPERT REPORTS FOR ALL EXPERT WITNESSES INTENDED TO TESTIFY AT TRIAL TO ALL OTHER PARTIES NOT LATER THAN 02-JAN-2024. 4) DEFENDANT(S) AND ANY ADDITIONAL DEFENDANT(S) SHALL IDENTIFY AND SUBMIT CURRICULUM VITAE AND EXPERT REPORTS FOR ALL EXPERT WITNESSES INTENDED TO TESTIFY AT TRIAL TO ALL OTHER PARTIES NOT LATER THAN 05-FEB-2024. 5) ALL PRETRIAL MOTIONS (OTHER THAN MOTIONS IN LIMINE) SHALL BE FILED NOT LATER THAN 20-FEB-2024. 6) A SETTLEMENT CONFERENCE MAY BE SCHEDULED ANY TIME AFTER 01-APR-2024. 7) A PRETRIAL CONFERENCE MAY BE SCHEDULED ANY TIME AFTER 06-MAY-2024. 9) IT IS EXPECTED THAT THE CASE WILL BE READY FOR TRIAL 03-JUN-2024, WHICH IS THE EARLIEST TRIAL DATE PURSUANT TO PA.R.C.P. 212.1 AND COUNSEL SHOULD ANTICIPATE TRIAL TO BEGIN EXPEDITIOUSLY THEREAFTER. ALL COUNSEL ARE UNDER A CONTINUING OBLIGATION AND ARE HEREBY ORDERED TO SERVE A COPY OF THIS ORDER UPON ALL UNREPRESENTED PARTIES AND UPON ALL COUNSEL ENTERING AN APPEARANCE SUBSEQUENT TO THE ENTRY OF THIS ORDER. ... BY THE COURT: PAULA PATRICK, J. 21-DEC-2022</p>		
21-DEC-2022 10:51 AM	LISTED-PROJ. SETTLEMENT CONF.		
<b>Docket Entry:</b>	<i>none.</i>		
21-DEC-2022 10:51 AM	LISTED-PROJ. PRE-TRIAL CONF		
<b>Docket Entry:</b>	<i>none.</i>		
21-DEC-2022 10:51 AM	LISTED FOR TRIAL		
<b>Docket Entry:</b>	<i>none.</i>		

21-DEC-2022 10:51 AM	NOTICE GIVEN UNDER RULE 236		
<b>Docket Entry:</b>	NOTICE GIVEN ON 21-DEC-2022 OF CASE MANAGEMENT ORDER ISSUED ENTERED ON 21-DEC-2022.		
21-DEC-2022 03:57 PM	ENTRY OF APPEARANCE	DEGROOTE, KIERSTY M	
<b>Documents:</b>	<a href="#">2022.11.10 EOA KD- 210502334.pdf</a>		
<b>Docket Entry:</b>	ENTRY OF APPEARANCE OF KIERSTY M DEGROOTE AND JOHN A OCONNELL FILED. (FILED ON BEHALF OF CAPRICORN INCOME FUND I PARALLEL LLC, CAPRICORN INCOME FUND I LLC, PAUL KOHLER AND ALBERT VAGNOZZI)		
15-APR-2024 10:35 AM	OTHER EVENT CANCELLED		
<b>Docket Entry:</b>	<i>none.</i>		
15-APR-2024 10:35 AM	CONFERENCE DATE SET	GLAZER, GARY S	
<b>Docket Entry:</b>	<i>none.</i>		
15-APR-2024 10:36 AM	LISTED FOR SETTLEMENT CONF		
<b>Docket Entry:</b>	<i>none.</i>		
15-APR-2024 10:36 AM	NOTICE GIVEN		
<b>Documents:</b>	<a href="#">NOTGV_88.pdf</a>		
<b>Docket Entry:</b>	This case is scheduled for an in-person Settlement Conference on Monday, October 28, 2024 at 10:00 AM in DISPUTE RESOLUTION CTR RM 691, City Hall, Philadelphia, PA 19107 before Senior Judge Gary S. Glazer. The following people must attend this Settlement Conference: 1) counsel knowledgeable about the case and with authority to settle; and 2) any unrepresented parties. Represented parties must be available in person, via telephone, or virtually during the Settlement Conference. Counsel is required to evaluate the case for settlement purposes and obtain appropriate authority for settlement prior to the conference. No later than ten (10) days prior to the date of the Settlement Conference, counsel are required to serve a Settlement Memorandum of not more than 10 pages in length on Judge Glazer via electronic mail at Gary.Glazer@courts.phila.gov. In addition, counsel must electronically file the same Memorandum with the court and serve a copy on all		

opposing counsel or pro se parties not electronically served by the court. To file the Settlement Memorandum electronically, access the "Existing Case" section of the court's electronic filing system. Select "Conference Submissions" as the filing type. Select "Settlement Memorandum" as the document type. The Settlement Memorandum shall contain the following: the facts giving rise to the action; the theories of liability or defense; an itemization of damages claimed; current demand; current offer. Copies of relevant documents and expert reports shall be attached to the Settlement Memorandum. The parties may also submit via electronic mail additional, confidential, materials to Judge Glazer alone. Judge Glazer may report to the Team Leader for this case the result of the Settlement Conference. If the case settles prior to the Conference, electronically file a settlement letter. To file the letter electronically, access the "Existing Case" section of the court's electronic filing system. Select "Conference Submissions" as the filing category. Select "Settlement Letter" as the document type. Any questions should be directed to the Commerce Program Administrator at Rachel.Postell@courts.phila.gov and should include all counsel of record. BY THE COURT: PAULA PATRICK JUDICIAL TEAM LEADER

15-APR-2024 10:36 AM			
NOTICE GIVEN UNDER RULE 236			
<b>Docket Entry:</b>	NOTICE GIVEN ON 15-APR-2024 OF NOTICE GIVEN ENTERED ON 15-APR-2024.		
15-APR-2024 10:37 AM			
OTHER EVENT CANCELLED			
<b>Docket Entry:</b>	<i>none.</i>		

- [▶ Case Description](#)
- [▶ Related Cases](#)
- [▶ Event Schedule](#)
- [▶ Case Parties](#)
- [▶ Docket Entries](#)